

**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.* 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

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.* 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:

(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.

6. *Exception: limitation of liability under subsections 1 and 2 does not apply.* [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

b. the secured party knows that the information in [subsection 2](#), paragraph "a", subparagraph (1), (2), or (3), 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.

[2000 Acts, ch 1149, §126, 187; 2022 Acts, ch 1117, §37, 38; 2024 Acts, ch 1023, §105, 106](#)

Referred to in [§554.9625](#), [554.9626](#)

Subsection 1, unnumbered paragraph 1 amended

Subsection 6 stricken and rewritten