

355.9-317 Interests that take priority over or take free of security interest or agricultural lien.

- (1) A security interest or agricultural lien is subordinate to the rights of:
 - (a) A person entitled to priority under KRS 355.9-322; and
 - (b) Except as otherwise provided in subsection (5) of this section, a person that becomes a lien creditor before the earlier of the time:
 1. The security interest or agricultural lien is perfected; or
 2. One (1) of the conditions specified in KRS 355.9-203(2)(c) is met and a financing statement covering the collateral is filed.
- (2) Except as otherwise provided in subsection (5) of this section, a buyer, other than a secured party, of tangible chattel paper, documents, goods, instruments, or a security certificate takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.
- (3) Except as otherwise provided in subsection (5) of this section, a lessee of goods takes free of a security interest or agricultural lien if the lessee gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.
- (4) A licensee of a general intangible or a buyer, other than a secured party, of accounts, electronic chattel paper, general intangibles, or investment property other than a certificated security takes free of a security interest if the licensee or buyer gives value without knowledge of the security interest and before it is perfected.
- (5) Except as otherwise provided in KRS 355.9-320 and 355.9-321, if a person files a financing statement with respect to a purchase-money security interest before or within twenty (20) days after the debtor receives delivery of the collateral, the security interest takes priority over the rights of a buyer, lessee, or lien creditor which arise between the time the security interest attaches and the time of filing.

Effective: July 1, 2001

History: Repealed and reenacted 2000 Ky. Acts ch. 408, sec. 57, effective July 1, 2001.
-- Created 1958 Ky. Acts ch. 77, sec. 9-317, effective July 1, 1960.