

**Santa Clara University
School of Law**

**Commercial Finance
Syllabus
Fall 2008
Professor Gary Neustadter**

Course description

3 units, graded, no prerequisites

The course examines uniform state law and some federal law governing consensual security interests in personal property and fixtures (Article 9 of the Uniform Commercial Code), a subject relevant to a wide range of law practice, including commercial and consumer finance, family law, and bankruptcy. Specific topics include creation of security interests, rights and remedies of the creditor and debtor upon the debtor's default under the secured obligation, perfection of security interests, resolution of priority disputes among competing lien holders claiming an interest in property, and the rights of the secured party and debtor in the debtor's bankruptcy.

The class meets MW 1:10 - 2:25 p.m., in Bannan 333

Required reading materials

Lopucki and Warren, Secured Credit: A Systems Approach (5th ed., Aspen) (hereafter "casebook")

Warren, Bankruptcy and Article 9, 2008 Statutory Supplement (Aspen 2008) (hereafter "statutory supplement")

Recommended reference source

White and Summers, Uniform Commercial Code: Secured Transactions (5th Ed. West) (paperback).

Electronic communication

Please take advantage of several available means of electronic communication:

1. Website: Please visit and explore the materials and links available at my website: <http://www.scu.edu/law/site/gary-neustadter/> .

2. Electronic reserve (ClaraNet): I will post reading assignments for each class, other announcements, supplemental assigned reading, and other items of interest on the ClaraNet page for this course:

<http://heafes.scu.edu/coursepage.asp?cid=275>.

3. E-mail: Please feel free to communicate with me by e-mail (gneustadter@scu.edu).

Attendance and participation

I expect regular class attendance and consistent preparation of assignments in anticipation of class discussion. Please let me know prior to the start of class if you are not prepared for class discussion because of illness or for other appropriate reasons.

Classroom etiquette

The classroom environment must be conducive to learning for all students. Distractions made possible by advances in technology undermine that goal. Accordingly, during class, in addition to the usual courtesies, kindly

- Disable and refrain from using any electronic device other than your laptop computer
- Refrain from connecting to the Internet or any other network except in for purposes directly related to contemporaneous classroom discussion
- Refrain from displaying wallpaper, screen savers, or other material on your laptop computer that you can reasonably expect to be either distracting or offensive to other students

Grading

There will be one final examination, administered on December 6, 2008, at 2:00 p.m. It will be a limited open book essay examination, for which you will be permitted to refer to the assigned books for the course (including your annotations in them), any materials downloaded from the ClaraNet page for this course (other than past exams or answers to past exams), and any materials (such as notes, outlines, charts) that you have prepared yourself or in collaboration with other students in the class. You will not be permitted to refer to any other materials, including prior examinations or model answers to prior examinations. Your final course grade will be your grade on the final examination, except that I reserve the right to adjust your final course grade downward for excessive absenteeism or frequent lack of preparation.

Contact information and office hours

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My formal office hours are MW 3:00 - 5:00 p.m. I am on campus a significant portion of most weekdays except late Tuesday and Thursday afternoons and am happy to set appointments to meet with you at times other than formal office hours. You are also welcome to stop in at other times.

Reading assignments

Reading assignments for the entire semester appear below. In advance of each class, I will identify the required reading for the upcoming class in the announcement section of the ClaraNet page for this course.

Most reading will be from the Lopucki and Warren casebook. We will spend most class time discussing the assigned problems in the casebook. Absent your request, we will spend little time discussing the expository writing or the cases in the casebook, except as they may be relevant to resolution of the assigned problems. Generally, the casebook offers the cases for illustration only. Development of skills in reading and analyzing judicial opinions is not a course objective.

For each assignment to the casebook, you should also study those sections of U.C.C. Article 9 and Revised Article 1 (together with Official Comments), or sections of other relevant statutes, referred to in or inferred from the assigned portions of the casebook and apply the relevant sections to the assigned problems. You will find the relevant statutory material in your statutory supplement. For class discussion, prepare only those problems from the casebook that are specifically identified below.

Part One: The Creditor-Debtor Relationship

Chapter 1. Creditor's Remedies Under State Law

1. Introduction (pp. xxix-xxxii).
2. Remedies of Unsecured Creditors Under State Law (pp. 3-19) (problems 1.1-1.6).
3. Security and Foreclosure (pp. 20-34) (problems 2.1-2.2).

