

Anonymous Number: _____

This is a 50-minute exam. When time is up, turn in your exam and your answers. Although your exam must be turned in, any writing on it will not be graded.

Set your Exam 4 exam software to the closed mode so that you cannot access any other program on your computer during the exam.

You may look at any written “hard copy” material during the exam.

You may not use a computer (other than the Exam 4 software), the internet, or any other resources. You may not talk, or otherwise communicate, with anyone except me.

Write your Anonymous Number in the space provided above.

This exam consists of two problems, each of which starts with the number of points the problem is worth. One point is available for submitting answers with your correct anonymous grading number, and another point is available for turning in this exam with your correct anonymous grading number.

Organization counts. Start a new paragraph when you start discussing a new topic. Paragraph breaks (hard returns) between topics helpfully show your organization with white space.

If you identify an issue on which more than one party has a strong argument, or for which you need more facts, then write the rest of your analysis in the alternative. If-then statements helpfully show issue-spotting and organized reasoning.

References to relevant statutes, case law, and other authority are valuable. Assume that all relevant jurisdictions are in the United States and have adopted the Official Text of the Uniform Commercial Code.

Good luck!

Problem 1
8 points

C is an under-secured creditor of a corporation (D) that filed for bankruptcy yesterday.

What will be the main factors influencing whether the bankruptcy court grants C's motion to lift the automatic stay so C can foreclose on its collateral quickly?

For each factor you identify, use if-then statements to explain the factor's effects on the likelihood of the court lifting the stay.

Problem 2
20 points

Len is the sole owner and employee of Green Lawncare, LLC, which you can call "GL."

GL owes Bank \$200,000. The loan agreement requires GL to make monthly payments to Bank, but no payments have been made since April of this year.

Bank was patient on this loan throughout the summer, politely requesting payment and hoping for the best. But Len mostly sat on his porch drinking beer all summer and now the busy (profitable) season for lawncare businesses is over. So, Bank has run out of patience and wants aggressive collection efforts.

GL owns a nice, big 2019 pick-up truck, in which Bank has a security interest. The truck is worth about \$22,000.

GL also owns a few other items subject to no security interest or other lien: a rusty trailer on which sits two tractor lawnmowers, and smaller power tools to trim weeds, edge lawns, blow leaves, etc. These items are worth in total about \$8000.

GL's customers owe GL \$3000 for work GL did in May. Those customers have never received bills asking them to pay.

Len has always lived in Wisconsin. Len owns a small house, subject to no mortgage or other lien. If sold in the ordinary manner, it would probably fetch about \$110,000 after expenses of sale.

Len keeps about \$1000 in cash under his mattress. His bank account balance is \$32. Len owns old, inexpensive furniture and nothing else of value.

What do you expect to occur if all parties remain outside bankruptcy?