

**355.2-702 Seller's remedies on discovery of buyer's insolvency.**

- (1) Where the seller discovers the buyer to be insolvent he may refuse delivery except for cash including payment for all goods theretofore delivered under the contract, and stop delivery under this article (KRS 355.2-705).
- (2) Where the seller discovers that the buyer has received goods on credit while insolvent he may reclaim the goods upon demand made within ten (10) days after the receipt, but if misrepresentation of solvency has been made to the particular seller in writing within three (3) months before delivery the ten (10) day limitation does not apply. Except as provided in this subsection the seller may not base a right to reclaim goods on the buyer's fraudulent or innocent misrepresentation of solvency or of intent to pay.
- (3) The seller's right to reclaim under subsection (2) is subject to the rights of a buyer in ordinary course or other good faith purchaser under this article (KRS 355.2-403). Successful reclamation of goods excludes all other remedies with respect to them.

**Effective:** July 1, 1987

**History:** Amended 1986, Ky. Acts ch. 118, sec. 5, effective July 1, 1987 -- Created 1958 Ky. Acts ch. 77, sec. 2-702, effective July 1, 1960.