***Security Devices Mr. Irrelevant AI Outline, based on Mr. Irrelevant personal outline***

***\*\*Legal Outline: Security Devices Law (Louisiana State University Law Center) - Based on Louisiana Article 9 and the Louisiana Civil Code\*\****

***Note: from the start of Secured credit reading in Mr. Irrelevant***

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***\*\*I. Introduction\*\* (1)***

- The law governing security devices in Louisiana is primarily found within the Louisiana Civil Code (CC) and the Louisiana Revised Statutes (LRS). These laws are intertwined with the Louisiana Article 9 and the Uniform Commercial Code (UCC). However, Louisiana's civil law tradition results in distinctions that set its security devices law apart from the UCC, which is rooted in common law.

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\*\*II. Liability and Recourse (CC arts. 3133-3135)\*\*

- \*\*Art. 3133\*\*: Emphasizes that an individual is personally liable for their own actions and the resultant damages, with an exception in bankruptcy.

- \*\*Commentary\*\*: Reference to the Louisiana Constitution Article 12 section 9 highlights an exemption, notably, most public properties cannot be seized.

- \*\*Art. 3134\*\*: Details the rights of creditors when an obligor fails to fulfill their financial obligations. Creditors can seize and sell the obligor's property, and if there are multiple creditors, the sale proceeds are distributed ratably.

- \*\*Commentary\*\*: After the debt is settled, any excess funds will return to the debtor.

- \*\*Art. 3135\*\*: Allows for contracts that limit the creditor's recourse to specific property or types of property.

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\*\*III. Definition and Types of Security (CC arts. 3136-3139)\*\*

- \*\*Art. 3136\*\*: Defines security as an accessory right established by legislation or contract over property, which can be transferred with the primary obligation.

- \*\*Commentary\*\*: This article broadens the scope of what can be deemed as security. It's not just about freedom of contract but also about rights established by law.

- \*\*Art. 3137\*\*: Classifies security into two types:

1. Personal: Obligation of a specific individual under a contract.

2. Real: A right established over an obligor's property to secure performance.

- \*\*Art. 3138\*\*: Lists the primary kinds of security, such as suretyship, mortgage, and pledge.

- \*\*Art. 3139\*\*: Refers to the UCC for the definition of a security interest.

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\*\*IV. Suretyship (CC arts. 3035-3044)\*\*

- \*\*Art. 3036\*\*: Specifies that suretyship can be established for any lawful obligation.

- \*\*Art. 3037\*\*: A surety is still considered as such even if the primary intention is to guarantee the performance of obligations.

- \*\*Art. 3038\*\*: Mandates that suretyship must be express and in writing.

- \*\*Art. 3039\*\*: Specifies that suretyship doesn't need a formal acceptance.

- \*\*Art. 3040\*\*: Allows suretyship to be qualified, conditioned, or limited in any lawful manner.

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\*\*V. Classifications of Suretyship (Art. 3041)\*\*

1. \*\*Commercial Suretyship\*\*: Related to business transactions, whether the surety is engaged in a surety business or the principal obligor is a business entity.

2. \*\*Legal Suretyship\*\*: Established pursuant to legislation, administrative act, regulation, or court order.

3. \*\*Ordinary Suretyship\*\*: Neither commercial nor legal.

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\*\*VI. Implications and Practical Applications\*\*

- The accessory principle emphasizes that security (the accessory) follows the primary obligation. If the primary obligation is nullified, the security is also extinguished.

- The difference between personal and real security plays a role in how creditors can seek compensation. For example, in personal security like suretyship, creditors can go after a surety's personal property.

- The shift towards non-possessory security interests, where the debtor retains the item, reflects practical considerations. Most items a debtor would use as security are essential for their livelihood.

- The distinction between commercial, legal, and ordinary suretyship has implications for how the law will treat the surety in case of a default.

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\*\*VII. Conclusion\*\*

Understanding the nuances of Louisiana's security devices law is crucial for legal practitioners in the state. Given the civil law tradition of Louisiana, this area of law has unique characteristics compared to the UCC, making a thorough study of the Louisiana Civil Code and related statutes essential for anyone practicing in this field.

***\*\*I. Introduction\*\* (2)***

Suretyship is a legal concept where one party (the surety) guarantees the performance of another party's (the principal) obligations. In Louisiana, the regulations for suretyship are derived from its Civil Code, particularly articles 3035-3044. This analysis will delve into the essentials of these articles, ensuring a comprehensive understanding without the need for external research.

\*\*II. Core Concepts of Suretyship in Louisiana\*\*

\*\*A. Art. 3036: Obligations for which suretyship may be established\*\*

- Suretyship can be established for any LAWFUL obligation.

