



## SEPERAC JULY 2025 EXAM MEE COMPARISON BANK OUTLINE SAMPLE

On the bar exam, examinees need to write answers based on what the bar exam graders are looking for. The released NCBE answers are excellent at teaching you the substantive law being tested, but they do not reflect the type of answer a typical examinee will write. Actual graded sample examinee answers give examinees a much better idea of what the graders actually expect and how they grade. Put simply, learning grader expectations (e.g. organization, issue statements, depth of analysis) by deconstructing answers will teach you what the graders actually expect in a passing answer. Examinees who better understand these expectations often have less exam anxiety (which in itself can improve your exam performance since anxiety blocks the free-flow of information) and write better answers as a result.

To help examinees better understand how to write a passing bar exam essay, I have created MEE/MPT Comparison Banks for the past 15 years. These Comparison Banks, which are basically graded examinee answers compared to one another, are available through my UBE Essays subscription. The MPT Comparison Banks consist of 1,000+ graded examinee MPTs from 2010-2023 based on 12+ MPT formats tested (e.g. Objective Memo, Persuasive Brief, Findings of Fact/Conclusions of Law, Leave Behind Persuasive Memorandum, Closing Argument, Opinion Letter, etc). The MEE Comparison Banks consist of 2,000+ graded examinee MEEs from 2016-2023 contained in 84 MEE Comparison Banks. You can watch an explanation of these Comparison Banks here:

<https://www.youtube.com/watch?v=tctGoHv2e1g&t=2s>

To provide a sample of the content contained within these Comparisons, below is a compilation of past graded examinee answers to the F19 Secured Transactions question (MEE#2), sorted from best to worst using my 0 – 10 UBE scoring scale. Typically, a subscriber will answer an MEE/MPT where a Comparison exists and then compare their answer to the graded examinee answers in the Comparison. The MEE/MPT Comparisons are ranked by UBE Essays subscribers as the 2nd best tool (Top 50 MEE outline ranked 1st). I feel there is no better way to get inside the mind of the MEE/MPT grader than through the MEE/MPT Answer Bank Comparisons. For example, an examinee who failed with written of 123.6 and passed with written of 160.3 told me: *"... towards the end of bar prep, I utilized your top 50 essays compilation along with your essay comparison feature and I think that really helped -- just so I could see the difference between good, not so good, and really good answers. This helped further build upon my issue spotting (that I'd improved through writing timed essays), and I was able to better put myself in the grader's shoes by looking at comparisons."* When you use these Comparison Banks, you mimic the process a grader goes through, and the more you put yourself into the shoes of the grader, the better you will score on the MEE/MPT. For example, one examinee told me: *"I did much better on my essays this time due in large part to your comparison tool. I found that to be extremely helpful."* This examinee's written average went from 58th percentile to 96th percentile among the failing examinees who sent me their scores. A NYBOLE grader succinctly explained how reviewing/grading answers makes you better at assessing ability: *"For the first time, I felt I knew whether or not a candidate was going to be a good lawyer. So said a longtime grader of the New York bar exam, following his first experience grading the Multistate Performance Test (MPT)." see <https://www.seperac.com/pdf/800411Bosse.pdf>*



As you use the Comparison Banks, you will learn grader expectations (e.g., organization, issue statements, depth of analysis) by deconstructing answers. For example, an examinee who passed with 273 (MBE: 130 written 143) told me: *"In terms of what helped the most to me on the provided materials: 1) Database of previous exam answers with grades: This was the most helpful. Understanding the structure of how a 3 essay is versus an essay graded a 5 or a 6 was incredibly helpful. I believe (after sitting for the CA bar exam twice) that structure plays a large part in determining your essay score. I spent about a week going through pretty much every essay you had available in this database and honing in on the structure of the 5/6 essays and looked at the mistakes that may have made an essay a 2-3 based on the questions and facts provided. 2) Top 50 outline: This helped alot. By going through the top 50 essays, I could see what subjects overlapped and how to best memorize the information in my mind so if I spotted that issue on the test, I'd know fairly well what the graders would be looking for. Anything else I was unable to utilize so I could not provide honest feedback on those. But these two were the key to my success on the writing portion of the exam and I'm 100% certain had I not had them, I probably would have failed."* With these MEE/MPT Comparisons, you can compare multiple high-scoring answers to one another to see their similarities and differences (e.g. depth of analysis). You can see how examinees use the words from the question in their answers which creates insights into what you may be doing wrong. If your MEE/MPT timing is poor, you should look at above-passing MEEs/MPTs with low word counts to see how they organized their answers and how they addressed the issues.

You can compare high scoring MEE/MPTs to one another (the essays are in score order, so if you scroll to the bottom of the page, the highest scoring MPTs will be at the bottom). You can compare high scoring answers by looking at the text side-by-side and by also looking at the actual PDFs. You can also look at some low scoring answers to see what not to do. The MEE/MPT Comparisons are typically used for self-grading. The best way to tell whether you wrote what the graders are looking for is to check your work against high- and low-scoring actual student answers. For example, an examinee who failed with 226 (MBE 116, written 110) and then passed with a 272 (MBE 146, written 126) told me: *"The MEE/MPT answer banks were absolutely clutch, because seeing the difference between a passing score, and a high passing score helped me establish goals in my essay writing. First, I would get my essay writing to passing level, then incrementally increase it to as close to the high passing score as possible. I never really reached the high passing score, but I made sure to lock in the passing score essay writing so that way as long as I got the MBE above 140 my essay writing would do the job. On test day I remember saying to myself no matter what comes on the screen in front of me, stay focused and kill it! Meaning don't freeze up, and don't allow any negative mental thought to linger, instead put all of my energy into reading the essays, issue spotting, and writing the answer."*

By comparing low scoring, exactly passing and high scoring answers to one another, you will develop more realistic expectations of what a passing answer consists of (these expectations are often distorted if you only look at model/exemplar answers). As one examinee told me: *"I've been reviewing your comparison banks for the MEE. I am getting the impression that a merely passing MEE is by no means a magnum opus, which is a relief. At a minimum, it seems like a passing answer simply has to hit most of the main points, sound coherent, and apply the law (even if it is not the right law) with decent reasoning. The better answers just seem to be better-written, apply the correct law, and use more of the facts."*



For the more recent Comparisons, I provide score estimates for these essays and then convert all scores to a 0 - 10 scale. A Score of 5 is exactly passing (i.e. this essay would contribute 13.3 UBE points to your total UBE score in a state where 266 is the passing score) whereas a Score of 10 is a perfect score (i.e. this essay would contribute the maximum of 20 UBE points to your total UBE score); this is the Score most released state answers receive. For MEE answers, each score integer represents two correct MBE questions. For example, if one examinee's MEE answer received a score of 7 and another examinee's MEE answer received a score of 4, the examinee with the MEE score of 4 would have needed to answer 6 more MBE questions correctly to end up with the same amount of total UBE points as the first examinee. In my opinion, this is the simplest and most direct way to compare apples-to-apples. For example, if you find your MEE practice answers are comparable to the ones in the essay banks with scores of 4, you essentially need to answer 12 more MBE questions correctly on the exam (above the 133 passing threshold) to make up for your lower quality MEE. To convert the estimated UBE scores to a different essay scoring scale, please use the following legend:

