

UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962

440.9628 Nonliability and limitation on liability of secured party; liability of secondary obligor.

Sec. 9628. (1) 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, both of the following apply:

(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.

(b) The secured party's failure to comply with this article does not affect the liability of the person for a deficiency.

(2) A secured party is not liable because of its status as secured party to either of the following:

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

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

(ii) The identity of the person.

(iii) How to communicate with the person.

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

(i) That the person is a debtor.

(ii) The identity of the person.

(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 1 or more of the following:

(a) A debtor's representation concerning the purpose for which collateral was to be used, acquired, or held.

(b) An obligor's representation concerning the purpose for which a secured obligation was incurred.

(4) A secured party is not liable to any person under section 9625(3)(b) for its failure to comply with section 9616.

(5) A secured party is not liable under section 9625(3)(b) more than once with respect to any 1 secured obligation.

History: Add. 2000, Act 348, Eff. July 1, 2001.