- The principal obligation can be conditional, based on terms set in the original contract, whether existing or future.

\*\*B. Art. 3037: Distinguishing Surety from Principal Obligor\*\*

- Even if one appears to be a principal obligor, if the main intent is to guarantee another's performance, they're considered a surety.

- The use of the term "guarantee" is crucial; it signifies suretyship.

- The creditor's belief about the relationship between the surety and principal obligor is based on their presentation, unless the true relationship is evident.

\*\*C. Art. 3038: Formal Requirements\*\*

- Suretyship must be explicitly stated in writing.

- An act under private signature is required; an authentic act isn't enough.

\*\*D. Art. 3039: Acceptance of Suretyship\*\*

- Formal acceptance isn't necessary. If a surety shows evidence of his obligation, creditor acceptance is presumed.

- Sureties can, however, require specific forms of acceptance.

\*\*E. Art. 3040: Modifying Suretyship Rules\*\*

- Suretyship terms can be modified as long as they're lawful.

\*\*III. Key Cases and Interpretations\*\*

\*\*A. QUEEN INS. CO. OF AMERICA v. BLOOMENSTIEL\*\*

- Intent is critical. A letter indicating steps to ensure payment by another party doesn't bind the sender as a surety.

\*\*B. Blair Rubber Co. v. Altra Coatings Technology, Inc.\*\*

- The term "personally guarantee" is significant in determining suretyship.

\*\*C. American Bank and Trust Co of Coushatta v. Boggs and Thompson\*\*

- Suretyship can't be inferred; it must be explicit.

- A contract of suretyship requires mutual acceptance and understanding.

\*\*D. Gulf Coast Bank and Trust Co. v. Montoli and Pitre, LLC\*\*

- A power of attorney can bind an individual as a surety if it expressly authorizes such an action.

\*\*IV. Surety's Rights and Obligations\*\*

\*\*A. Subrogation Rights (Precis, § 22)\*\*

- A surety who fulfills the principal's obligation inherits the creditor's rights against the debtor.

\*\*B. Limitations on Subrogation Rights (Precis, § 24(c)(1))\*\*

- Creditors may restrict a surety's subrogation rights to ensure they receive full payment before the surety pursues the debtor.

\*\*V. Conclusion\*\*

The complexities of suretyship in Louisiana are deeply intertwined with the state's unique legal traditions. While there are similarities to the Uniform Commercial Code (UCC), Louisiana's Civil Code offers distinct perspectives, especially concerning the formalities and interpretations of suretyship. Understanding these nuances is vital for legal practitioners in the state.

***\*\*7. CC arts. 3045 & 3046; Kilborn, Precis, rest of § 24\*\* (3)***

- \*\*Art. 3045. Liability of sureties to creditor; division and discussion abolished\*\*

- A surety can't voluntarily pay for all the debt; the decision rests with the creditor.

- A creditor has the flexibility to sue both the principal obligor and the surety together or can sue the surety without involving the principal obligor.

- \*\*Art. 3046. Defenses available to surety\*\*

- The surety can leverage any defense against the creditor that the principal obligor might use, with the exceptions of:

- Lack of capacity (e.g., underage, intoxicated).

- Discharge in bankruptcy of the principal obligor.

\*\*8. CC arts. 3047-3054 & 1826, 1830; Precis, § 23(a)\*\*

- \*\*Rights and Relationships\*\*

- \*\*Surety's Rights\*\*: A surety possesses rights like subrogation, reimbursement, and demanding security from the principal obligor.

- \*\*Subrogation\*\*: When the surety pays off the principal obligation, they assume the rights of the creditor.

- \*\*Reimbursement\*\*: The surety, after paying the creditor, is entitled to get reimbursed by the principal obligor. This reimbursement can only be claimed once the principal obligation is due and exigible.

- \*\*Payment Dynamics\*\*

- If a surety pays the creditor under the assumption that the principal obligation exists, but in reality, it's already settled, the surety still has the right to reimbursement from the principal obligor, especially if they had attempted to notify the principal about the creditor's payment insistence.

- If both the surety and the principal obligor end up paying the creditor because the surety didn’t notify the principal about the previous payment, the surety can recover from the creditor.

- \*\*Limitations\*\*

- A surety can't recover from the principal obligor more than what they paid to secure a discharge. However, they can recover attorney's fees and interest related to the principal obligation.

- \*\*Security Requirements\*\*

- Before making any payment, a surety can demand security from the principal obligor under specific circumstances, such as if the surety is sued by the creditor, if the principal obligor is insolvent, or if the principal obligor fails to uphold an act promised in return for the suretyship.

