

A 512 Secured Transactions
T, Th 8:30 a.m. – 9:50 a.m.

Fall 2020 (3 credits)
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Office Hours: By Appointment Only

SYLLABUS

I suspect most of you are taking this class because this subject is on the Bar Exam. That's a pretty good reason, but I hope you will come away with more than confidence about a Bar Exam topic. I hope you will appreciate the important role these transactions play in our economic life. I also hope this class will give you some valuable practice analyzing a dense statutory scheme, and maybe you'll even have some fun.

Why are secured transactions important (and interesting)?

Secured transactions facilitate the flow of capital – the lifeblood of commerce. Without capital, businesses cannot pay their employees; farmers cannot get crops to market; and consumers cannot buy homes, cars, appliances, and other things. Those who have capital – *creditors or investors* – take a risk when they lend their capital to someone else. They may never see that capital again. If you've ever loaned someone money to someone who never repaid it, you know exactly what I mean. The capital market prices credit according to risk, so reducing risk makes it easier and less expensive for businesses and people to borrow money. Secured transactions are a way to reduce that risk.

What exactly is a “secured transaction?”

A *secured transaction* is an exchange in which one party grants a property interest in his or her property to another party to assure performance of bargained-for consideration. The interest granted is less than full ownership, and we refer to it as a *security interest*. In some respects, you can think of it as a wager – the grantor bets her property that an obligor will keep a promise. Usually the grantor and obligor are the same person, and usually the promise is the repayment of a loan along with interest. If the obligor fails to keep the promise, the grantor loses the bet and must give up the wagered value in the property. If the obligor keeps the promise, the grantor gets back full ownership of the wagered property. The wagered property is called *collateral*. Simple enough? It usually is. We are going to learn how to make the bet; how to deal with situations in which the grantor has wagered the same property to more than one person; and what happens when the grantor loses the bet (*i.e.*, the obligor fails to perform the promise secured by the collateral).

Almost anything can be collateral. Your home may be collateral for a mortgage loan. You may have learned about these types of secured transactions in your first-year Property course. In this class, we'll focus on collateral that is not real estate—*e.g.*, cars, office equipment, trademarks, a bar's inventory of liquor, seed corn, or an account-receivable. Secured transactions are governed by state law. Luckily, every state has adopted a nearly uniform set of laws governing these types of transactions. This set of laws is called the Uniform Commercial Code or “UCC.” You probably

first encountered the UCC in your first-year Contracts class. Article 9 of the UCC will be our focus, though we will examine other Articles that affect certain kinds of secured transactions.

I hope you will enjoy learning about secured transactions as much as I look forward to teaching it. Here's to a great quarter!

TEXTS AND STUDY GUIDES: All students must have the required textbook listed below, which is available at the University Bookstore. All students should also have a statutory supplement that contains the current version of the Uniform Commercial Code and the Bankruptcy Code. The supplement listed below is appropriate and available for this course at the University Bookstore. I do not endorse any particular commercial study guide. At this point in your law school career, I trust you know what works best for you.

Required Textbook:

- Sepinuck, *Problems and Materials on Secured Transactions*, (Am. Casebook Series, West Publishing, 4th ed. 2018)

Recommended Statutory Supplement:

- Chomsky, *et al.*, *Selected Commercial Statutes for Secured Transactions Courses*, (West Publishing, 2021 edition)

ATTENDANCE: Law school policy requires at least 80 percent attendance to receive course credit, but I hope that will not be your main reason for coming to class. Each of you is paying good money to learn the law, and I am taking time out of a busy law practice to teach this course. The course will be better for everyone if you attend and participate.

COVID-19 POLICIES AND PRACTICES: We will follow the University's policies and practices regarding COVID-19. Even though everyone in class will be vaccinated, or fit within a recognized exemption, we have all learned that the virus can spread and infect even vaccinated people. I have two children under the age of 12. They are unvaccinated. I do not want them to get COVID-19 because I contracted it teaching at the University. I suspect others in our class may also live with people who cannot get vaccinated yet. Out of respect for our families, please mask up.