0-5 scale	0-10 scale	0-6 scale	0-10 scale	0-7 scale	0-10 scale	20-80 scale	0-10 scale
0	0	0	0	0	0	0	0
1	2	1	2	1	1	20	1
2	4	2	3	2	3	30	3
3	6	3	5	3	4	40	4
4	8	4	7	4	6	50	5
5	10	5	8	5	7	60	7
		6	10	6	9	70	9
				7	10	80	10

At the bottom of each essay are statistics pertaining to that essay. For instance, the Flesch Reading Ease test and the Flesch–Kincaid Grade Level test are designed to indicate comprehension difficulty when reading a passage of contemporary academic English. On the Flesch Reading Ease test, lower scores indicate material that is more difficult to read. Reader's Digest magazine has a readability index of about 65, Time magazine scores about 52, an average year 7 student's (eleven years old) written assignment has a readability test of 60-70 (and a reading grade level of 6-7) and the Harvard Law Review has a general readability score in the low 30s. The Flesch–Kincaid Grade Level test reports the number of years of education generally required to understand this text. For example, a score of 8.2 would indicate that the text is expected to be understandable by an average student in 8th grade (usually around ages 13–14 in the United States of America). A score of 12 would indicate that the text is expected to be understandable by an average student in the 12th grade (senior year of High School - usually around ages 17-18 in the United States of America). These statistics are helpful in learning the characteristics of stronger answers.

Examinees who don't make an effort to understand the methodologies behind the bar exam are only hurting themselves. Put simply, examinees learn by example – reviewing a collection of graded essays helps you better understand the MEE/MPTs. If you answer the below sample question, you can then compare your answer to the best essay, the worst essay, or an exactly passing essay. Thus, you will not only be able to see what very low scoring essays are comprised of, but also what very high scoring essays



are comprised of. I feel such comparisons are invaluable for examinees to discover "what works" versus "what doesn't work." Reviewing essays that are "just passing" will give examinees insight into the content a passing essay consists of. For example, it is helpful to look at an "exactly passing" essay to see what should be regarded as the bare minimum for word count and analysis. You can then look at higher scoring essays to see what it takes for those. In reviewing higher-graded answers, examinees can see all of the substantive ways in which their answers were lacking. You can also look at the low scoring answers as examples of what not to do. If you have a subscription to my UBE Essays module, you can find even more MEE/MPT answers to compare side-by-side, including a way to visually see the matching words between each one.

Your primary goals when using an MEE Comparison should be: (1) to see how the high scoring essays are structured (e.g. how they use CIRAC/IRAC, how they address the issues, how they format their answer in regards to issue statements, conclusions and bolding/underlining/italicizing); and (2) to see how the high scoring essays properly analyze the issues. Good analysis is a pre-requisite for a passing essay score. For example, as stated in the Southern Illinois University School of Law presentation, the most common problem seen on the exams of those who failed was the absence of factual analysis. Analysis is the most important element of IRAC because this is where the legal reasoning occurs. Continually observing how high scoring answers analyze the facts will give you insight on how to replicate such analysis in your essays. As one passing examinee told me: *"Reviewing the essay comparison tool gave me a better idea of where I was going wrong. Once you get past the mental hurdle of how much information is available, or really, once you figure out what to focus on, it's such an invaluable tool. I'm not sure if I was right on the substance of what I wrote this time, but I am damn confident my writing style and overall tone improved."*

## **F19 EXAM: MEE2-SECURED TRANSACTIONS-NCBE Exam Released Question-Words 364**

A company is in the business of manufacturing and selling stereo equipment. Several months ago, the company borrowed money from a bank, to be repaid by the company in monthly installments. The loan agreement, which was signed by the company's owner, provided that, to secure the company's obligation to repay the loan, the company granted the bank a security interest in "all personal property" owned by the company. Also that day, under an oral agreement with the company's owner (who had full authority to speak on behalf of the company), the bank took possession of one of the most valuable items of the company's property—an original Edison gramophone that the company had acquired because it was the earliest precursor of the company's digital music players—as part of the collateral for the loan. The bank properly filed a financing statement in the appropriate filing office, listing the company as debtor and, in the space for the indication of collateral, listing only "all personal property."

Since borrowing the money, the company has run into various financial troubles. It has missed some loan payments to the bank and recently lost a lawsuit, resulting in a large judgment against the company. Last month, the judgment creditor obtained a judicial lien on the gramophone.

Last week, the bank notified the company that it was in default under the loan agreement. Without giving advance notice to the company, the bank sold the gramophone to an antiques collector in a commercially reasonable manner. The judgment creditor has learned about the sale of the gramophone and asserts that he had a superior claim to it.

The sale of the gramophone did not generate enough money to satisfy the company's obligation to the bank. The bank would like to seize some of the company's other property in which the bank has an enforceable security interest.

1. Does the company have any claim against the bank with respect to the sale of the gramophone? Explain.
2. As between the bank and the judgment creditor, who had a superior claim to the gramophone? Explain.
3. Does the bank have an enforceable security interest in any personal property of the company other than the gramophone? Explain.

### **Word Statistics**

Paragraphs: 7
Sentences: 19
Sentences per paragraph: 2.7
Words per Sentence: 19.2
Characters per Word: 4.8
Flesch Reading Ease: 43
Flesch-Kincaid Grade Level: 12

## F19 EXAM-MEE2-SECURED TRANSACTIONS-NCBE Answer-Words 1,486

### Legal Issue Analysis:

POINT (1) [20%] ISSUE: May a secured party dispose of collateral after the debtor's default without first notifying the debtor? ANSWER: No. The company has a claim against the bank with respect to the sale of the gramophone because the bank did not send the company a notification of disposition before the sale.

POINT (2) [40%] ISSUE: Whose rights are superior as between the rights of a secured party having possession of an item of collateral and a person who has a judicial lien on the same item? ANSWER: The bank's security interest in the gramophone is superior to the judgment creditor's lien because the bank's security interest was perfected before the judgment creditor obtained his lien.

POINT (3) [40%] ISSUE: Does a security agreement describing collateral as "all personal property" create an enforceable security interest in a debtor's property? ANSWER: No. The bank does not have an enforceable security interest in the company's other assets because the description of the collateral in the loan agreement is insufficient to create an enforceable security interest in those assets.

