

TITLE 5: UNIFORM COMMERCIAL CODE
DIVISION 9: SECURED TRANSACTIONS, ETC.

§ 9308. Purchase of Chattel Paper and Instruments.

A purchaser of chattel paper or an instrument who gives new value and takes possession of it in the ordinary course of his business has priority over a security interest in the chattel paper or instrument:

(a) Which is perfected under 5 CMC §§ 9304 (permissive filing and temporary perfection) or 9306 (perfection as to proceeds) if he acts without knowledge that the specific paper or instrument is subject to a security interest; or

(b) Which is claimed merely as proceeds of inventory subject to a security interest (5 CMC § 9306) even though he knows that the specific paper or instrument is subject to the security interest.

Source: PL 3-56, § 1 (§ 9308).