BLAW 3430 Group Assignment 08

Secured Transactions and Suretyship

1. What are the essentials of a secured transaction? Explain.
   a. Name and define the various types of collateral.
   b. How does attachment occur?

   Read and be prepared to orally brief and discuss *Border State Bank of Greenbush v. Bagley Livestock Exchange, Inc.*

   c. Why was the case remanded?
   d. What standard did the Court of Appeals of Minnesota say should have been applied by the district court?
   e. Answer the questions posed at the end of the case:
      (1) Ethical Question: Did the court decide the case fairly?
      (2) Critical Thinking Question: Why should the law consider a person to have acquired rights in the collateral?

2. What do we mean by perfection? What is a financing agreement?

   Read and be prepared to orally brief and discuss *Kimbrell's of Sanford, Inc. v. KPS, Inc.*

   a. Why did Kimbrell's have a perfected security interest in the VCR?
   b. What added benefit would Kimbrell have received by filing a financing statement?
   c. Answer the question posed at the end of the case:
      (1) Critical Thinking Question: When, if ever, should the law make a security interest automatically perfected? Explain.
   d. Answer end of the Chapter Question 1.

3. Discuss the priorities among the various parties who may have competing interests in collateral and the rights and remedies of the parties to a security agreement after default by the debtor.

   Read and be prepared to orally brief and discuss *Chrysler Credit Corporation v. Koontz*. [online]

   a. Did Chrysler breach the peace in repossessing the car?
   b. Does Koontz' warning to Chrysler not to come on the property prevent Chrysler from legally doing so?
   c. Answer the question posed at the end of the case:
      (1) Ethical Question: Did the court decide the case fairly?
      (2) Critical Thinking Question: Why is it important for creditors to have the right to repossess? Explain.
      (Answer end of the Chapter Questions 2–8.

4. a. Explain the requirements for a suretyship relationship.
   b. Explain the rights of a creditor against a surety and the rights of a surety, including those of a cosurety.
   c. Define and distinguish the following terms:
      (1) exoneration
      (2) reimbursement
      (3) subrogation
      (4) contribution

5. a. What personal defenses are available to the principal debtor?
   b. What personal defenses are available to the surety?

   Read and be prepared to orally brief and discuss *American Manufacturing Mutual Insurance Company v. Tison Hog Market, Inc.*

   c. Why does a court hold a surety liable even if the agreement was induced through fraud by the principal?
   d. What recourse does the surety have in this case?
   e. Answer the questions posed at the end of the case:
      (1) Ethical Question: Is the court's decision fair to the surety? Explain.
      (2) Critical Thinking Question: Should the fraud of the principal debtor relieve the surety of its obligation on the surety bond? Explain.
   f. Answer end of the Chapter Questions 10–14.