### Answer Discussion:

The company has a claim against the bank with respect to the sale of the gramophone because the bank did not provide the company with advance notification of the bank's intent to dispose of the gramophone. The bank's security interest in the gramophone is superior to the judicial lien of the judgment creditor because the bank's security interest was perfected before the lien was created. The bank does not have an enforceable security interest in other property of the company because the language in the security agreement is insufficient and thus the bank's security interest is not enforceable or attached.

### Explanation to Point-One (20%):

The company has a claim against the bank with respect to the sale of the gramophone because the bank did not send the company a notification of disposition before the sale.

After default by the debtor, a secured party may dispose of the collateral. If it does so, the proceeds of that disposition will be applied first to the expenses of that process and then to the satisfaction of the debtor's obligation to the secured party. Before disposing of the collateral, however, the secured party must send the debtor a reasonable authenticated notification of disposition. The only exception to this notification requirement is if the collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market. There is no indication that the gramophone in this problem fits into any of those categories. Therefore, because the bank sent no notification to the company before the disposition, the disposition was improper. This breach of the bank's obligation may expose the bank to liability to the company for damages or lessen the amount of any deficiency recoverable by the bank after application of the proceeds of sale to the company's obligation.

*[NOTE: An examinee might mention that a private sale of collateral, such as occurred here, is permissible if commercially reasonable. This is true. But this does not obviate the requirements with respect to pre-disposition notification.]*

### Explanation to Point-Two (40%):

The bank's security interest in the gramophone is superior to the judgment creditor's lien because the bank's security interest was perfected before the judgment creditor obtained his lien.

Except as otherwise provided in the UCC, a security agreement is effective against creditors. UCC § 9-317 provides such an exception, however. That section indicates that a security interest is subordinate to the rights of a person who became a lien creditor before the security interest was perfected. Here, the judgment creditor is a lien creditor under § 9-102 because of his judicial lien. Thus, the bank's security interest in the gramophone will be subordinate to the rights of the judgment creditor only if the bank's security interest was not perfected when the judgment creditor became a lien creditor.

A security interest is not perfected unless it has "attached." A security interest attaches when it becomes enforceable unless the time of attachment has been postponed by agreement. Thus, the bank's security interest in the gramophone cannot be perfected unless it is enforceable. A security interest is enforceable if the three criteria in UCC § 9-203(b) have been satisfied. The first two criteria are clearly satisfied: "value" has been given (because the loan was made) and the debtor (the company) had rights in the gramophone (the company owned it). The third criterion can be satisfied in several ways. Here, it is satisfied because the collateral is in the possession of the secured party pursuant to the debtor's security agreement. The gramophone was in the possession of the bank, and this was pursuant to the company's "security agreement." A "security agreement" is an agreement that creates or provides for a security interest. Thus, the oral agreement between the company's owner (speaking for the company) and the bank is a security agreement pursuant to which the bank took possession of the gramophone. Accordingly, when the bank took possession of the gramophone, its security interest was enforceable and attached.

An attached security interest can be perfected in many ways. In the case of security interests in goods, one method of perfection is for the secured party to take possession of the goods. Thus, the bank's possession of the gramophone not only was an element of enforceability and attachment but also resulted in perfection of the security interest.

Because the bank's security interest in the gramophone was perfected before the judgment creditor became a lien creditor, the bank's security interest is superior to the judgment creditor's judicial lien.

*[NOTE: An examinee may mention that the language in the loan agreement, standing alone, would be insufficient to create an enforceable and attached security interest in the gramophone. This is accurate, but the bank's possession of the gramophone pursuant to the oral agreement is sufficient. Thus, the security interest is enforceable and attached whether or not the language in the written loan agreement would suffice in the absence of the bank's possession. Some examinees may discuss the elements of enforceability of a possessory security interest in the answer to question 1 and refer back to that discussion in their answer to this question. Such examinees should get credit for that analysis as part of their answer to question 2. Examinees may organize their answers either way and receive full credit.]*

**Explanation to Point-Three (40%):**

The bank does not have an enforceable security interest in the company's other assets because the description of the collateral in the loan agreement is insufficient to create an enforceable security interest in those assets.

A security interest attaches when it becomes enforceable unless the time of attachment has been postponed by agreement. The three criteria in UCC § 9-203(b) have not been satisfied. The first two criteria are clearly satisfied: "value" has been given (because the loan was made) and the debtor (the company) has rights in its personal property (because it owns it). The third criterion has not been satisfied.

Here, because the bank does not have possession of the remaining personal property of the company (and other specialized criteria are inapplicable), the bank's security interest in that personal property is enforceable only if the requirements of UCC § 9-203(b) are met. Under that provision, the debtor must have authenticated (i.e., signed or its electronic equivalent) a security agreement that contains a description of the collateral. The loan agreement is a security agreement inasmuch as it creates or provides for a security interest. Moreover, it is authenticated inasmuch as we are told in the question that the loan agreement was signed by the company's owner. However, the description of the collateral in the security agreement is insufficient. Subject to some exceptions, a description of personal property is generally sufficient if it reasonably identifies what is described. However, the UCC provides that descriptions of a debtor's property such as "all of the debtor's personal property" or words of a similar import do not reasonably identify the collateral. Here, the description of the collateral in the loan agreement is "all personal property" owned by the company. Therefore, the description is insufficient, and accordingly the security agreement does not satisfy the requirements of UCC § 9-203(b).

Thus, the bank's security interest in the company's assets (other than the gramophone in the possession of the bank discussed in Point One) is not enforceable. Since the security interest is not enforceable, it did not attach; since the security interest did not attach, the security interest is not perfected.

*[NOTE: An examinee may mention that "all personal property" is a sufficient indication of collateral in a financing statement. That is true. But the filing of a financing statement cannot perfect a security interest that does not attach. Therefore, the security interest is not perfected here even if the financing statement would be sufficient to perfect a security interest that, unlike here, attached.]*

## Word Statistics

Paragraphs: 23
Sentences: 67
Sentences per paragraph: 3.1
Words per Sentence: 20.5
Characters per Word: 5.1
Flesch Reading Ease: 31.2
Flesch-Kincaid Grade Level: 13.9



## F19 EXAM-MEE2-SECURED TRANSACTIONS-Score 10-Words 1,394

1. The company has a good claim against the bank with respect to the sale of the gramophone. The key issue here is whether the bank observed the proper sale procedures in enforcing that security interest. (The preliminary question of whether the bank had an enforceable security interest over the gramophone is dealt with in part 2 of the answer below.)

As a general rule under Article 9 of the UCC, a secured party is entitled to enforce its security interest over personal property if the debtor is in default under the relevant security agreement. Enforcement may take place by a variety of means, including repossession (self-help), strict foreclosure and by exercising a power of sale. In order to correctly exercise a power of sale, the secured party must: (i) conduct the sale process in a commercially reasonable manner; and (ii) give reasonable prior notice of the sale to the debtor, any guarantors of the debtor and (in the case of non-consumer transactions) any other secured parties or claimants against the property of whom the prospective enforcing secured party has notice. If the sale procedures are not correctly followed, the debtor may claim its actual damages against the secured party and the secured party may also be precluded from recovering any deficiency judgment that may apply.