\*\*9. Secured Credit, pp. 35-36, 41, 47-54\*\*

- \*\*Ostensible Suretyship\*\*

- Sometimes, the second co-borrower is treated as a surety, especially when the creditor is aware of the relationship between the surety and the principal obligor. This is termed as ostensible suretyship.

- \*\*Parol Evidence Implications\*\*

- The use of extrinsic evidence (parol evidence) to prove or contradict the contents of a suretyship agreement that's foundationally valid is a significant question.

- \*\*Effects\*\*

- In the realm of suretyship, the key stakeholders include the principal obligor, surety, and obligee. The relationships and obligations between these entities dictate the dynamics of suretyship.

- Rights of reimbursement and subrogation ensure that the surety is compensated for any payments made on behalf of the principal obligor.

\*\*Termination and Extinction\*\*

- \*\*Termination\*\*: A surety can end the suretyship by notifying the creditor. This termination doesn't influence the surety's liability for any obligations already incurred.

- \*\*Extinction\*\*: The principal obligation's extinction leads to the extinction of the suretyship. This can occur due to various reasons such as performance, compensation, confusion, or modifications in the principal obligation.

This analysis provides an in-depth understanding of suretyship as per the Louisiana Civil Code and other relevant resources. It breaks down complex terms, provides context, and elaborates on nuances related to the subject matter. This should serve as a solid foundation for any further discussions or evaluations related to suretyship in the context of Security Devices Law.

***#### I. Ordinary Surety vs. Commercial Surety (4)***

- \*\*Ordinary Surety (Art. 3062)\*\*

1. \*\*Definition and Effect\*\*: An ordinary surety can be released from the contract if there's a significant change in the original contract or a notable impairment of real security.

2. \*\*Defense by Operation of Law\*\*: This defense allows the surety to argue that the principal obligation has materially changed or that the principal obligation isn't sufficiently secured.

- \*\*Commercial Surety (Art. 3062)\*\*

1. \*\*Partial Release\*\*: A commercial surety might only get a partial release despite changes in the principal obligation or impairment of real security.

2. \*\*Examples\*\*:

- \*\*Extension of Payment Period\*\*: Extending the payment period from 10 years to 15 years is considered a material change. Hence, the commercial surety is released to the extent of the impairment.

- \*\*Reduction of Payment Period\*\*: If the payment period is reduced from 10 years to 7 years, the surety isn't released since there's no impairment.

- \*\*Interest Rate Increase\*\*: An increase in the interest rate from 5% to 11% releases the commercial surety to the extent of the impairment.

- \*\*Interest Rate Decrease\*\*: A decrease in interest rate doesn't release the surety as there's no impairment.

- \*\*Release of Mortgage\*\*: If a creditor releases a $900,000 mortgage, the commercial surety is only released to the extent of the impairment. The property's value at the time of the release determines the impairment extent.

#### II. UCC Article 9 vs. Louisiana Article 9

- \*\*General Overview\*\*:

- UCC Article 9 provides a framework for secured transactions, while Louisiana Article 9, found in the Louisiana Revised Statutes, is a localized adaptation that sometimes diverges from the UCC.

- It's crucial to check the Louisiana version after reviewing the UCC provisions.

- \*\*Louisiana Contracts (Arts. 3183, 3184, 3185)\*\*:

- \*\*Personal Rights\*\*: The general principle in Louisiana is that contracts create personal rights. Secured claims are exceptions.

- \*\*Personal Liability (Art. 3133)\*\*: An obligor is bound by an obligation and must fulfill it using all his property, both movable and immovable.

- \*\*Ratable Treatment of Creditors (Art. 3134)\*\*: Without legislative preference, an obligor's property is available to all creditors for satisfying obligations. However, distinctions exist between non-judicial and judicial sales.

- \*\*Limitations on Recourse (Art. 3135)\*\*: Written contracts can limit an obligee's recourse against the obligor to specific properties.

- \*\*CHATTEL MORTGAGE ACT 1910\*\*:

- Introduced to allow the creditor to maintain their security right without necessarily needing possession of the collateral.

- \*\*Pledge Law\*\*:

- Pledgee-creditor must retain possession of the pledged thing to benefit from the privilege arising from possession.

- \*\*UCC Article 9 and the Law of Pledge\*\*:

- \*\*Attachment and Perfection\*\*:

- \*\*Attachment\*\*: The initial process where the security interest becomes effective between the contract parties. A security agreement is typically executed.

- \*\*Perfection\*\*: Makes the security interest effective against third parties. This can be through filing in a registry or by giving the creditor possession or control of the collateral.

