

ARTICLE 9: SECURED TRANSACTIONS

SECTION 9-102. Policy and Scope of Article

LONOKE PROD. CREDIT ASS'N V. BOHANNON

—Ark.—, 379 S.W.2d 17 (1964)

Annotated under Section 9-302, *infra*.

SECTION 9-107. Definitions: "Purchase Money Security Interest"

LONOKE PROD. CREDIT ASS'N V. BOHANNON

—Ark.—, 379 S.W.2d 17 (1964)

Annotated under Section 9-302, *infra*.

SECTION 9-204. When Security Interest Attaches; After-Acquired Property; Future Advances

LONOKE PROD. CREDIT ASS'N V. BOHANNON

—Ark.—, 379 S.W.2d 17 (1964)

Annotated under Section 9-302, *infra*.

SECTION 9-302. When Filing is Required to Perfect Security Interest; Security Interests to Which Filing Provisions of This Article Do Not Apply

LONOKE PROD. CREDIT ASS'N V. BOHANNON

—Ark.—, 379 S.W.2d 17 (1964)

The defendant Bohannon on August 22, 1962, purchased farm machinery on credit from the co-defendant Strange. To secure the sale, Strange took a chattel mortgage on the machinery but failed to file a financing statement until January 16, 1963. In the meantime the plaintiff made a cash loan to Bohannon on the same farm equipment and filed a financing statement on September 23, 1962. At trial, the plaintiff argued that it had filed its financing statement first and that its security interest thus took priority over Strange's. From a judgment for Strange, the plaintiff appealed.

The court, in affirming, held that Strange's chattel mortgage was a purchase money security interest under Sections 9-102(2) and 9-107, that it had properly attached under Section 9-204, and that under Section 9-302(1)(c) it was automatically perfected, although unfiled, on the date and delivery of the chattel mortgage, since it involved a sale of farm equipment for a purchase price of less than \$2,500. Being perfected at the time the plaintiff filed his statement, it took priority under Section 9-312(4).

COMMENT

Section 9-302 points out that the usual method of perfecting security interests in personal property is by filing. However, in two situations, perfection is accomplished without filing: when the security interest is a pur-

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chase money interest in consumer goods or a purchase money interest in farm equipment the cost of which is less than \$2,500.

M.T.C.

**SECTION 9-312. Priorities Among Conflicting Security
Interests in the Same Collateral**

LONOKE PROD. CREDIT ASS'N v. BOHANNON

—Ark.—, 379 S.W.2d 17 (1964)

Annotated under Section 9-302, *supra*.