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:** √, √+, √-
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
Overview of Assignment #1

Promissory Note
The Template as Edited

PROMISSORY NOTE

$___________(AMOUNT) ________________(DATE)

Could become:

PROMISSORY NOTE

$600,000 

May 1, 2016
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 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 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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