

Answers to Problems on Recovering Possession of Personal Property

1. Judgment for Womble Furniture. Womble is a secured party who must prove only that defendant defaulted on contract, thus triggering right to repossess all collateral in which Womble has valid security interest securing that debt. Amount of outstanding debt not relevant. If sale of collateral generates amount greater than debt, Womble is required to return excess to debtor.
2. Judgment for Fantastic Furniture. An oral security agreement is invalid, and thus FF has no right to repossess collateral. FF can bring an action on the contract for sale, however, seeking the unpaid balance.
3. Judgment against ABC because failure to provide proper notice = commercially unreasonable sale, triggering presumption that amount recovered satisfies full amount of debt.

Judgment in favor of Simon on counterclaim because of commercially unreasonable sale. Because refrigerator is consumer good, Simon is entitled to penalty of 10% of principal amount of loan plus all interest charges.

4. Judgment for Abe. This was a straightforward sales contract, with no security agreement.
5. Apply the RISAFIFO rule for allocation of payments when seller finances series of purchases and takes security interest in each: determine which items have been paid off and thus are owned free of security interest, permitting recovery only of those items still subject to security interest.