Here, the bank elected to sell the secured property (being the gramophone) to an antiques collector in a commercially reasonable manner, after notifying the company that it was in default under the loan agreement. This on its face appears to satisfy the preliminary factual requirement that the debtor (the company) must be in default, and also satisfies the first requirement of a reasonable sale process. However, the notice requirement is not satisfied here. While the bank notified the company of the default itself, the bank did not notify either the company or the other secured party (the holder of the judgment lien) of the plan to sell the gramophone. Therefore the company and the judgment creditor were not afforded the rights they were entitled to under Article 9, and the bank is in breach of its Article 9 obligations.

On the basis of this breach, the company may be able to seek monetary damages from the bank. Given that the sale was at a good price, probably the main source of damages it can claim would be its loss of profits or some other indirect measure of damages. In any event, however, the company may also be able to seek relief from any deficiency claims by the bank, on the basis that it has forfeited these claims by its breach of the Article 9 power of sale process.

2. The bank has a superior claim to the gramophone. The key issues here are: (i) whether the bank had a valid and enforceable security interest over the gramophone; and (ii) whether the bank's security interest takes priority over the judgment creditor's security interest.

On the first issue - a secured party can enforce a security interest that has attached and has been property perfected. In order for attachment to occur, three things are required: (a) valid security agreement which describes the collateral and evidences the intent to grant security over it (which may be oral in relation to personal property); (b) the debtor must have the present right to convey the interest in the relevant collateral; and (c) the secured party must give value in exchange for the security interest. Perfection can then occur by filing, possession or control (depending on the type of collateral in question). Physical possession of the collateral is an acceptable form of perfection for tangible goods, including equipment and inventory.

Here, all three elements of attachment are most likely present in respect of the gramophone. Firstly, although the facts may be open to dispute, there is likely a valid security agreement which describes the collateral and evidences the intent to grant security over it. While the written loan agreement is probably not sufficient on its own (because its description of the collateral is "supergeneric" rather than having sufficient specificity), the subsequent oral agreement between the company and the bank to take possession of the gramophone by way of collateral to the loan is probably sufficient to evidence agreement and intent to create a security interest. On the second element, the gramophone is described as being "one of the most valuable items of the company's property" and therefore it is safe to assume that the company owned and therefore had a right to convey an interest in the gramophone. Third, the

bank gave value in exchange for the security interest, in the form of the provision of the loan. Here, there is most likely sufficient contemporaneity between the giving of value and the giving of security because they occurred on the same day and as part of a single transaction contemplated by the parties. Accordingly, the security interest of the bank validly attached.

Here, the requirements for perfection are also met. Whether the gramophone is considered equipment (as a long term durable item used to promote the company's business) or inventory (on the basis that it is actually for sale), the gramophone clearly falls into the category of tangible personal property. A security interest over it can therefore be perfected by possession. This is in fact what occurred when the bank took physical possession of the gramophone on the date of the loan agreement and then maintained such possession until the point of exercising its power of sale. Accordingly, the bank had a valid and enforceable security interest over the gramophone.

On the second issue, as a general rule under Article 9, a prior perfected security interest will take priority over a later perfected security interest or a later filed judgment lien. Here, the bank's security interest was perfected at the point where the gramophone was handed over, whereas the judgment lien was only filed at a later date (last month after the creditor received the judgment against the company). Therefore the bank's security interest takes priority over the gramophone and the bank has a superior claim to that particular item.

3. Although it is a close call dependent on the construction of the security agreement, the better answer is that the bank does not have an enforceable security interest in any other personal property of the company. The key issue here is whether the description of the bank's security (set out in the written security agreement) was stated with sufficient particularity to cause the security interest to validly attach to the other property.

As a general rule, under Article 9 of the UCC, attachment occurs when the following three requirements are met (as stated above): (a) valid security agreement which describes the collateral and evidences the intent to grant security over it (which may be oral in relation to personal property); (b) the debtor must have the present right to convey the interest in the relevant collateral; and (c) the secured party must give value in exchange for the security interest. In relation to the first element of a security agreement, it is essential that the collateral to be secured is described with sufficient particularity to adequately identify the collateral. While a "supergeneric" description (such as "all assets" of the debtor) may suffice for purposes of the financing statement to be filed for perfection purposes, something more detailed is required to be inserted into the security agreement itself.

Here, the security agreement does not appear to be sufficient to establish the first element required for attachment, because the description of the collateral is merely "supergeneric" in referring to "all personal property" owned by the company. On the other hand, the second and third elements are likely met on the facts, because the relevant collateral is all personal property "owned by" the company and value was given by the bank in the form of a loan to the company (and it appears that the bank also perfected by filing). However, given that all three elements are required in order for a security interest to attach (and in order to make the secondary question of perfection and enforceability operative), the lack of the first element of a sufficient security agreement is fatal in this case. Accordingly, the bank does not have an enforceable security interest in any personal property of the company other than the gramophone.

Question #2 Final Word Count = 1394  
===== End of Answer #2=====

**END OF EXAM**

**SEPERAC BAR REVIEW MEE/MPT COMPARISON BANK**

**Word Statistics**

Paragraphs: 12  
Sentences: 45  
Sentences per paragraph: 3.7  
Words per Sentence: 30.9  
Characters per Word: 4.9  
Flesch Reading Ease: 30.9  
Flesch-Kincaid Grade Level: 15.7

## F19 EXAM-MEE2-SECURED TRANSACTIONS-Score 09-Words 762

### 1. The issue is whether the company improperly distributed the collateral without notice to the debtor

Upon default, a secured party may repossess collateral without notice to the debtor, so long as it does not breach the peace. Once the property is repossessed, however, the secured party must send proper notice to the debtor, any secondary obligor, other secured parties, and creditors prior to distribution (selling the collateral). Notice must be provided within a reasonable time prior to the sale of collateral; generally, 10 days or more prior to sale has been found reasonable. Failure to properly notify may result in adverse consequences for the secured party: they may be estopped from seeking a deficiency against the debtor, the deficiency may be reduced, or they may be liable to suit on behalf of the debtor or other creditors with interest in the collateral for damages or even to enjoin the sale if it has not already occurred. In all other respects, the sale of collateral after default must be commercially reasonable.

Because the bank attached its interest by possession (see part III), the company, as a debtor in the secured transaction with the bank, had a right to be notified prior to a sale of the gramophone. The bank failed to give the company notice. Since the sale of the gramophone was insufficient to cover the company's debt, the bank might have an opportunity to collect a deficiency from the company. While all other aspects of the sale were commercially reasonable, this was an improper distribution by the bank and the company likely will not be liable for the full deficiency and may even be able to sue for damages.

