

**554.9628 Nonliability and limitation on liability of secured party — liability of secondary obligor.**

1. *Limitation of liability of secured party for noncompliance with article.* 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  
b. the secured party's failure to comply with this Article does not affect the liability of the person for a deficiency.

2. *Limitation of liability based on status as secured party.* 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:  
(1) that the person is a debtor or obligor;  
(2) the identity of the person; and  
(3) how to communicate with the person; or  
b. to a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:  
(1) that the person is a debtor; and  
(2) the identity of the person.

3. *Limitation of liability if reasonable belief that transaction not a consumer-goods transaction or consumer transaction.* 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  
b. an obligor's representation concerning the purpose for which a secured obligation was incurred.

4. *Limitation of liability for statutory damages.* A secured party is not liable to any person under section 554.9625, subsection 3, paragraph "b", for its failure to comply with section 554.9616.

5. *Limitation of multiple liability for statutory damages.* A secured party is not liable under section 554.9625, subsection 3, paragraph "b", more than once with respect to any one secured obligation.

2000 Acts, ch 1149, §126, 187  
Referred to in §554.9625, 554.9626