- \*\*Louisiana's Version of UCC Article 9\*\*:

- Mostly uniform, but with some important deviations, especially concerning the self-help provision. Louisiana does not adopt the self-help provision of section 9-503, which allows a secured party to take possession of the collateral without judicial process. In Louisiana, the secured party must use the existing executory process unless the debtor voluntarily gives up possession.

#### III. Conclusion

- Louisiana's legal landscape surrounding security devices and secured transactions, while bearing similarities to the UCC, has its unique provisions and nuances. Professionals, creditors, and debtors should be well-versed in these distinctions to ensure compliance and maximize their legal protections and rights.

***\*\*1. Collateral Categories:\*\* (5)***

- \*\*Movable Property:\*\*

a. Inventory

b. Equipment

c. Accounts

d. General intangibles

e. Investment property

- \*Note:\* The category of movable property dictates attachment and perfection rules.

\*\*2. Louisiana’s UCC Article 9 – Non-Uniform Provisions:\*\*

- \*\*Louisiana's Variations in U.C.C. Chapter 9:\*\*

a. Louisiana doesn't follow U.C.C. Articles 2 & 2A (sales & lease of movables).

b. Chapter 9 translates common law terms of U.C.C. Article 9 to Louisiana’s civil law property concepts.

- Examples: “intangible” = “incorporeal”, “personal property” = “movable property”.

c. “Collateral mortgage note” is included for special non-uniform provisions specific to Louisiana immovable property.

d. Introduction of terms like “local law”, “mineral rights”, “recorded timber conveyance”, and “titled motor vehicle” for drafting ease.

- \*\*Standing Timber:\*\*

a. Considered immovable, but cut-down trees are movables.

b. The interest of a debtor (not a landowner) in standing timber, if cut & removed under a recorded timber conveyance, is classified as goods under Chapter 9.

c. If timber isn't removed within the stipulated time, the security interest in the timber terminates.

d. Chapter 9 clarifies the scope and conditions regarding standing timber as collateral.

- \*\*Agricultural Liens & Lessor's Privilege:\*\*

a. Agricultural liens are within Chapter 9's scope, with the term "lien" being defined in a non-uniform manner.

b. The Louisiana lessor’s privilege includes movables of a subtenant or third party on the leased premises.

c. The definition does not restrict the lien only to furnishers in the ordinary course of business.

- \*\*Debtor Definition:\*\*

a. Louisiana, being a community property state, defines "debtor" in relation to property, not the secured obligation.

b. Each spouse can be a debtor as to community property collateral, even if only one spouse encumbers the collateral.

- \*\*Scope:\*\*

a. Some properties not in Article 9 but included in Louisiana: Consumer deposit accounts, Consumer tort claims, Judgments, Life insurance policies.

b. Accounts often refer to accounts receivable – payments for goods/services without a promissory note.

- \*\*Deposit Accounts:\*\*

a. Defined as checking accounts, savings accounts, etc.

b. U.C.C. Section 9-109(d)(13) excludes consumer deposit accounts from U.C.C. Article 9, but Chapter 9 includes them for Louisiana depositary banks.

c. The definition of "deposit account" excludes accounts evidenced by an instrument.

- \*\*Tort Claims:\*\*

a. All tort claims are eligible as original collateral in Louisiana.

b. Chapter 9 includes specific provisions for security interests in tort claims, adding non-uniform provisions as well.

- \*\*Life Insurance Policies:\*\*

a. Chapter 9 includes transfers or assignments of claims under life insurance policies, unlike U.C.C. Article 9.

b. Chapter 9 has specific rules for creation, perfection, and priority of a security interest in life insurance policies.

- \*\*Collateral Mortgage Notes:\*\*

a. Defined as an instrument but excluded from investment property to avoid overlapping rules.

b. Perfection of a security interest requires possession of the note.

- \*\*As-Extracted Collateral:\*\*

a. Refers to minerals and associated accounts for the sale of minerals.

b. Louisiana's non-uniform filing rules apply to as-extracted collateral.

\*This outline is based on Louisiana's Article 9 and its nuances compared to the UCC. It provides a comprehensive view of movable property as collateral, the non-uniform provisions of Louisiana’s UCC Article 9, and the specificities of various types of collateral.\*

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***\*\*1. Creation of Security Interest:\*\* (6)***

- \*\*Collateral Specificity:\*\*

- U.C.C. Section 9-108(e) requires certain collaterals to be described with greater specificity in a security agreement.

- Aim: To prevent accidental encumbrance of certain assets.

- Chapter 9 enhances this by including all tort claims, life insurance policies, interests in trusts and estates, judgments, and collateral mortgage notes.

- Notably, a mere reference to “all general intangibles” is insufficient.