Because the bank failed to provide adequate notice, the company has a right to contest paying a deficiency and perhaps to hold the bank liable for damages.

### 2. The issue is whether the bank's perfected security interest has priority over a judicial lien creditor.

Rules of perfection determine priority among secured parties, general creditors, and lien creditors. A secured party perfects its interest when, after the interest attaches (see part III for rules of attachment), the secured party files a financing statement, obtains control or possession over the collateral, or through automatic perfection by operation of law. A financing statement must contain a description of the property, the parties to the security agreement, and be authorized by the debtor. The debtor's authorization on a security agreement will constitute authorization of the filing statement. Super-generic terms, like "all personal property" are acceptable in filing statements. A secured party with a perfected security interest has priority in interest in the collateral over a judicial lien creditor, but a judicial lien creditor has priority over an unperfected security interest.

Here, the bank filed a financing statement covering property that they had an attached interest through possession (see part III). That the financing statement merely names "all personal property" is acceptable, because unlike in a security agreement, super-generic names are fine. Because the bank perfected its security interest, it has priority over the judgment creditor and has the superior claim to the gramophone.

### 3. The issue is whether the bank's interest attached in any other "personal property" of the company.

A security interest is enforceable against a debtor when the interest attaches. Attachment occurs when: i) the debtor has rights to the collateral; ii) the secured party gives value to the debtor; and iii) the parties execute an authenticated security agreement that sufficiently describes the collateral. A security agreement can be accomplished through execution of an authorized document, or by delivering control or possession of the collateral to the secured party. A security agreement must describe the collateral with sufficient specificity, and super-generic terms like "all my personal property" will not suffice.

The company, as debtor, had ownership rights in the gramophone and the bank distributed loan amounts (value). Two of the three criteria for attachment are readily apparent. However, the security agreement does not sufficiently describe the collateral to be secured. The term "all personal property" may be ok for a financing statement, but it is insufficiently specific for a security agreement. This agreement document was therefore invalid. When the bank took possession of the gramophone, it exercised a security method

through possession and attached its interest in the gramophone only. Other personal property, however, did not attach for lack of specificity.

Because the security agreement document was super-generic, the bank's interest only attached to the gramophone through possession. It does not have an enforceable security interest in any other personal property of the company.

Question #2 Final Word Count = 762

===== End of Answer #2=====

**END OF EXAM**

### **SEPERAC BAR REVIEW MEE/MPT COMPARISON BANK**

#### **Word Statistics**

Paragraphs: 11
Sentences: 34
Sentences per paragraph: 3.4
Words per Sentence: 21.9
Characters per Word: 5.2
Flesch Reading Ease: 28.1
Flesch-Kincaid Grade Level: 14.3

## F19 EXAM-MEE2-SECURED TRANSACTIONS-Score 08-Words 904

### 1. Company Claim Against Bank

The company has a claim against the bank because the bank sold the gramophone without giving notice to company. The issue is whether a creditor may sell collateral to satisfy a default on a loan without giving prior notice to the debtor. Article 9 of the UCC governs secured transactions. In order to have a valid security interest, the creditor must attach the property. In order to attach there must be value given to the debtor, there must be a contract that evidences the secured transaction, and the debtor must have a right to encumber the collateral. Additionally, in order to protect its security interest in the collateral from the world, the creditor must perfect its attachment. Perfection generally requires the filing of a financing statement with the appropriate state office listing the debtor and the collateral. When a debtor defaults on a loan, the creditor has the right to sell its interest in the collateral in a commercially reasonable manner. However, prior to the sale, the creditor must give notice to the debtor of its intent to sell the asset in order to give the debtor the chance to redeem the property by paying the amount he is in arrears of the loan (or the entire balance of the loan in the event there is an acceleration clause in the financing statement).

Here, the bank properly attached and perfected the gramophone because it took possession of the gramophone. Another means of perfection, in addition to filing a financing statement, is taking possession of the collateral. Here, because the bank took possession of the gramophone it automatically perfected its security interest. Thus, the bank had a proper interest in the gramophone and was, thus, entitled to sell the gramophone in a commercially reasonable manner when company fell behind and missed loan payments owed to the bank. However, article 9 requires that prior to a sale of collateral, the bank was required to notify company of its intent to sell the gramophone in order to make up the amount of money owed under the security agreement. This would allow the company the ability to redeem its interest in the gramophone by paying the amount of money it owed under the loan (there is no facts to indicate that there is an acceleration clause requiring the entire balance of the loan to become due). Thus, the company has a claim against the bank.

### 2. Bank v. judgment Creditor

The bank has superior claim to the gramophone. The issue is the priority of interests in collateral as between a judgment lien creditor and a perfected attached creditor. A perfected attached creditor is a creditor who both attaches its interest in the collateral and successfully perfects that interest. A judgment lien creditor is a creditor who obtains a judicial lien on a particular piece of the debtor's property in order to satisfy a court judgment. Generally, a perfected attached creditor has a superior priority to a judgment lien creditor.

Here, bank is a perfected attached creditor. As discussed above, the bank entered into a security agreement with company because it gave value to the company (money), there was a contract evidencing the secured transaction (the loan agreement signed by the company's owner), and the company had a right to encumber the gramophone because it was one of the most valuable items of the company's property. Moreover, there was perfection because the bank filed a financing statement with the appropriate filing office. This financing statement listed the collateral as "all personal property." Although there may be a question as to whether

that was a specific enough description to put the world on notice, a court would likely conclude that it was sufficient because even an after acquired collateral clause (i.e. all property now or hereafter acquired by debtor) is valid. Moreover, the bank also took possession of the gramophone and likely achieved perfection this way because it took control of the collateral. Thus, with respect to a judgment lien creditor (who takes an interest in collateral after receiving a judgment against the debtor) and a perfected attached creditor, the perfected attached creditor has priority over the general lien creditor.

### 3. Bank's Security Interest in Other Personal Property

The bank does have an enforceable security interest in the personal property of the company other than the gramophone. The issue is whether the bank may seek a deficiency judgment against the company when the sale of the gramophone was not sufficient to satisfy the company's obligation to the bank. Under Article 9, if a sale (that is conducted in a commercially reasonable manner) of the secured collateral is not sufficient to cover the debtor's obligations to the creditor, the creditor may seek a deficiency judgment against the debtor.

Here, as discussed above, the bank validly attached and perfected its interest in the company's personal property. Moreover, the facts indicate that the sale of the gramophone to an antiques collector was conducted in a commercially reasonable manner. Additionally, the facts state that the sale of the gramophone failed to generate enough money to satisfy the company's obligation to the bank. Thus, the bank has an enforceable security interest in the personal property of the bank to the extent necessary to make up the deficiency between what the company still owes bank and the amount of money the bank recovered from the sale of the gramophone.

