Assume for all purposes that the current version of UCC Article 9 applies, regardless of the dates in the question.

2.1. Southland Trailer Corp. (“Southland”) sold a mobile home on credit to W.T. and Hattie Jones, of Bountiful, Bliss. Southland filed a UCC-1 that was signed by the Joneses, named itself as the secured creditor, gave its address, named the Joneses as the debtor, and adequately described the collateral. The address given for the Joneses was “William T. & Hattie Jones, Bountiful, Bliss 00976.” On the security agreement, the Jones’s address was listed as “Route 4, Box 12, Bountiful, Bliss 00976.” Southland filed its financing statement in the Bliss Secretary of State’s office.

   Assume for purposes of this question that the mobile home at issue is personal property not subject to a certificate of title.

   A. Did Southland properly perfect its security interest? Please explain.

   B. Suppose that Southland assigns its interest in the collateral to Leisure Life Credit, Inc. (“LLC”). Would LLC have to do anything to (re-)perfect its security interest in the Jones’s mobile home? If Southland’s assignment to LLC includes the right to receive future payments from the Joneses, will LLC have to notify the Joneses before it can expect to receive payment? Please explain.

2.2 Your client, Smith, is a farm equipment dealer in Ruth County. On March 15, 2002, Smith sold a $3,000 professional lawn tractor to Davis, who planned to use it to mow the one-half-acre lawn around her house. Davis paid Smith $500 cash and signed a security agreement granting Smith a security interest in the lawn tractor to secure payment of the balance of the purchase price.

   On March 8, 2002, Baker won a judgment against Davis on an unrelated tort claim. Baker properly recorded the judgment with the court clerk, obtained a writ of attachment, and delivered the writ to the sheriff before the close of business on March 14, 2002. On March 16, 2002, the sheriff showed up at Davis’s house and seized the lawn tractor.

   As of March 19, 2002, who had priority with respect to the lawn tractor, Baker or Smith? Please explain.
2.3. Jefferson National Bank ("Jefferson"), made two loans to Toby Susman in late 2001, totaling over $250,000.00. The loans were made to enable Susman to purchase cattle so he could go into the dairy business. As security for each loan, Susman signed a security agreement and a financing statement granting a security interest to Jefferson in "all currently owned and after-acquired cattle." Jefferson timely and filed both of the financing statements with the Texas Secretary of State.

On January 2, 2002, Susman acquired an additional sixty head of cattle from Richard Dozier ("Dozier") for $60,500.00. Susman and Dozier used a financing statement, which they called a lease purchase agreement, to transfer the cattle. The agreement provided for Susman to pay for the cattle according to an amortization schedule providing for periodic payments of principal and interest. Assuming that Susman made all of the payments to Dozier, he would own the cattle with no further obligation. Dozier filed his financing statement with the County Clerk of Jefferson County, Texas. (In filing with the County Clerk, Dozier relied on advice he received from the County Clerk’s office and on the fact that financing statements are filed with the County Clerk in his home state.)

Brad Hunt, the Jefferson officer who serviced Susman’s loans, routinely inspected the cattle. On April 17, 2002, Hunt discussed Susman’s loans with the Bank’s directors’ loan committee. The minutes of that meeting show that Hunt discussed issues relating to Susman’s loans, including “comingling (sic) of mortgaged or leased cows in the pledged herd....” Hunt inspected the cattle on April 18, 2002, and found 177 head of cattle present. He noted on his appraisal report that he had asked about a lien that existed on cattle outside of Jefferson’s loan, and confirmed it. After this inspection, Hunt updated Jefferson’s loan committee on April 24, 2002, as to Susman’s loans, and the minutes show that “comingled (sic) cattle” were a concern of Hunt as of that date.

Susman told Hunt and Bill Clark, another loan officer, that he was going to quit the dairy business. Inspections of the cattle revealed that there were approximately 177 head of dairy cattle on the property, when there should have been more than 200. Jefferson’s officers ran a lien search in the Texas Secretary of State’s office and found no financing statement other than those Jefferson filed in 2001. Jefferson repossessed all of the cattle and sold them either at public auction or, if the cows were rejected at auction, to the slaughterhouse.

After the cattle were sold, Dozier contacted Jefferson and claimed an interest in the proceeds. Jefferson denied that claim, and Dozier filed a declaratory judgment action seeking, *inter alia*, compensation from Jefferson for conversion, and a declaratory judgment determining the priority of his lien over Jefferson’s lien.

Answer the following questions, and please explain your answers:

A. Did Jefferson have a valid security interest in Susman’s cattle as of December 31, 2001?
B. If so, was Jefferson’s security interest properly perfected as of December 31, 2001?

C. If not, does Jefferson have a valid excuse for not doing so?

D. Assuming that Jefferson had a valid, properly-perfected security interest as of December 31, 2001, when Susman purchased the additional cattle from Dozier, did Jefferson’s prior-perfected security interest encompass the additional 60 cows?

