



## Ohio Revised Code

### Section 1309.324 Priority of purchase-money security interests - UCC 9-324.

Effective: July 1, 2001

Legislation: Senate Bill 74 - 124th General Assembly

(A) Except as otherwise provided in division (G) of this section, a perfected purchase money security interest in goods other than inventory or livestock has priority over a conflicting security interest in the same goods, and, except as otherwise provided in section 1309.327 of the Revised Code, a perfected security interest in its identifiable proceeds also has priority, if the purchase money security interest is perfected when the debtor receives possession of the collateral or within twenty days thereafter.

(B) Subject to division (C) of this section and except as otherwise provided in division (G) of this section, a perfected purchase money security interest in inventory has priority over a conflicting security interest in the same inventory, has priority over a conflicting security in chattel paper or an instrument constituting proceeds of the inventory and in proceeds of the chattel paper, if provided in section 1309.330 of the Revised Code, and, except as otherwise provided in section 1309.327 of the Revised Code, also has priority in identifiable cash proceeds of the inventory to the extent the identifiable cash proceeds are received on or before the delivery of the inventory to a buyer if:

(1) The purchase money security interest is perfected when the debtor receives possession of the inventory;

(2) The purchase money secured party sends an authenticated notification to the holder of the conflicting security interest;

(3) The holder of the conflicting security interest receives the notification within five years before the debtor receives possession of the inventory; and

(4) The notification states that the person sending the notification has or expects to acquire a purchase money security interest in inventory of the debtor and describes the inventory.

(C) Divisions (B)(2), (3), and (4) of this section apply only if the holder of the conflicting security



interest filed a financing statement covering the same types of inventory:

(1) If the purchase money security interest is perfected by filing, before the date of the filing; or

(2) If the purchase money security interest is temporarily perfected without filing or possession under division (F) of section 1309.312 of the Revised Code, before the beginning of the twenty-day period.

(D) Subject to division (E) of this section and except as otherwise provided in division (G) of this section, a perfected purchase money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in section 1309.327 of the Revised Code, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:

(1) The purchase money security interest is perfected when the debtor receives possession of the livestock;

(2) The purchase money secured party sends an authenticated notification to the holder of the conflicting security interest;

(3) The holder of the conflicting security interest receives the notification within six months before the debtor receives possession of the livestock; and

(4) The notification states that the person sending the notification has or expects to acquire a purchase money security interest in livestock of the debtor and describes the livestock.

(E) Divisions (D)(2), (3), and (4) of this section apply only if the holder of the conflicting security interest had filed a financing statement covering the same types of livestock:

(1) If the purchase money security interest is perfected by filing, before the date of the filing; or

(2) If the purchase money security interest is temporarily perfected without filing or possession under division (F) of section 1309.312 of the Revised Code, before the beginning of the twenty-day



period.

(F) Except as otherwise provided in division (G) of this section, a perfected purchase money security interest in software has priority over a conflicting security interest in the same collateral, and, except as otherwise provided in section 1309.327 of the Revised Code, a perfected security interest in its identifiable proceeds also has priority, to the extent that the purchase money security interest in the goods in which the software was acquired for use has priority in the goods and proceeds of the goods under this section.

(G) If more than one security interest qualifies for priority in the same collateral under division (A), (B), (D), or (F) of this section:

(1) A security interest securing an obligation incurred as all or part of the price of the collateral has priority over a security interest securing an obligation incurred for value given to enable the debtor to acquire rights in or the use of collateral; and

(2) In all other cases, division (A) of section 1309.322 of the Revised Code applies to the qualifying security interests.