Question #2 Final Word Count = 904

===== End of Answer #2=====

**END OF EXAM**

**SEPERAC BAR REVIEW MEE/MPT COMPARISON BANK**

## F19 EXAM-MEE2-SECURED TRANSACTIONS-Score 07-Words 500

2.

I. The issue is whether the company has a claim against the bank because of the bank's failure to give notice.

UCC Article 9 governs the rights of a debtor against a creditor upon sale of the collateral. When in default, a creditor is permitted to obtain the collateral that they secure an interest within and sell it by either private sale or public sale. However, the debtor must have the right to redeem his interest in the collateral, which is the purpose of the notice within the sale by a creditor.

Here, the creditor had possession of the gramophone and was required to give notice of the sale to the debtor. When the debtor did not give any advance notice, despite being in a reasonable commercially manner, the creditor violated the debtor's right under UCC. This issue becomes, whether the gramophone was intended to be a security interest that both parties agreed upon since it was not included in the filing statement. However, because the Bank had possession of the gramophone, the secured interest perfected and became the banks of the gramophone since the company defaulted on its payments.

II. The issue is whether the

Under the UCC Article 9, a judgment creditor has superior interests in collateral that was not perfected upon the issuance of the judicial lien. In order for a creditor to secure it's interets it must secure it through attachment. Attachment occurs when there is value given by the creditor, the debtor obtains rights in the collateral, and there is an authenticated writing indicating the security interest.

Here, Bank extended money, properly giving value. Debtor obtained rights in the collateral by possessing his personal property. The loan agreement which stated "all personal property" satisfied the writing requirement. Therefore, the Bank became a secured creditor. The Bank perfected his interest by properly iling a financing statement making Bank a Secured Perfected Creditor. Despite "all personal property" was not stated in the financing statement when filed, the Bank had possession of the gramophone and therefore perfected by possession. Since the gramophone, was perfected by Bank before the judicial creditor claimed his interest, the Bank will have a superior claim to the gramophone.

III. The issue is whether the Bank has an enforceable security interest in any personal property other than the gramophone.

Under UCC ARticle 9, the financing statement must contain the description of the collateral in which a creditor secures his interest in. Since the Bank stated "all personal property" in a company, the collateral needs to be identified easily. Whether personal property of a company is distinguishable is dependent on the nature of the business it involved in. Company is in the business of manufacturing and selling stereo equipment. Determining who has priority in personal property of the company would be determined on which creditor has a specifically descriptive on the collateral in the financing statement. It will be likely that unless possession lies with Bank, a future creditor claiming interest will have priority.

Question #2 Final Word Count = 500

===== End of Answer #2=====

**END OF EXAM**

**SEPERAC BAR REVIEW MEE/MPT COMPARISON BANK**



## Word Statistics

Paragraphs: 9  
Sentences: 25  
Sentences per paragraph: 3.5  
Words per Sentence: 19.7  
Characters per Word: 5.1  
Flesch Reading Ease: 36.1  
Flesch-Kincaid Grade Level: 13.1

## **F19 EXAM-MEE2-SECURED TRANSACTIONS-Score 06-Words 646**

### **1) The company has a viable claim against the bank with respect to the sale of the gramophone.**

The issue is whether the bank followed the procedure on the sale of the gramophone.

Under Article 9 of the UCC governing the secured transactions, the foreclosure on the secured property of the debtor requires a specific procedure to follow. It requires that notice be given to the debtor and to all interested parties (including the lien holder). The sale of the property should be made within 90 days of the foreclosure. In addition, the debtor has to be given the right to either pay off the whole amount of debt (in case of the acceleration clause), or make a missed payment, or pay a market price of the item sold at the moment of foreclosure.

Here, the bank failed to give the required notice to the company. In addition, the bank should have given the notice of foreclosure to the lien holder. Thus the foreclosure sales conducted by the bank

### **2) The bank has a superior interest in the gramophone as between the bank and the judgment creditor (lien holder).**

The issue is whether UCC-1 financier form filed by the bank contained enough details for a reasonable follow-up on the part of the lien holder.

Under Article 9 of the UCC, the first creditor to record (perfect) the collateral generally has a superior interest with regard to any other interests. There are certain requirements for the perfection of the secured interest, e.g., the creditor must file a special form (called UCC-1 form) with the appropriate authority (usually in the state where the debtor is located; or with the government of a particular county), in which the creditor has to put (i) the name of the debtor (without mistakes!) with telephone numbers and mailing address; (ii) the name of the creditor (without mistakes as well!) with telephone numbers and mailing address; and (iii) general description of the property in which the creditor retains the interest. The purpose of UCC-1 form is to apprise other potential creditors of the existence of the interest, so that they can follow-up on that with either the creditor or the debtor.

Here, the bank properly filed a financing statement with the appropriate filing office. The bank properly listed the company as the debtor, and listed as the collateral - "all personal property". Even though one might argue that such a general description is not enough for the contract between the parties, it is indeed enough for the purposes of perfection by means of filing UCC-1 form. The judgment creditor (lien holder) had a reasonable notice of the collateral and had enough information to follow up on it.

Therefore, the bank had a superior interest in the gramophone as between the bank and the judgment creditor.

### **3) The bank does not have an enforceable security interest in any personal property of the company other than the gramophone.**

The issue is whether the contract was properly executed as between the bank and the company.

Under Article 9 of the UCC, a contract between the debtor and creditor has to meet the following requirements: (i) creditor has to extend value to the debtor; (ii) creditor and debtor has to specify the exact property they intend to collateralize; and (iii) creditor has to perfect the contract by either taking the collateral into her possession or by filing UCC-1 financial form

(as discussed above).

Here, the bank did not outline with specificity what was the exact property it intended to collateralize. The parties merely put into the contract "all personal property" owned by the company. It appears that the bank perfected the contract only with respect to the gramophone, because the bank took possession over

the gramophon.

Thus, the bank does not have an enforceable security interest in any personal property of the company other than the gramophone.

Question #2 Final Word Count = 646

===== End of Answer #2=====

**END OF EXAM**

## **SEPERAC BAR REVIEW MEE/MPT COMPARISON BANK**

### **Word Statistics**

Paragraphs: 13
Sentences: 25
Sentences per paragraph: 2
Words per Sentence: 22.9
Characters per Word: 4.7
Flesch Reading Ease: 47.5
Flesch-Kincaid Grade Level: 11.7

## **F19 EXAM-MEE2-SECURED TRANSACTIONS-Score 05-Words 660**

### **Company's Claim**

At issue, is whether when a debtor defaults, its creditor is entitled to sell debtor's property when it has an interest in debtor's all personal property where there was an oral agreement allowing the creditor to take collateral. Article 9 of the UCC governs secured transactions. A security agreement is a written agreement where a party, a creditor, gives a debtor value for the debtor to acquire goods. The security agreement must be authenticated by the debtor, signed or electronically signed. It must also give the debtor rights in the collateral. The collateral can be consumer goods (used for primarily household, family or personal use), inventory (raw goods or finished goods that a party has available for lease or sale), equipment (which are goods that are used for the business), or farm products. Secured parties must also perfect their security interest in the collateral, and perfection is done by filing a financing statement in the state where the debtor is located or by the secured party taking possession of the collateral.

