

355.2A-518 Cover -- Substitute goods.

- (1) After a default by a lessor under the lease contract of the type described in KRS 355.2A-508(1), or, if agreed, after other default by the lessor, the lessee may cover by making any purchase or lease of or contract to purchase or lease goods in substitution for those due from the lessor.
- (2) Except as otherwise provided with respect to damages liquidated in the lease agreement (KRS 355.2A-504) or otherwise determined pursuant to agreement of the parties (KRS 355.1-302 and 355.2A-503), if a lessee's cover is by a lease agreement substantially similar to the original lease agreement and the new lease agreement is made in good faith and in a commercially reasonable manner, the lessee may recover from the lessor as damages:
 - (a) The present value, as of the date of the commencement of the term of the new lease agreement, of the rent under the new lease agreement applicable to that period of the new lease term which is comparable to the then remaining term of the original lease agreement minus the present value as of the same date of the total rent for the then remaining lease term of the original lease agreement; and
 - (b) Any incidental or consequential damages, less expenses saved in consequence of the lesser's default.
- (3) If a lessee's cover is by lease agreement that for any reason does not qualify for treatment under subsection (2) of this section, or is by purchase or otherwise, the lessee may recover from the lessor as if the lessee had elected not to cover and KRS 355.2A-519 governs.

Effective: July 12, 2006

History: Amended 2006 Ky. Acts ch. 242, sec. 29, effective July 12, 2006. -- Amended 1992 Ky. Acts ch. 116, sec. 16, effective January 1, 1993 -- Created 1990 Ky. Acts ch. 363, sec. 65, effective January 1, 1991.