

**Supplement to  
Problems and Materials on Secured Transactions  
Second Edition**

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**December 1, 2011**

## Chapter Two

***Page 90, add to the end of the second full paragraph:***

On the other hand, in a more recent decision, a bankruptcy judge in Idaho ruled that *Wollin* was no longer good law, and that a security agreement governed by Oregon law and providing that “[a]ll collateral securing one loan will secure all your other obligations . . . , including all existing and future loan obligations” was sufficient to make each financed vehicle secure the debt for each of the other vehicles. *In re Hobart*, [452 B.R. 789](#) (Bankr. D. Id. 2011). The court did not purport to treat the obligations as satisfying the relatedness doctrine but instead regarded the doctrine as legislatively overruled by the 2001 amendments to Article 9.

***Page 90, add to the end of n.39:***

*See also In re Alaska Fur Gallery, Inc.*, [2011 WL 4527342](#) (Bankr. D. Alaska 2011) (although cross-collateralization clause in bank’s commercial security agreement was effective to make the borrower’s personal property secure subsequent real estate loans, the requirement that the loans have a related purpose may still apply in consumer transactions). *But see In re Renshaw*, [447 B.R. 453](#) (Bankr. W.D. Pa. 2011) (cross-collateralization clause in bank’s 1995 line of credit to consumer that purported to make all collateral for line-of-credit debt also secure “all other loans you have with us” was effective to cover debt on previously issued credit card; revised Article 9 rejects the relatedness rule, which had previously been the law in Pennsylvania, and expressly applies to transactions entered into before it took effect); *In re Brannan*, [2011 WL 2076378](#) (Bankr. D. Mont. 2011) (cross-collateralization clause in security agreement covering individual debtor’s trailer was effective to make the trailer secure both earlier and later car loans by the same secured party; no discussion of relatedness doctrine).

*Page 114, n.61:*

*Cf. In re Palmdale Hills Property, LLC*, [2011 WL 4435894](#) (9th Cir. BAP 2011) (repurchase agreements relating to mortgage loans were true sales, not secured transactions, even though the putative buyer had an obligation to resell identical loans and the loans were unique, because the transaction documents unambiguously indicated the parties' intent was that the transaction be a true sale).

## Chapter Three

***Page 156, add at the end of n.30:***

California law also imposes enhanced notification requirements on a secured party planning to dispose of a motor vehicle. *See* Cal. Civil Code § 2983.2. Courts apply these rules rather strictly. *See, e.g., Mora v. Harley-Davidson Credit Corp.*, 2010 WL 4321602 (E.D. Cal. 2010); *Juarez v. Arcadia Financial, Ltd.*, 61 Cal. Rptr. 3d 382 (Cal. Ct. App. 2007). New York imposes additional and detailed notification requirements for the sale of shares in a residential cooperative apartment. *See* N.Y. McKinney’s Uniform Commercial Code § 9-611(f); *Stern-Obstfeld v. Bank of America*, 915 N.Y.S.2d 456 (N.Y. Sup. Ct. 2011).

***Page 172, last paragraph:***

The text states that “[w]hen the collateral consists of consumer goods, the secured party is prohibited from accepting the collateral in partial satisfaction of the debt; only full strict foreclosure is permitted. §§ 9-620(g), 9-624(b).” This is not correct. The restriction applies in a “consumer transaction,” not when the collateral is consumer goods. A “consumer transaction” is one in which both the obligation is incurred and the collateral is held for personal family or household purposes. § 9-102(a)(26). Thus, the restriction is narrower in the sense that it applies only when the secured obligation is incurred for personal, family, or household purposes. The restriction is broader in the sense that the collateral need not be consumer goods: any property held for person, family, or household purposes would suffice.

***Page 203, add after the case:***

For a case in which the court concluded equitable subordination was appropriate, see *In re Winstar Communications, Inc.*, 554 F.3d 382 (3d Cir. 2009).

## Chapter Four

**Page 240, add to n.15:**

See also *AEG Liquidation Trust v. Toobro N.Y. LLC*, [2011 WL 2535035](#) (N.Y. Sup. Ct. 2011); *Official Committee of Unsecured Creditors v. City National Bank*, [2011 WL 1832963](#) (N.D. Cal. 2011); *Roswell Capital Partners LLC v. Alternative Construction Technologies*, [2010 WL 3452378](#) (S.D.N.Y. 2010), *aff'd*, [2011 WL 3849613](#) (2d Cir. 2011).

**Page 242:**

The chart of Perfection by Collateral type incorrectly indicates that a security interest in instruments can temporarily be perfected by control. There is no perfection by control for a security interest in instruments, temporarily or otherwise.

**Page 246, last paragraph of carry over n.25:**

The *Clark Contracting* case was not only overruled legislatively, it was also reversed on appeal. See *In re Clark Contracting Services, Inc.*, [438 B.R. 913](#) (W.D. Tex. 2010).

**Page 262, add to the text prior to Problem 4-16:**

Some states have non-uniform automatic perfection rules. For example, in New York, which treats rights in a cooperative apartment as personal property, the cooperative association can have a security interest, called a “cooperative organization security interest,” in a cooperative interest to secure obligations incident to ownership of that cooperative interest. See N.Y. U.C.C. (McKinney’s) § 9-102(27-d). Such a cooperative organization security interest is automatically perfected. See N.Y. U.C.C. (McKinney’s) § 9-308(h). See also *In re McCoy*, [2011 WL 3501851](#) (Bankr. E.D.N.Y. 2011).