In this case, when company's owner orally agreed for bank to take company's most valuable item, the edison gramophone, this oral agreement was not memorialized in the financing statement bank filed indicating the collateral, as only "all personal property." The gramophone should have been specifically identified when the statement was filed, because when owner orally agreed bank to take it, it essentially became unperfected attachment because it was not properly described in the agreement. Secured party's must specify the collateral they have rights in, and "all personal property" is an ambiguous term, it fails to identify, what is property, what is equipment, what is inventory and here company is in the business of manufacturing and selling stereo equipment. This description does not fully protect company's rights. Company has a claim against the bank with respect to the sale of the gramophone because it was taken under an oral agreement and was not evidenced that it was in fact part of all personal property of company, and it was one of the most valuable items of the company's property. In order for a sale of a debtor's good to be commercially reasonable, the creditor must give debtor advance notice of the sale, time, place and location and conduct it either via public auction or private sale and notify the debtor in writing. There is no indication that these steps were done only that it sold the gramophone to an antiques collector in a commercially reasonable manner because it did not give advance notice to company. Not giving advance notice to debtor of the sale of the gramophone was not commercially reasonable. Furthermore, because this was an oral agreement not included in the original security agreement company has a claim and can seek damages for the sale of the gramophone.

### **Superior Claim**

At issue is when there are competing claims in collateral, does a judgment creditor have a superior claim. In order for the judgment creditor to have a superior claim to the gramophone, it must have filed a judicial lien against company identifying the gramophone. In this case, this is exactly what judgment creditor did and because bank's financing statement only lists, "all personal property" of the company, judgment creditor had a superior claim on the gramophone. It should be noted, that bank should have had notice of judgment creditor's lien and it did not provide it with notice when it decided to sell the gramophone to an antiques collector.

### **Bank's Security Interest**

It is likely unlikely that bank has an enforceable security interest in any personal property of the company because any other property would be equipment or inventory because company is in the business of manufacturing and selling stereo equipment. Inventory and equipment while property are not personal property. Because there is no description in the financing statement that includes inventory or equipment, it is unlikely that Bank has an enforceable security interest in these other than the gramophone.

Question #2 Final Word Count = 660

===== End of Answer #2=====

**END OF EXAM**

**SEPERAC BAR REVIEW MEE/MPT COMPARISON BANK**

## **F19 EXAM-MEE2-SECURED TRANSACTIONS-Score 04-Words 628**

1) The issue is the company does not have any claim against the bank with respect to the sale of the gramophone.

The Article 9 of the UCC deals with the Secured Transaction. The amendment states when a creditor has a security agreement with the debtor for the security interest in the collateral.

The debtor has to authenticate the collateral and the Debtor has rights in the collateral. The bank here loaned money to the company signed by the owner and the company granted the bank security interest in all its personal property including the Edison gramophone. It was part of the collateral for the loan.

The bank properly filed the financing statement which includes the name of the Debtor, collateral and the address of the debtor. The debtor, here the Company is not giving up all its rights in the Collateral but it is just a security interest of the collateral.

Here the bank perfected the collateral by recording the interest to other creditors, if they claim any interest in the collateral.

By selling the gramophone the bank is in breach of its security agreement and the courts do not allow the action.

Therefore the company does have a claim against the bank and can ask for damages.

2) The issue is as between the judgment creditor who had a superior claim to the gramophone.

The Bank lent the company loan, and it was agreed with the company that it would grant the Bank a security interest in all its personal property.

The Bank by filing the financing statement which is also signed by the Director who is allowing the creditor to acquire the security interest in the collateral.

And attachment occurs when the collateral is perfected. Perfection means that it is a "notice" to all other creditor for a particular collateral has been attached.

Here the company missed several loan payments and because the company was in default under the loan agreement, the Bank could get a court order for the sale of assets/collateral. But because the bank did not give the company enough notice about the sale, here the bank is in default. Judgment creditor does not have a superior claim to the gramophone.

Because the Bank security interest is superior claim because the bank had security interest in "all personal property owned by the company" and the Edison Gramophone was part of the collateral of the loan.

3) The issue is whether the Bank has an enforceable security/interest in any personal property of the company other than the gramophone.

When a creditor, here the bank loans money to the Debtor under the Art. 9 of the UCC, the lender must file a financing statement which is a security agreement between the creditor and the debtor, need to put the name, address of the debtor, the mention of the collateral.

The form has to be authenticated by the debtor and creditor, the name of the collateral and the rights of the debtor.

Attachment is done by perfection which means that a notice to other creditor that a security interest in the collateral exist.

Here the Bank has enforceable security interest in all the personal property of the company but the oral agreement with the company owner regarding the Edison gramophone as being part of the collateral for the loan cannot be enforced.

The financing statement and the attachment in the security/agreement do not mention the collateral of a gramophone. Therefore the Bank's claim as to the gramophone is met as perfect collateral and oral agreements are considered by the court as "Parol Evidence Rule".

Accordingly the Bank under Art. 9 has perfected the collateral and the loan to the company granted the bank a security interest in all its personal property owned by the company.

Question #2 Final Word Count = 628

===== End of Answer #2=====

**END OF EXAM**

#### **SEPERAC BAR REVIEW MEE/MPT COMPARISON BANK**

##### **Word Statistics**

Paragraphs: 20
Sentences: 30
Sentences per paragraph: 1.5
Words per Sentence: 21
Characters per Word: 4.7
Flesch Reading Ease: 44.9
Flesch-Kincaid Grade Level: 12.2

## F19 EXAM-MEE2-SECURED TRANSACTIONS-Score 03-Words 491

Security Transaction Perfection, attachment, priority

1. For the company to have a claim against the Bank in conversion and open up to civil damages it would need to prove that the bank did not have a perfected security interest and that the bank did not follow the rules of the private or public sale for collateral. Here there was not repossession so the breaching of the peace was not at issue. If the collateral of the gramophone was property attached and perfected then the notice given was likely not proper, there needs to be notice given of intent to liquidate the collateral. Time and place and date of the public sale. The private sale notice requires that a date be given after which the property will be sold and a price at which it or higher will be sold. The sale must be commercially reasonable. This was a private sale so the private sale rules for collateral take effect.

