

41-1a-601 Lien validity -- Security interest.

- (1) Except as provided under Subsection (2) or (3), a lien upon a vehicle, vessel, or outboard motor, except a lien dependent upon possession, is not valid against the creditors of an owner acquiring a lien by levy or attachment, or subsequent purchasers, or encumbrancers without notice until Sections 41-1a-602 through 41-1a-606 have been complied with.
- (2) Security interests in inventory consisting in part of vehicles subject to registration under this chapter, that are held for sale by a person in the business of selling goods of that kind, shall be perfected under Section 70A-9a-310, except that:
 - (a) buyers in the ordinary course of business, as defined in Section 70A-1a-201, take free of the security interests as provided in Section 70A-9a-320; and
 - (b) security interests of persons extending credit to buyers in the ordinary course of business, as defined in Section 70A-1a-201, take free of the security interests as provided in Section 70A-9a-320.
- (3) Security interests in inventory consisting in part of vehicles subject to registration under this chapter, which are held for sale by a person in the business of selling goods of that kind, shall be perfected under Section 70A-9a-310, except that a lienholder with a security interest noted on the title shall have priority unless the lienholder has been paid in full in accordance with Section 41-3-402.

Amended by Chapter 342, 2010 General Session