

355.9-626 Action in which deficiency or surplus is in issue.

- (1) In an action arising from a transaction, other than a consumer transaction, in which the amount of a deficiency or surplus is in issue, the following rules apply:
 - (a) A secured party need not prove compliance with the provisions of this part of this article relating to collection, enforcement, disposition, or acceptance unless the debtor or a secondary obligor places the secured party's compliance in issue.
 - (b) If the secured party's compliance is placed in issue, the secured party has the burden of establishing that the collection, enforcement, disposition, or acceptance was conducted in accordance with this part of this article.
 - (c) Except as otherwise provided in KRS 355.9-628, if a secured party fails to prove that the collection, enforcement, disposition, or acceptance was conducted in accordance with the provisions of this part of this article relating to collection, enforcement, disposition, or acceptance, the liability of a debtor or a secondary obligor for a deficiency is limited to an amount by which the sum of the secured obligation, expenses, and attorney's fees exceeds the greater of:
 1. The proceeds of the collection, enforcement, disposition, or acceptance; or
 2. The amount of proceeds that would have been realized had the noncomplying secured party proceeded in accordance with the provisions of this part of this article relating to collection, enforcement, disposition, or acceptance.
 - (d) For purposes of paragraph (c)2. of this subsection, the amount of proceeds that would have been realized is equal to the sum of the secured obligation, expenses, and attorney's fees unless the secured party proves that the amount is less than that sum.
 - (e) If a deficiency or surplus is calculated under KRS 355.9-615(6), the debtor or obligor has the burden of establishing that the amount of proceeds of the disposition is significantly below the range of prices that a complying disposition to a person other than the secured party, a person related to the secured party, or a secondary obligor would have brought.
- (2) The limitation of the rules in subsection (1) of this section to transactions other than consumer transactions is intended to leave to the court the determination of the proper rules in consumer transactions. The court may not infer from that limitation the nature of the proper rule in consumer transactions and may continue to apply established approaches.

Effective: July 1, 2001

History: Created 2000 Ky. Acts ch. 408, sec. 144, effective July 1, 2001.