2. To the extent that that banks security interest and financing statement properly identify the collateral and the financing statement was filed before the judgment was docketed the bank will have priority. To the extent that the financing statement description does not cover the gramophone then the judgment creditor will have priority. The security agreement needs to adequately identify the collateral. For purposes of the security agreement the description of the collateral is likely adequate. However there is an issue of the perfection, the description should have been for equipment, accounts, Inventory something that is recognized under the UCC for purposes of identify collateral. All personal property can cause some issues( after acquired property). The safe harbor is to use the UCC definitions. A wrinkle here is the creditor was in lawful possession of the collateral, this is enough to overcome the Lien holders claim. The bank should be found to have the priority. The best use of collateral description here would have been equipment. The other issue with personal property is the nature of a gramophone, is it such that it would be permanently affixed to the building in such a way that it would be considered a fixture? likely not because the bank has possession and would not have caused material damage to do so.

3. Here, assuming the bank followed all the appropriate steps in the sale of the collateral there would still be an amount due and owing to the bank, a deficiency. The bank does have a valid claim for and security interest in the personal property of the company, subject to the perfection and attachment concerns raised above regarding the gramophone. Just because they took possession of one piece of collateral does not estop them from going after collateral that they are not in possession of.

If the Perfection and attachment for the gramophone were good then they should be good for the other pieces of personal property. The only one difference is possession of the collateral.

Question #2 Final Word Count = 491

===== End of Answer #2=====

**END OF EXAM**

**SEPERAC BAR REVIEW MEE/MPT COMPARISON BANK**

**Word Statistics**

Paragraphs: 5
Sentences: 22
Sentences per paragraph: 5.5
Words per Sentence: 22
Characters per Word: 4.7
Flesch Reading Ease: 47.4
Flesch-Kincaid Grade Level: 12.1





## F19 EXAM-MEE2-SECURED TRANSACTIONS-Score 02-Words 603

(MEE #2)

The first issue in this case is whether the company has a claim against the bank with respect to the sale of the gramophone? In this case, we first see the company receive a loan from the bank with a security interest that was properly filed, giving the bank a security interest in the all of the company's personal property. The company also gave the bank their gramophone as part of collateral, which would also seem to fall into the category of the company's personal property. After properly securing the mortgage, the bank now has the ability to utilize their security interest in the company's personal property if the company fails to make payments back on the loan. After the company fell behind on payments, because the bank has a security interest in the personal property, they have the right to use that interest to do what they want with the secured personal property to get the money they are owed. Because of this proper mortgage, the company most likely does not have any claim against the bank with respect to the gramophone. They may try to argue that the gramophone is not mentioned in the filing, however it was physically given to the bank as collateral by the company, and the filing it says "all personal property" owned by the company. In conclusion, the company has no claim against the bank for the gramophone.

The second issue is whether it was the bank or the judgment creditor that had superior claim to the gramophone. Here as mentioned above, the bank properly filed the mortgage giving them a security interest in "all personal property" belonging to the company. After the bank missed several payments from the security interest had been missed, separately, the company also lost a lawsuit against them which led to a judgment allowing a creditor to obtain a judicial lien on the gramophone. Here, the security interest was formed before and is senior to the judicial lien, however, the bank didn't sell the gramophone until after the judgment was already made and a lien was obtained. Because of this, it is likely the creditor could argue that because the bank had an interest in all personal property and creditor only obtained a lien on one specific item, they should have superior claim. But this argument will most likely be beat by the bank, because not only were they given a security interest in all personal property, which again must include the gramophone, but they also were in physical possession of the item as collateral. Under this analysis, in conclusion, the bank has the superior claim to the gramophone, not the creditor.

The third issue is whether the bank has an enforceable security interest in any personal property of the company other than the gramophone. The bank will have an enforceable security interest in the company's personal property until the amount of money the company borrowed from the bank is paid back. Even though the bank sold the gramophone, that item of personal property/collateral did not allow the bank to recover the full amount of money that was borrowed from them by the creditor. The only way that bank would no longer have a security interest is when the money is paid back, so until then, the bank can take possession of item of the company's personal property that will fairly compensate them for the borrowed money, one of the main purposes of a security interest. So in conclusion, the bank will still have an enforceable security interest in personal property of the company other than the gramophone.

Question #2 Final Word Count = 603

===== End of Answer #2=====

**END OF EXAM**

**SEPERAC BAR REVIEW MEE/MPT COMPARISON BANK**

### Word Statistics

Paragraphs: 4
Sentences: 20
Sentences per paragraph: 6.6
Words per Sentence: 30.1

Characters per Word: 4.7  
Flesch Reading Ease: 38.4  
Flesch-Kincaid Grade Level: 15.3

## **F19 EXAM-MEE2-SECURED TRANSACTIONS-Score 01-Words 559**

**1. It is more likely than not that the company with the valid recorded judicial lien on the gramophone would have a claim against bank because of the specificity of the claim and the bank being able to fulfill its security interest with the additional claim to personal property that it obtained.**

In order to have a valid security interest in property a financing statement must be properly filed, and within the statement the property securing the interest was to be listed with specificity. In this instance, the bank filed the proper financing statement with the statement that they were interested in all personal property, which would indicate that they were entitled to the amount of property that would fulfill the debt of the debtors, but the bank's financing statement did not specifically list the property interest in the gramophone. Although there was perfection of the security interest by taking possession of the gramophone in which the company's owner was aware that the gramophone was being provided in order to secure the interest of the company to repay the loan.

It is more likely than not that the company would not have a claim against the bank with respect to the sale of the gramophone because the company by taking out the loan and having a financing statement filed against it gave up the rights to the personal property and gramophone once they became non-performing on payments of their loan.

**2. It is more likely than not that the court will find the judgment creditor had the superior claim against the gramophone because of the specificity of the judicial lien in which they were granted and the bank would have been put on notice during the lawsuit, because of the filing of their financing statement.**

A judicial lien with the specificity that the judgment creditor was able to obtain would trump the financing statement because the statement "personal property" could be fulfilled in so many ways and does not give automatic right in this case to the gramophone. The bank under civil procedure would have had to have been noticed about the lawsuit because they were a creditor in which a lien may affect their own lien position. At the point of being noticed in the lawsuit they should have made clear that they perfected their security interest by obtaining physical possession of the gramophone and it would not have been able to be a part of the judicial lien that was granted to the judgment creditor.

**3. Yes, the bank has an enforceable security interest in personal property of the company because of the filed financing statement and also the loan agreement gives the right to the be able to claim personal property to fulfill the debtor's obligation to the lending company.**

Because the gramophone was specifically stated in the judicial lien the bank was placed on notice that of the personal property the gramophone would not be eligible to be retained for the debtor's payment, but they had perfected the security interest by taking the gramophone into their possession. Having the gramophone in their possession did not mean they had complete rights to it because there would have been no way for other lien holders to become aware of the fact that they had the gramophone because it was not listed in the financing statement as required.

Question #2 Final Word Count = 559

===== End of Answer #2=====

**END OF EXAM**

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