

Commercial Law Drafting Workshop



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**University of Maryland Carey
Law School**

**Capital Area Legal Writing
Conference**

March 11, 2016

Add-on to Secured Transactions



Goal: Learn basic contract drafting skills & reinforce doctrinal material

Method: Students negotiate & draft core documents for a financed restaurant sale:

- promissory note
- financing statement
- Security Agreement
 - core terms, then endgame provisions

Assessment: \checkmark , $\checkmark+$, $\checkmark-$

Assignments



- Week 5: Negotiate Promissory Note
- Week 6: Pass in Note
- Week 7: Negotiate Financing Statement
- Week 8: Pass in FS
- Week 9: Negotiate Security Agreement Core
- Week 12: Pass in SA Core clauses (inc. front matter & signature blocks)
- Week 13: Negotiate Security Agreement Endgame
- Week 14: Pass in whole SA (inc. endgame provisions)

Grading



- **Promissory Note: 20%**
 - **Financing Statement: 20%**
 - **Security Agreement basic terms : 30%**
 - **Security Agreement additional terms (inc. default & disposition): 30%**
- PLUS* half grade bump for class participation
- i.e., B= → A -

Sample Assignment



Promissory Note

- Template
- Term sheet
- Negotiation Cheat Sheet
- Grading Rubric
- Excel Sheet for Grades

PowerPoint Review



Overview of Assignment #1

Promissory Note

The Template as Edited



PROMISSORY NOTE

\$_____ (AMOUNT) _____ (DATE)

Could become:

PROMISSORY NOTE

\$600,000

May 1, 2016

The Parties



FOR VALUE RECEIVED, the undersigned, (the “Maker”), hereby promises to pay to the order of _____ (LENDER NAME) (“Payee”), the principal sum of \$ _____ pursuant to the terms and conditions set forth herein.

Could become :

FOR VALUE RECEIVED, Kenneth Kettering, an individual residing at 742 Evergreen Terrace, Springfield, MD 21201 (“**Borrower**”) promises to pay to the order of First National Bank of Maryland, a Maryland corporation located at 701 N. Burns St., Springfield Heights, MD 21201 (“**Lender**”), the principal sum of \$ 600,000 pursuant to the terms and conditions set forth in this Promissory Note (“**Note**”).

Payment Clause Template



PAYMENT OF PRINCIPAL. The principal amount of this Promissory Note (the “Note”) and any accrued but unpaid interest shall be due and payable in _____ (NUMBER OF PAYMENTS) (CIRCLE ONE: equal monthly installments / equal quarterly installments / payments as described below) beginning _____ (DATE OF FIRST PAYMENT). All payments under this Note shall be applied first to accrued but unpaid interest, and next to outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on _____ (DATE OF FINAL PAYMENT).

Payment Clause Could Become



PAYMENT OF PRINCIPAL. The principal amount of this Note and any accrued but unpaid interest is due and payable in 60 equal monthly installments beginning June 1, 2016. Lender shall apply all payments first to accrued but unpaid interest, and next to outstanding principal. If not sooner paid, the entire remaining indebtedness (including accrued interest) shall be due and payable on May 1, 2021.

Prepayment



PREPAYMENT. The Maker shall have the right at any time and from time to time to prepay this Note in whole or in part without premium or penalty.

Could become:

PREPAYMENT. Borrower may at any time and from time to time prepay this Note in whole or in part without premium or penalty.

Signature Block



Maker: _____
(Signature)

(BORROWER NAME)

Could Become:

Kenneth Kettering

First National Bank of Maryland, a Maryland corporation

By: _____
Maura Sun
Vice President of Commercial Lending

End-of-Semester Portfolio



- ❑ Promissory Note
- ❑ Financing Statement
- ❑ Security Agreement
 - ❑ Students can edit to reflect feedback
 - Writing sample showing familiarity with
 - contract concepts
 - elements of a contract
 - formatting
 - compliance with legal doctrine &
 - translating business deal → contract concepts → words on the page

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