554.9320 Buyer of goods.

- 1. Buyer in ordinary course of business. Except as otherwise provided in subsection 5, a buyer in ordinary course of business, other than a person buying farm products from a person engaged in farming operations, takes free of a security interest created by the buyer's seller, even if the security interest is perfected and the buyer knows of its existence.
- 2. Buyer of consumer goods. Except as otherwise provided in subsection 5, a buyer of goods from a person who used or bought the goods for use primarily for personal, family, or household purposes takes free of a security interest, even if perfected, if the buyer buys:
 - a. without knowledge of the security interest;
 - b. for value:
 - c. primarily for the buyer's personal, family, or household purposes; and
 - d. before the filing of a financing statement covering the goods.
- 3. Effectiveness of filing for subsection 2. To the extent that it affects the priority of a security interest over a buyer of goods under subsection 2, the period of effectiveness of a filing made in the jurisdiction in which the seller is located is governed by section 554.9316, subsections 1 and 2.
- 4. Buyer in ordinary course of business at wellhead or minehead. A buyer in ordinary course of business buying oil, gas, or other minerals at the wellhead or minehead or after extraction takes free of an interest arising out of an encumbrance.
- 5. Possessory security interest not affected. Subsections 1 and 2 do not affect a security interest in goods in the possession of the secured party under section 554.9313.

2000 Acts, ch 1149, §40, 187 Referred to in §554.7209, 554.7503, 554.9317