\*\*2. After-Acquired Collateral:\*\*

- \*\*Nature:\*\* If a debtor defaults, the bank can claim assets not initially agreed upon.

- \*\*U.C.C. Article 9 Stipulations:\*\*

- Limits application of after-acquired property clauses to certain consumer goods and commercial tort claims.

- Chapter 9 extends these restrictions to all tort claims and other assets.

- \*\*Implications:\*\*

- Security interest only applies to assets in existence at the time the security agreement is authenticated.

- An after-acquired collateral clause can negatively impact debtors, allowing banks to claim future assets to settle debts.

\*\*3. Remedies for Secured Parties:\*\*

- \*\*Repledge by Secured Party:\*\*

- U.C.C. Section 9-207 details the rights and duties of a secured party with possession or control of collateral.

- Chapter 9 ensures that a debtor's rights aren't diminished even if the collateral is repledged.

\*\*4. Perfection by Filing:\*\*

- \*\*U.C.C. Approach:\*\*

- A perfected security interest prevails over other creditors.

- Main method: Filing a financing statement in the appropriate UCC filing office.

- \*\*Louisiana's Approach:\*\*

- Unique filing system: A financing statement can be filed anywhere in Louisiana.

- All parishes are interconnected, maintaining a centralized database.

- The system has been effective since 1990.

\*\*5. Property Description and Fixtures:\*\*

- \*\*Louisiana's Stance:\*\*

- Determining the sufficiency of property descriptions is the filer's responsibility, not the filing officer's.

- Chapter 9 provides specific requirements for filings related to fixtures.

- Consumer goods that become component parts of real property cannot retain a Chapter 9 security interest.

- Manufactured homes follow specific rules and don't get treated as fixtures.

\*\*6. Titled Motor Vehicles:\*\*

- In Louisiana, perfecting a security interest in titled motor vehicles requires filings with the Department of Public Safety and Corrections of the Office of Motor Vehicles.

\*\*7. Interest in an Estate:\*\*

- Chapter 9 clarifies that it doesn't apply to the extent that rights in an estate pertain to real property interests.

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This outline provides a comprehensive understanding of the security devices law in Louisiana, specifically focusing on the distinctions between U.C.C. Article 9 and Louisiana's Chapter 9. It covers the creation of security interests, the implications of after-acquired collateral, and the processes for perfecting security interests, among other relevant topics. The emphasis is on the nuances specific to Louisiana's legal framework.

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***\*\*Chapter 11: Nature and Characteristics of a Mortgage\*\* (7)***

- \*\*Definition of Mortgage:\*\* A mortgage is an accessory, non-possessory, indivisible, real right. It's a nonpossessory right created over property to secure the performance of an obligation (C.C. art. 3278). It doesn't create personal liability for the mortgagor.

- \*\*Indivisibility of Mortgage:\*\* Every part of the property is subject to the mortgage. No third party can request "marshaling of assets" in Louisiana. This means a creditor cannot be compelled to execute on only part of the property.

- \*\*Mortgage on Various Obligations:\*\* While a mortgage is indivisible, it can secure multiple obligations. An indivisible mortgage can secure a divisible debt.

- \*\*Order of Sale of Mortgaged Property:\*\* Neither an inferior mortgage creditor nor a debtor can control the order of sale of mortgaged property.

- \*\*Types of Property Subject to Mortgage:\*\* Mortgages are limited to specific types of property such as corporeal immovables and their component parts, usufructs, servitudes, lessee's rights in a lease, and properties made susceptible of conventional mortgage by special law.

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\*\*Chapter 12: Conventional Mortgages\*\*

- \*\*Creation:\*\* Conventional mortgages are established only by a written contract. Oral mortgages are not effective.

- \*\*Contents of a Conventional Mortgage:\*\* It must contain a property description, a description of the principal obligation, and the mortgagor's signature.

- \*\*Property Description:\*\* The property's description should be specific enough for third parties to identify the property. This is essential for both rural and urban properties.

- \*\*Description of Debt:\*\* The amount of the debt, or the maximum amount of obligations, that the mortgage secures should be stated. This amount should be either set in dollars or in a formula calculable in dollars.

- \*\*Paraphing Notes:\*\* While not mandatory, many mortgage notes in Louisiana are still paraphed "ne varietur" for identification with the act of mortgage.

- \*\*Securing Future or Past Obligations:\*\* A mortgage can secure both past debts and future advances, but specific guidelines must be followed.

- \*\*Non-Monetary Obligations:\*\* A mortgage can secure performance of an act or a non-monetary obligation, but it must still state a dollar amount.

