

### Fixture Priority Problem

Bill operated a restaurant in a building he owned. On March 1, he purchased a large oven on credit for \$8,000 from Sal's Appliance Barn. On that same day, the oven was set aside in Sal's warehouse and marked with a tag reading, "Sold to Bill." Also on March 1, Bill signed a security agreement that gave Sal's a security interest in the oven to secure the unpaid purchase price of the oven.

On March 14, the oven was delivered and bolted permanently into a specially built niche in the kitchen in Bill's restaurant, thus becoming a fixture under local real estate law.

On March 26, the local sheriff came to the restaurant and announced that he was there to execute a levy to satisfy a \$3,000 judgment against Bill in favor of Local Bank. The sheriff saw the new oven in the restaurant's kitchen and announced he was levying on the oven. He then physically disabled the oven by handcuffing it shut and placed a notice-of-levy sticker on it, which qualified as a valid levy under state law.

On March 28, after learning from Bill about what happened with the sheriff and the oven, Sal's filed its financing statement in the Secretary of State's office but not in the local real estate records office. Sal's financing statement properly described the oven.

On March 29, Bill obtained a \$10,000 loan from Finance Company and gave Finance Company a mortgage on his building to secure repayment of the loan. On the same day, Finance Company properly perfected a valid lien against the restaurant building and accompanying fixtures by filing in the local real estate records office designated by state law.

1. As between Sal's and Local Bank, who has priority as to the oven?
2. As between Sal's and Finance Company, who has priority as to the oven?