**§9-1628. Nonliability and limitation on liability of secured party; liability of secondary obligor**

**(CONTAINS TEXT WITH VARYING EFFECTIVE DATES)**

**(1). (TEXT EFFECTIVE UNTIL 7/01/25)**  Unless a secured party knows that a person is a debtor or obligor, knows the identity of the person and knows how to communicate with the person:

(a). The secured party is not liable to the person or to a secured party or lienholder that has filed a financing statement against the person for failure to comply with this Article; and [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(b). The secured party's failure to comply with this Article does not affect the liability of the person for a deficiency. [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

[PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

**(1). (TEXT EFFECTIVE 7/01/25)**  Subject to subsection (6), unless a secured party knows that a person is a debtor or obligor, knows the identity of the person and knows how to communicate with the person:

(a). The secured party is not liable to the person or to a secured party or lienholder that has filed a financing statement against the person for failure to comply with this Article; and [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(b). The secured party's failure to comply with this Article does not affect the liability of the person for a deficiency. [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

[PL 2023, c. 669, Pt. A, §166 (AMD); PL 2023, c. 669, Pt. E, §1 (AFF).]

**(2). (TEXT EFFECTIVE UNTIL 7/01/25)**  A secured party is not liable because of its status as secured party:

(a). To a person that is a debtor or obligor, unless the secured party knows:

(i) That the person is a debtor or obligor;

(ii) The identity of the person; and

(iii) How to communicate with the person; or [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(b). To a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

(i) That the person is a debtor; and

(ii) The identity of the person. [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

[PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

**(2). (TEXT EFFECTIVE 7/01/25)**  Subject to subsection (6), a secured party is not liable because of its status as secured party:

(a). To a person that is a debtor or obligor, unless the secured party knows:

(i) That the person is a debtor or obligor;

(ii) The identity of the person; and

(iii) How to communicate with the person; or [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(b). To a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

(i) That the person is a debtor; and

(ii) The identity of the person. [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

[PL 2023, c. 669, Pt. A, §167 (AMD); PL 2023, c. 669, Pt. E, §1 (AFF).]

**(3).**  A secured party is not liable to any person, and a person's liability for a deficiency is not affected because of any act or omission arising out of the secured party's reasonable belief that a transaction is not a consumer-goods transaction or a consumer transaction or that goods are not consumer goods, if the secured party's belief is based on its reasonable reliance on:

(a). A debtor's representation concerning the purpose for which collateral was to be used, acquired or held; or [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

(b). An obligor's representation concerning the purpose for which a secured obligation was incurred. [PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

[PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

**(4).**  A secured party is not liable to any person under section 9‑1625, subsection (3), paragraph (b) for its failure to comply with section 9‑1616.

[PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

**(5).**  A secured party is not liable under section 9‑1625, subsection (3), paragraph (b) more than once with respect to any one secured obligation.

[PL 1999, c. 699, Pt. A, §2 (NEW); PL 1999, c. 699, Pt. A, §4 (AFF).]

**(6). (TEXT EFFECTIVE 7/01/25)**  Subsections (1) and (2) do not apply to limit the liability of a secured party to a person if, at the time the secured party obtains control of collateral that is a controllable account, controllable electronic record or controllable payment intangible or at the time the security interest attaches to the collateral, whichever is later:

(a). The person is a debtor or obligor; and [PL 2023, c. 669, Pt. A, §168 (NEW); PL 2023, c. 669, Pt. E, §1 (AFF).]

(b). The secured party knows that the information in subsection (2), paragraph (a), subparagraph (i), (ii) or (iii) relating to the person is not provided by the collateral, a record attached to or logically associated with the collateral or the system in which the collateral is recorded. [PL 2023, c. 669, Pt. A, §168 (NEW); PL 2023, c. 669, Pt. E, §1 (AFF).]

[PL 2023, c. 669, Pt. A, §168 (NEW); PL 2023, c. 669, Pt. E, §1 (AFF).]

SECTION HISTORY

PL 1999, c. 699, §A2 (NEW). PL 1999, c. 699, §A4 (AFF). PL 2023, c. 669, Pt. A, §§166-168 (AMD). PL 2023, c. 669, Pt. E, §1 (AFF).

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