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\*\*General Notes:\*\*

- \*\*Recording and Third Parties:\*\* A mortgage must be filed for registry in public records to affect third parties. An unwritten, oral mortgage is ineffective, even between parties.

- \*\*Types of Mortgages:\*\* Louisiana Civil Code recognizes three types of mortgages:

1. \*\*Conventional Mortgages:\*\* Established by contract and are always special mortgages.

2. \*\*Legal Mortgages:\*\* Secure an obligation specified by law.

3. \*\*Judicial Mortgages:\*\* Secure a judgment for the payment of money.

- \*\*Mortgages and Seizures:\*\* Causing a seizure or obtaining a judgment can result in a lien. This lien can be filed in mortgage records, granting a judicial mortgage on the debtor's immovable property.

- \*\*Special vs. General Mortgages:\*\* A special mortgage specifies certain properties, while a general mortgage applies to all properties of the debtor in a given parish.

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This analysis provides a comprehensive overview of the topics mentioned. All the information is derived from the Louisiana Civil Code, Revised Statutes, and related jurisprudence. It's crucial for anyone dealing with mortgages in Louisiana to be familiar with these nuances to ensure compliance and understand their rights and obligations.

***(8) \*\*Security Devices Law: Louisiana Chapter 9 Analysis\*\****

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\*\*1. Perfection by Control:\*\*

- \*Section 9-107.2\* addresses scenarios where control of the collateral is contingent on certain conditions.

- An agreement by the depository bank or other relevant parties to adhere to the secured party’s directions is sufficient for "control" of the collateral, even if conditions are attached.

- This concept is explicitly stated in Louisiana Chapter 9 and is implicit in U.C.C. Articles 9 and 8.

- However, if control requires the debtor's additional consent, such an agreement does not grant control.

- \*Chapter 9\* allows for the perfection of a security interest in a life insurance policy via "control."

- Unlike deposit accounts or investment properties, the control over a life insurance policy is more implicit.

- \*Section 9-107.1\* states that control over an insurance policy is achieved through the life insurance company merely recognizing the security interest without an explicit agreement.

\*\*2. Priority:\*\*

- Chapter 9 outlines crucial non-uniform provisions related to the priority of security interests.

- One significant deviation pertains to the priority among conflicting security interests and liens over the same collateral.

- \*Subsection 9-322(h)\* clarifies that a security interest typically has priority over a conflicting lien, barring certain exceptions.

\*\*3. Priority Vs. Privileges:\*\*

- Three main exceptions to the general priority rule are:

1. When the conflicting lien is agricultural.

2. \*Section 9-333\*, which pertains to possessory liens.

3. When the statute that creates the lien specifically states that the lien has precedence over security interests.

\*\*4. Consumer Purchase-Money Security Interests:\*\*

- Chapter 9 applies to both consumer and commercial purchase-money security interest transactions.

- This contrasts with U.C.C. Article 9, which leaves decisions for consumer-goods transactions to the courts.

\*\*5. Third Parties:\*\*

- Chapter 9 differs from U.C.C. Article 9 regarding the conditions a buyer or lessee of collateral must fulfill to be free of a security interest.

- Louisiana emphasizes the public records doctrine, making actual knowledge of unrecorded interests irrelevant.

\*\*6. Anti-Assignment Provisions:\*\*

- U.C.C. Article 9 invalidates clauses restricting the creation or enforcement of a security interest in accounts or chattel paper.

- Chapter 9 adds provisions preventing the override of anti-assignment clauses in specific scenarios, like government benefits and structured settlements.

\*\*7. Banks:\*\*

- \*U.C.C. Article 9\* dictates that without the bank's agreement, a secured party does not have control over a deposit account.

- \*Chapter 9\* clarifies that a bank's agreement in a control scenario doesn't inherently imply a waiver of the bank's security interest in the deposit account.

\*\*8. Life Insurance Companies:\*\*

- Chapter 9 recognizes life insurance policies as potential collateral.

- The rights of life insurance companies are detailed in \*Section 9-344\*.

\*\*9. Tortfeasors:\*\*

- Chapter 9 encompasses all tort claims, even consumer tort claims.

\*\*10. Remedies:\*\*

- Chapter 9 diverges significantly from U.C.C. Article 9 in terms of remedies and damages.

- Most notably, Chapter 9 doesn't permit general self-help repossession of collateral by secured parties.

\*\*11. Self-Help:\*\*

- Louisiana's longstanding public policy opposes self-help actions related to tangible property.

- The only exceptions allowing secured parties to possess collateral are in cases of abandonment, surrender, or with post-default consent from the debtor.

\*\*12. Consent:\*\*

- Consent can be given verbally, but this method might be risky for secured parties.

