Chapter 2

MODIFICATION AND DISCHARGE OF OBLIGATIONS

201 DEFINITIONS

In this title, unless otherwise expressly stated, "obligation" does not include a liability in tort; "obligor" does not include a person liable for a tort; "obligee" does not include a person having a right based on a tort. "Several obligors" means obligors severally bound for the same performance.

202 CO-OBLIGOR NOT A PARTY

A judgment against one or more of several obligors, or against one or more of joint, or of joint and several obligors shall not discharge a co-obligor who was not a party to the proceeding wherein the judgment was rendered.

203 CONSIDERATION TO BE CREDITED TO CO-OBLIGOR

The amount or value of any consideration received by the obligee from one or more of several obligors, or from one or more of joint, or of joint and several obligors, in whole or in partial satisfaction of their obligations, shall be credited to the extent of the amount received on the obligations of all co-obligors to whom the obligor or obligors giving the consideration did not stand in the relation of a surety.

204 DISCHARGE OF ONE OBLIGOR, WITH RESERVATIONS

Subject to the provisions of section 1-103, the obligee's release or discharge of one or more of several obligors, or of one or more of joint, or of joint and several obligors shall not discharge co-obligors, against whom the obligee in writing and as part of the same transaction as the release or discharge, expressly reserves his rights; and in the absence of such a reservation of rights shall discharge co-obligors only to the extent provided in section 1-105.

205 DISCHARGE OF ONE OBLIGOR, WITHOUT RESERVATION

1. If an obligee releasing or discharging an obligor without express reservation of rights against a co-obligor, then knows or has reason to know that the obligor released or discharged did not pay so much of the claim as he was bound by his contract or relation with that co-obligor to pay, the obligee's claim against that co-obligor shall be satisfied to the amount which the obligee knew or had reason to know that the released or discharged obligor was bound to such co-
obligor to pay.

2. If an obligee so releasing or discharging an obligor has not then such knowledge or reason to know, the obligee's claim against the co-obligor shall be satisfied to the extent of the lesser of two amounts, namely (a) the amount of the fractional share of the obligor released or discharged, or (b) the amount that such obligor was bound by his contract or relation with the co-obligor to pay.

206 DEATH OF JOINT OBLIGOR

On the death of a joint obligor in contract, his estate shall be bound as such jointly and severally with the surviving obligor or obligors.

207 RELEASE OF PARTNER

A release of a partner from a partnership liability shall release his co-partners from the same liability to the creditor giving the release, but after a partnership has been dissolved, by consent or otherwise, any partner may make a separate composition or compromise with any partnership creditor, and such composition or compromise shall discharge from such liability the partner making it, and him only.

208 RELEASE OR COVENANT NOT TO SUE

(a) **Effect of release of or covenant not to sue tortfeasors.** When a release or a covenant not to sue or not to enforce judgment is given to one of two or more persons liable or claimed to be liable in tort for the same injury, or the same wrongful death, it does not discharge any of the other tortfeasors from liability for the injury or wrongful death unless its terms expressly so provide, but it reduces the claim of the releasor against the other tortfeasors to the extent of any amount stipulated by the release or the covenant, or in the amount of the consideration paid for it, or in the amount of the released tortfeasor's equitable share of the damages, whichever is the greatest.

(b) **Release of tortfeasor.** A release given in good faith by the injured person to one tortfeasor as provided in subdivision (a) relieves him from liability to any other person for contribution.

(c) **Waiver of contribution.** A tortfeasor who has obtained his own release from liability shall not be entitled to contribution from any other person.