E. Did Dozier have a valid security interest in the 60 cows he sold to Susman in January 2002?

F. If so, did Dozier properly perfect his security interest in those cows?

G. If not, does Dozier have a valid excuse for not doing so?

H. As between Jefferson and Dozier, whose security interest had priority as of July 1, 2002?

2.4. On February 28, 2002, W.T. King (“King”), a resident of Miami (Dade County), Florida, borrowed $150,000 from MegaBank of Miami, N.A. (“MegaBank”). That same day, King signed a note in which he promised to repay MegaBank $150,000, plus interest at 8% per year, in forty-eight equal installments due on or before the last day of each month commencing March 31, 2002, and a security agreement, granting MegaBank a security interest in “all accounts, deposit accounts, chattel paper, instruments, and general intangibles now or hereafter belonging to W.T. King.” On March 1, 2002, MegaBank filed a financing statement with the Florida Secretary of State properly naming King as the debtor and MegaBank as the secured creditor and describing MegaBank’s collateral as “all accounts, deposit accounts, chattel paper, instruments, and general intangibles now or hereafter belonging to W.T. King.”

On March 4, 2004, King borrowed $200,000 from Onyx Credit Alliance, Inc. (“Onyx”), a Delaware corporation, with its sole place of business in Atlanta, Georgia. That same day, King signed a note in which he promised to repay Onyx the $200,000, plus interest at 10% per year, in sixty equal installments due on or before the 15th day of each month commencing March 15, 2004, and a security agreement in which he granted Onyx a security interest in three specific pieces of equipment and:

all other goods, chattels, machinery, equipment, inventory, accounts, chattel paper, notes receivable, accounts receivable, furniture, fixtures and property of every kind and nature, wherever located, now or hereafter belonging to W.T. King.

On March 14, 2004, Onyx filed copies of the security agreement with both the Florida Secretary of State’s office and Georgia Secretary of State’s office. The Onyx security agreement named King and Onyx in such a way as to satisfy § R9-502.
At all relevant times prior to August 18, 2005, King was the chief executive officer and sole shareholder of W.T. King Contracting, Inc. (“WTKI”), a Delaware corporation in the asbestos abatement business. At all relevant times, WTKI had its principal place of business in Atlanta, Georgia. On August 18, 2005, King sold 100% of the stock of WTKI to BFI Special Services, Inc. (“BFIS”), a subsidiary of Brownwall Ferrity Industries, Inc. (“BFII”), for $500,000. BFIS and BFII are both Delaware corporations with offices in numerous states. As a condition of the sale, King entered into a separate written covenant with BFIS, in which King agreed not to compete with BFIS in the asbestos abatement business for five years. In consideration for this covenant not to compete, BFIS agreed to pay King an amount equal to one-half of one percent of the gross revenues of all national and international asbestos abatement operations of BFIS and its affiliates. BFIS promised to pay this percentage to King for five years, with each payment made annually on or before October 31st.

On February 28, 2006, King made the final payment due to MegaBank under the February 28, 2002 note. On May 1, 2006, King borrowed $300,000 from MegaBank on precisely the same terms as the February 28, 2002 note. King signed a new security agreement giving MegaBank as collateral precisely the same types of collateral identified in the February 28, 2002 security agreement. On May 1, 2006, MegaBank filed a new financing statement in the Florida Secretary of State’s office that identified the collateral as “all accounts, deposit accounts, chattel paper, instruments, and general intangibles now or hereafter belonging to W.T. King.” On May 15, 2006, MegaBank filed a continuation statement in the Florida Secretary of State’s office that identified the March 1, 2002 financing statement by its file number and declared that the effective period of said financing statement was thereby extended until March 1, 2012.

King made payments to Onyx under the March 4, 2004 note until some time after the sale of BFIS, but defaulted before paying it off. Rather than foreclosing, Onyx agreed to refinance. On March 27, 2008, King executed a second note and security agreement in favor of Onyx for approximately $325,000, plus interest. The second note included the unpaid principal and interest from the first note, as well as additional funds. The description of collateral in the second security agreement was identical to that in the March 4, 2004 security agreement except that the three specific pieces of equipment were not listed in the second agreement because they now belonged to BFIS. The March 27, 2008 note was to be repaid in monthly installments until the entire unpaid balance became due on December 31, 2009. King paid the monthly installments, but failed to pay the “balloon” payment when it became due. On March 1, 2009, Onyx filed a continuation statement in the Florida Secretary of State’s office that identified the March 14, 2004 filing by its file number and declared that its effective period was thereby extended until March 14, 2014.

On January 15, 2010, King filed a bankruptcy petition in the U.S. Bankruptcy Court for the Southern District of Florida. Both Onyx and MegaBank claim a security interest in the monies payable to King under the BFIS agreement.

King’s bankruptcy trustee has asked you to determine who had priority between Onyx or MegaBank as of the date King filed his bankruptcy petition. Please explain.