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\*\*Implications for Louisiana:\*\*

- The primary remedy under Chapter 9 for fixtures in Louisiana is the judicial sale by the secured party.

***(9) \*\*Legal Analysis of Security Devices Law: Class Notes from 9/12 at Louisiana State University Law Center\*\****

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\*\*Pimpsey Over Vendor’s Privilege\*\*

- A privilege created by operation of law on an item that has been sold. It's like a security interest or claim over the item.

- Examples include:

- Lessee’s privilege

- Repairman’s privilege: If someone repairs a movable item and isn't paid, they have a right to claim security over that item. This can apply to professionals like lawyers or doctors too.

- Generally, these privileges should yield to a prior perfected Article 9 security interest.

- Under Article 9, the party that first becomes effective against third persons has priority.

\*\*Exceptions to the General Rule\*\*

- Some exceptions prefer a possessory lien holder over a prior perfected Article 9 secured party, especially if the lien holder physically possesses the item.

- If a statute specifies, an Article 9 security interest may not outrank a lien. This suggests the lien has special status, possibly due to legislative intervention for political reasons.

- Article 9 security interests generally take priority over privileges, unless certain exceptions apply.

\*\*Judicial Lien Creditor\*\*

- A creditor can secure a right by operation of law when they take legal action against a debtor's property, without needing a formal security right.

- This lien can override other security interests if it becomes perfected against third parties first.

\*\*Revolving Line of Credit\*\*

- Every security device can be used to secure a revolving line of credit.

- This exception applies specifically when the secured party is securing a revolving line of credit. The approach here is to go advance by advance, assessing each situation individually.

\*\*Buyer in Ordinary Course Exception\*\*

- This exception allows a buyer to acquire an item free from a perfected security interest, even if the buyer knows about the security interest.

- However, it's essential to note that this doesn't cover purchases that aren't considered "ordinary," such as fire sales or buying items not typically sold by a business.

\*\*Garage Sale Exception\*\*

- This is an automatic perfection rule. If someone buys a consumer good from a garage sale, they are typically free from the security interest on that item.

- However, if a secured party double perfects by also filing a financing statement, they can bypass this exception.

\*\*Pledge\*\*

- A traditional form of securing an obligation with property.

- It has been mostly overshadowed by Article 9 but remains relevant in certain contexts.

- To create a pledge, one needs a valid contract and an item that can be pledged. The form of the pledge can vary depending on whether the item is corporeal or incorporeal.

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This is a condensed and organized version of the provided class notes. The analysis focuses on various aspects of security devices law, particularly in the context of Louisiana Article 9. This information provides a comprehensive understanding of the topics covered in class, offering insights into the operation of privileges, exceptions to general rules, the significance of pledges, and various scenarios where security interests come into play.

***10 – Security Devices***

\*\*Corporeal Movables & Pledge\*\*

1. \*\*Overview:\*\* Corporeal movables, tangible items capable of being moved, can no longer be pledged in Louisiana. Pledge involves handing over possession of an asset as a security for repayment of a debt.

2. \*\*Presumption:\*\* The pledgee (the creditor) desires the asset, similar to how someone seeking a surety wants the guarantee of the surety.

3. \*\*Legislation & Distinction:\*\* The pledge, once dependent on transfer of possession, is not feasible anymore. For those pledges that were previously effective, a financing statement must be filed for it to remain effective. There is no registry for pledges.

4. \*\*Effects of Pledge:\*\*

- \*\*Right of Retention:\*\* One can retain possession of the pledged item until the obligation is settled. However, possessory pledges are no longer allowed by law.

- \*\*Right to the Fruits:\*\* The pledgee has rights to benefits (fruits) of the pledged item. They can use these benefits to pay down their principal obligation.

- \*\*Enforcement:\*\* A creditor can't enforce a security right for an amount surpassing the secured obligation. If enforcement is necessary, self-help isn't permissible. The creditor must approach a court for judgment.

5. \*\*Self-Help Authorization:\*\* A creditor requires advanced written authorization to sell the pledged item themselves. The sale method chosen, influenced by UCC Article 9, must be "reasonable."

6. \*\*Obligor vs. Pledgee Defenses:\*\*

- If the primary obligation is null or deficient, it can be enforced against the pledge right.

- If the primary obligation is extinguished, the pledge is also extinguished.

- Defenses like bankruptcy or incapacity cannot be raised against sureties or pledges.

7. \*\*Third-Party Effects:\*\* This revolves around priority and preference. It questions if multiple creditors can have a pledge right on the same asset. The rule of ranking is that the first to become effective in writing will prevail.

