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**THE UNIVERSITY OF BRITISH COLUMBIA  
FACULTY OF LAW**

**FINAL EXAMINATION – APRIL 2019**

**LAW 438  
Secured Transactions**

**Section 1  
Professor Bruce MacDougall**

**TOTAL MARKS: 100**

**TIME ALLOWED: 2-1/2 HOURS**

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**NOTE:** 1. This is an open book examination. Students may take any written material into the examination room except UBC library books

**THIS EXAMINATION CONSISTS OF ONE QUESTION**

**MARKS**

(100)

1. Delilah is a teacher who runs a business part-time where she buys and sells rare books. She also does some binding work. Cash flow is a perpetual problem and buyers often do not have cash up front so she must sell on credit. She also frequently takes books on consignment.

On 10 March, Delilah obtains general financing of \$20,000 from Cash Corporation. On that day the two execute a written agreement with respect to that financing which gives Cash Corporation a security interest in all Delilah's present and after-acquired property. Cash Corporation files a financing statement to that effect that day.

Delilah uses part of the money from Cash Corporation on 15 March to buy books H and F from Good Guy for \$1000. Delilah only pays \$500 which, according to their written agreement, covers the entire cost of F but leaves \$500 owing for H. Their written agreement also says that Good Guy gets a security interest in all Delilah's present and after-acquired inventory. Good Guy files a financing statement on 15 March to that effect against "Delila". When Good Guy sells H and F to Delilah, those two books are subject to a perfected security interest of Ivan Idea in "all Good Guy's books". Ivan is owed \$700 by Good Guy and Ivan files his financing statement on 10 January. Ivan is Good Guy's accountant and reviews Good Guy's accounts every 15 days. The written security agreement of Good Guy and Ivan Idea says that "Ivan Idea's security interest will continue in the books until all the debt is paid".

On 1 February, Delilah gets book M from Queenie. The cost of M is \$800 and M is provided to Delilah for that amount on credit. According to their written agreement dated 22 January, Queenie gets a security interest in all Delilah's present and after-acquired property. Queenie sends no notices of this to anybody but the security agreement requires Delilah to send notices to all her creditors "in the next week" notifying them of Queenie's "PMSI in M". Delilah sends no notices. Queenie files the relevant financing statement on 31 January.

Easy Estates is a company that acquires various items from estates and estate sales. It often leaves books which it owns with Delilah to see if she can sell them. It leaves books A and B with Delilah on 15 March to see if she can sell them. According to the written contract of that date, if she does sell them, she will be entitled to keep 85% of the proceeds. On 18 May, Easy Estates takes back A because it thinks it has a buyer for A, but as yet nothing further has happened.

Delilah gets an antique accounting ledger (“X”) from Vince Vance on 10 April and uses some of the money from Cash Corporation for this purpose. The thing costs \$200. By 1 June, as nobody has shown an interest in buying X, Delilah decides to use it for her own bookkeeping purposes. X is badly covered, and so, Delilah’s being a perfectionist, she buys some expensive fine stiff linen (“Y”) on credit for \$150 from Wilfredo on 5 October. Wilfredo and Delilah have a written agreement setting out the conditional sale of Y. On 8 October, Delilah uses Y to fashion a removable dust cover for X.

On 18 November, Delilah gets another loan of \$300 from Cash Corporation. The new security agreement is just like the old one except for the 18 November date and the new loan amount.

On 19 November, Osman Okri lends Delilah \$1000 and by their written agreement, Osman gets an assignment from Delilah of all her present and after-acquired accounts. Oswan files a financing statement on 19 November.

On 1 January, Delilah already has in stock, books R and S. Tom Tome buys R on 1 September for \$400 which Delilah puts in her general bank account. Tom is a consumer who has lots of debt. On 3 January, he gives a security interest in all his present and after acquired personal property to Uriah Usury in exchange for a \$1000 loan. They have a written agreement and Uriah files the needed financing statement on 3 January. The \$1000 is supposed to be repaid on 12 December. It is not.

On 14 August, Delilah sells H to Zack Zuckermann in exchange for \$200 and book K. On 16 August, book K is sold by Delilah to Leonard for \$100 cash and \$50 to be paid on 23 December.

Joyce lends \$2000 to Delilah on 1 September, the date of their written agreement and the filing of Joyce’s financing statement indicating her security interest in all Delilah’s inventory. On 14 September, Joyce enters into an agreement with Cash Corporation giving Joyce priority for up to \$400 over any property of Delilah in which Cash Corporation does not have a PMSI.

Delilah owns jointly with her spouse Nicola her own building where she does business and her own office equipment. On 4 July she buys a new ceiling fan (“P”). She does not hook up the fan until one month later.

It is now 15 December. Describe today the priorities to the various items of property mentioned above. Also, in relation to book R, give a general overview of what Uriah Usury can do about the Tom Tome’s tardiness.

In answering this question, assume the following:

- (a) all dates given are in the same year.
- (b) The B.C. P.P.S.A. is in force during the whole period and all events take place in B.C.
- (c) There are no other creditors or debtors besides those mentioned.
- (d) No security agreement contains a proceeds clause unless the facts specifically indicate otherwise.
- (e) There are no carrying costs or interest relating to any amount lent or goods sold.
- (f) Nothing is repaid unless the facts specifically indicate otherwise.

**BONUS QUESTION:**

- (1 point)** Does the English language have a word (not a name of a person, group or place) that has three contiguous sets of double letters (e.g., vooodoo, except that is not a word). If so, what is the word?

**END OF EXAMINATION**