

355.9-403 Agreement not to assert defenses against assignee.

- (1) In this section, "value" has the meaning provided in KRS 355.3-303(1).
- (2) Except as otherwise provided in this section, an agreement between an account debtor and an assignor not to assert against an assignee any claim or defense that the account debtor may have against the assignor is enforceable by an assignee that takes an assignment:
 - (a) For value;
 - (b) In good faith;
 - (c) Without notice of a claim of a property or possessory right to the property assigned; and
 - (d) Without notice of a defense or claim in recoupment of the type that may be asserted against a person entitled to enforce a negotiable instrument under KRS 355.3-305(1).
- (3) Subsection (2) of this section does not apply to defenses of a type that may be asserted against a holder in due course of a negotiable instrument under KRS 355.3-305(2).
- (4) In a consumer transaction, if a record evidences the account debtor's obligation, law other than this article requires that the record include a statement to the effect that the rights of an assignee are subject to claims or defenses that the account debtor could assert against the original obligee, and the record does not include such a statement:
 - (a) The record has the same effect as if the record included such a statement; and
 - (b) The account debtor may assert against an assignee those claims and defenses that would have been available if the record included such a statement.
- (5) This section is subject to law other than this article which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.
- (6) Except as otherwise provided in subsection (4) of this section, this section does not displace law other than this article which gives effect to an agreement by an account debtor not to assert a claim or defense against an assignee.

Effective: July 1, 2001

History: Repealed and reenacted 2000 Ky. Acts ch. 408, sec. 85, effective July 1, 2001. -- Amended 1998 Ky. Acts ch. 542, sec. 5, effective July 15, 1998. -- Amended 1988 Ky. Acts ch. 132, sec. 9, effective March 31, 1988. -- Amended 1986 Ky. Acts ch. 118, sec. 76, effective July 1, 1987. -- Amended 1978 Ky. Acts ch. 84, sec. 21, effective June 17, 1978. -- Amended 1974 Ky. Acts ch. 222, sec. 4. -- Amended 1972 Ky. Acts ch. 203, sec. 52. -- Amended 1966 Ky. Acts ch. 185, sec. 1. -- Amended 1964 Ky. Acts ch. 130, sec. 23, effective July 1, 1964. -- Amended 1962 Ky. Acts ch. 83, sec. 11. -- Created 1958 Ky. Acts ch. 77, sec. 9-403.