4, Repossession of Collateral (pp. 35-54) (problems 3.1-3.4, 3.6 (using facts from 3.5) -3.9).

5. Article 9 Sale and Deficiency (pp. 75-89) (problems 5.1-5.6).

Chapter 2. Creditor's Remedies in Bankruptcy

6. Bankruptcy and the Automatic Stay (pp. 91-109) (problems 6.1-6.6).

7. The Treatment of Secured Claims in Bankruptcy (pp. 110-128) (problems 7.1-7.5, 7.7).

Chapter 3. Creation of Security Interests

8. Formalities for Attachment (pp. 129-148) (problems 8.1-8.5).

9. What Collateral and Obligations are Covered? (pp. 149-161) (problems 9.1-9.5).

10. Proceeds, Products, and Other Value-Tracing Concepts (pp. 162-177) (problems 10.1-10.6).

11. Tracing Collateral Value During Bankruptcy (pp. 178-189) (problems 11.1-11.5).

12. The Legal Limits on What May Be Collateral (pp. 190-208) (no problems/no class discussion).

Chapter 4. Default: The Gateway to Remedies

13. Default, Acceleration, and Cure Under State Law (pp. 211-231) (problems 13.1, 13.3, 13.4, 13.6).

Chapter 5. The Prototypical Secured Transaction

14. The Prototypical Secured Transaction (pp. 247-264) (no problems/no class discussion).

Part Two: The Creditor-Third Party Relationship

Chapter 6. Perfection

15. The Personal Property Filing System (pp. 271-289) (problems 16.1-16.4). In working through the problems, you should also consult U.C.C. 9-201(a), 9-308(a), 9-317(b), and 9-320 in addition to the sections recommended by the authors. In addition, using a common but fictitious name (e.g. Robert Smith,

James Johnson), search for a U.C.C. financing statement in one or more of the following states: [Arizona](#), [North Carolina](#), [Massachusetts](#).

16. Article 9 Financing Statements: The Debtor's Name (pp. 290-306) (problems 17.1, 17.3, 17.5, 17.6).

17. Article 9 Financing Statements: Other Information (pp. 307-319) (problems 18.1-18.4, 18.6).

18. Exceptions to the Article 9 Filing Requirement (pp. 320-336) (problems 19.1-19.4).

19. The Land and Fixtures Recording Systems (pp. 337-352) (problems 20.1, but not (f) and (g), 20.2, 20.3).

20. Characterizing Collateral for the Purpose of Perfection (pp. 353-365) (problem 21.1).

Chapter 7. Maintaining Perfection

21. Maintaining Perfection Through Lapse and Bankruptcy (pp. 367-382) (problems 22.1-22.3, 22.5).

22. Maintaining Perfection Through Changes of Name, Identity, and Use (pp. 383-394) (problems 23.1-23.3).

23. Maintaining Perfection Through Relocation of Debtor or Collateral (pp. 395-405) (problems 24.1-24.3).

24. Maintaining Perfection in Certificate of Title Systems (pp. 406-419) (no problems/no class discussion).

Chapter 8. Priority

25. The Concept of Priority: State Law (pp. 423-435) (problems 26.1-26.5).

Chapter 9. Competitions for Collateral

26. Lien Creditors Against Secured Creditors: The Basics (pp. 453-463) (review problem 16.1 at p. 287, problems 28.1-28.4).

27. Lien Creditors Against Secured Creditors: Future Advances (pp. 463-477) (problems 29.1-29.2).

28. Trustees in Bankruptcy Against Secured Creditors: The Strong Arm Clause (pp. 478-493) (problem 30.1).

29. Trustees in Bankruptcy Against Secured Creditors: Preferences (pp. 494-503) (problems 31.1-31.3). For problem 31.1, please work the problems in the following sequence: b, f, a, c, d, e. For problems 31.1(d) and (e), change the dates such that the purchase occurred on June 21 (not July 21), although, as stated in the problem, the items were not delivered to the debtor until July 22.

30. Secured Creditors Against Secured Creditors: The Basics (pp. 504-519) (problems 32.1-32.7).

31. Buyers Against Secured Creditors (pp. 576-595) (problems Probs. 36.1-36.6).