

355.7-210 Enforcement of warehouse's lien.

- (1) Except as otherwise provided in subsection (2) of this section, a warehouse's lien may be enforced by public or private sale of the goods, in bulk or in packages, at any time or place and on any terms that are commercially reasonable, after notifying all persons known to claim an interest in the goods. The notification shall include a statement of the amount due, the nature of the proposed sale, and the time and place of any public sale. The fact that a better price could have been obtained by a sale at a different time or in a different method from that selected by the warehouse is not of itself sufficient to establish that the sale was not made in a commercially reasonable manner. The warehouse has sold in a commercially reasonable manner if the warehouse sells the goods in the usual manner in any recognized market therefor, sells at the price current in that market at the time of the sale, or has otherwise sold in conformity with commercially reasonable practices among dealers in the type of goods sold. A sale of more goods than apparently necessary to be offered to ensure satisfaction of the obligation is not commercially reasonable, except in cases covered by the preceding sentence.
- (2) A warehouse's lien on goods, other than goods stored by a merchant in the course of its business, may be enforced only if the following requirements are satisfied:
 - (a) All persons known to claim an interest in the goods shall be notified;
 - (b) The notification shall include an itemized statement of the claim, a description of the goods subject to the lien, a demand for payment within a specified time not less than ten (10) days after receipt of the notification, and a conspicuous statement that unless the claim is paid within that time the goods will be advertised for sale and sold by auction at a specified time and place;
 - (c) The sale shall conform to the terms of the notification;
 - (d) The sale shall be held at the nearest suitable place to where the goods are held or stored; and
 - (e) After the expiration of the time given in the notification, an advertisement of the sale shall be published once a week for two (2) weeks consecutively in a newspaper of general circulation where the sale is to be held. The advertisement shall include a description of the goods, the name of the person on whose account the goods are being held, and the time and place of the sale. The sale shall take place at least fifteen (15) days after the first publication. If there is no newspaper of general circulation where the sale is to be held, the advertisement shall be posted at least ten (10) days before the sale in not less than six (6) conspicuous places in the neighborhood of the proposed sale.
- (3) Before any sale pursuant to this section, any person claiming a right in the goods may pay the amount necessary to satisfy the lien and the reasonable expenses incurred in complying with this section. In that event, the goods may not be sold but shall be retained by the warehouse subject to the terms of the receipt and this article.
- (4) A warehouse may buy at any public sale held pursuant to this section.
- (5) A purchaser in good faith of goods sold to enforce a warehouse's lien takes the goods free of any rights of persons against which the lien was valid, despite the

warehouse's noncompliance with this section.

- (6) A warehouse may satisfy its lien from the proceeds of any sale pursuant to this section but shall hold the balance, if any, for delivery on demand to any person to which the warehouse would have been bound to deliver the goods.
- (7) The rights provided by this section are in addition to all other rights allowed by law to a creditor against a debtor.
- (8) If a lien is on goods stored by a merchant in the course of its business, the lien may be enforced in accordance with subsection (1) or (2) of this section.
- (9) A warehouse is liable for damages caused by failure to comply with the requirements for sale under this section and, in case of willful violation, is liable for conversion.

Effective: July 12, 2012

History: Repealed and reenacted 2012 Ky. Acts ch. 132, sec. 16, effective July 12, 2012. -- Amended 1964 Ky. Acts ch. 130, sec. 14, effective July 1, 1964. -- Created 1958 Ky. Acts ch. 77, sec. 7-210.