GRADING: Grades will be based on a final examination (75%) and class participation (25%).

***Examination* (75%):**

The examination will be a three-hour exam. You may bring your textbook, statutory supplement, other assigned readings, and your own notes and outlines. You may not bring commercially prepared outlines or similar materials. You may not consult the Internet or paste previously prepared materials into your answers.

***Participation* (25%):**

The best way to learn is to apply the statute and concepts to hypothetical problems. We will spend significant portions of class working through the assigned problems. Other than the first day of

class, I will call on students to help me work through problems in front of the class. We will proceed in alphabetical order, so you should have a good sense of when you can expect to be called. Your participation grade will depend on your effort. You do not necessarily need to “get it right,” but I do need to see that you studied the material and gave some thought to your answers.

DISABILITY ACCOMMODATION: Please review the student handbook for the University’s disability accommodation policy. Do not hesitate to contact me if my assistance is needed.

COURSE SCHEDULE: The following is our planned schedule. I have an active law practice that may require me to reschedule certain classes. This may include scheduling a makeup class after formal course instruction ends in order to meet ABA accreditation requirements. I will do my best to avoid canceling or rescheduling any class. If I need to cancel or reschedule a class, I will let you know as soon as possible.

ASSIGNMENTS: Please complete the assigned readings and review assigned problems before class so that you are prepared to discuss the problems and materials in class.

CHAPTER ONE: DEBTS GENERALLY

1. September 28
Textbook Pages: 1-44
Problems: 1-1 (use Washington law, RCW 6.15) *through* 1-3

CHAPTER TWO: CREATION OF SECURITY INTEREST (ATTACHMENT)

2. September 30
Textbook Pages: 45-69
Problems: 2-1; 2-3 *through* 2-6
3. October 5
Textbook Pages: 69-99
Problems: 2-7 *through* 2-12 (skip 2-12(B)); 2-14
4. October 7
Textbook Pages: 99-112
Problems: 2-16 *through* 2-20
5. October 12
Textbook Pages: 113-27
Problems: 2-21 *through* 2-24
6. October 14
Textbook Pages: 128-34
Problems: 2-26; 2-27
Review

CHAPTER THREE: ENFORCEMENT OF SECURITY INTEREST

7. October 19
Textbook Pages: 143-66
Problems: 3-1 *through* 3-7
8. October 21
Textbook Pages: 167-88
Problems: 3-8 *through* 3-11; 3-13; 3-14
9. October 26
Textbook Pages: 188-205
Problems: 3-15; 3-17; 3-19 *through* 3-22
10. October 28
Textbook Pages: 205-26
Problems: 3-24 *through* 3-26
Review

CHAPTER FOUR: PERFECTION

11. November 2
Textbook Pages: 229-55
Problems: 4-2; 4-3; 4-5 *through* 4-7
12. November 4
Textbook Pages: 255-82
Problems: 4-11; 4-12; 4-14; 4-15; 4-17; 4-18
13. November 9
Textbook Pages: 282-317
Problems: 4-19 *through* 4-22; 4-24 *through* 4-27; 4-32; 4-34; 4-36
Review

November 11 – NO CLASS (Veteran’s Day Holiday)

CHAPTER FIVE: PRIORITY

14. November 16
Textbook Pages: 321-39
Problems: 5-1; 5-3; 5-6; 5-9
15. November 18
Textbook Pages: 340-52
Problems: 5-10 *through* 5-14; 5-20

16. November 23
Textbook Pages: 352-69
Problems: 5-21; 5-24; 5-25; 5-28; 5-30

November 25 – NO CLASS (Thanksgiving Holiday)
17. November 30
Textbook Pages: 370-98
Problems: 5-33; 5-35; 5-39; 5-41; 5-42; 5-44; 5-46
18. December 2
Textbook Pages: 399-415
Problems: 5-48; 5-50; 5-51; 5-52; 5-55; 5-56
19. December 7
Course Review