8. \*\*Law of Mortgage:\*\*

- Louisiana's mortgage law stands out as it's codified, unlike most other states.

- A mortgage burdens the entire property. The amount recoverable is only up to the debt secured, not beyond.

- Some movables under property law can also be mortgaged. This includes component parts of an immovable property.

- Co-owners can mortgage their share in a property, but not the entire property without consent from all co-owners.

\*\*Note on LA civil code art. 3286(3):\*\* [This section requires further research for a one-sentence explanation.]

This analysis provides a concise overview of the topics related to corporeal movables and pledge within the context of Louisiana's legal framework. It is imperative to consult with legal professionals for in-depth understanding and application.

***11 curity Devices Law: Louisiana State University Law Center\*\****

\*Based on Louisiana Article 9 and its distinctions from the UCC and the Louisiana Civil Code and Louisiana Revised Statutes.\*

\*\*Secured Credit: Pledges (pgs. 126-140)\*\*

1. \*\*Permissible "Negative Pledge"\*\*

- Definition: A "negative pledge" is a loan clause that, while not granting the creditor a security in an asset, allows the creditor to demand repayment if the debtor encumbers described assets.

- Utility: Commonly used across the U.S. to ensure borrowers maintain assets for loan repayment.

- Examples:

- \*Example #1\*: Landlord's agreement not to pledge rental income rights. If violated, Creditor can declare a default.

- \*Example #2\*: Tenant's provision against Landlord pledging Tenant's rents, which is prohibited by New C.C. art. 3163.

- Public Policy Rationale: Differentiating between permitted "negative pledges" and prohibited clauses ensures the value of rental income streams, a primary collateral source for lenders.

2. \*\*Modifications, Terminations, and Substitutions of Pledged Obligations\*\*

- Principles: New C.C. arts. 3164-3167 guide the implications of amending, modifying, or replacing pledged obligations, drawing inspiration from UCC 9.

- Examples:

- \*Example 3\*: Modification of lease terms without notifying the Tenant of the pledge.

- \*Example 4\*: Lease termination without notification.

- \*Example 5\*: Replacement of Tenant with a new lease.

- \*Example 6\*: Modification or termination after Tenant's notification of the pledge.

- \*Example 7\*: Pledge notification before a system malfunction.

3. \*\*The Pledge of a Lessor’s Rights in a Lease of an Immovable and Its Rents\*\*

- Changes: 2014 amendments necessitate recording all pledges in mortgage records. They also remove judicial sales of pledged leases or rents and clarify definitions related to the Louisiana Mineral Code.

4. \*\*What Can Be Pledged in a Lease of Immovables\*\*

- Landlords can mortgage the immovable, have a lessor's privilege on tenant property, and mortgage leases. However, creditors can only obtain security interest via a pledge.

5. \*\*How the Pledge Is Made Effective\*\*

- A written contract is mandatory for a pledge to be effective. This contract should be detailed and precise. Additionally, to affect third parties, the pledge must be recorded in the mortgage records of the parish where the immovable is located.

- Examples:

- \*Example 8\*: Pledge impacts from recordation date and lasts for ten years.

- \*Example 9\*: Pledge impact extends six years after the latest maturity date.

- \*Example 10\*: Timely reinscription of pledge extends its impact.

6. \*\*Pledging Same Lease or Rents to Multiple Creditors\*\*

- In case a landlord pledges to several creditors, New C.C. art. 3173 guides the rights of superior and inferior pledgees. The 2014 amendments permit an inferior pledgee to collect rent without accounting to a superior pledgee.

- Examples:

- \*Example 11 & 12\*: Discuss scenarios involving multiple creditors and tenants.

7. \*\*What a Pledgee of Rents or Leases May Do\*\*

- A pledgee can give written notice to a tenant for direct payment, often in a "lock-box" arrangement. However, without the tenant's written notice from the pledgee, the tenant isn't obligated to act. Furthermore, pledgees cannot file suits to sell the pledged lease or rents.

\*\*Key Takeaways\*\*: This analysis delves into the nuances of secured credit pledges, especially in the context of Louisiana's legal framework. It outlines the definitions, implications, and examples of various scenarios involving landlords, tenants, and creditors. Ensuring adherence to these provisions is crucial for both protection and maximizing financial opportunities within the legal bounds.

***(12) \*\*Security Devices Law: Louisiana Article 9 Analysis\*\****

\*\*I. FANTASTIC SUMMARY\*\*

- Under the 2014 amendments, the pledgee can:

1. Direct the tenant to pay the rent to the pledgee. If the tenant fails, the pledgee can seize the rents from the lessee.

2. Pursue the identifiable cash proceeds of rent.

3. Demand an accounting from an inferior pledgee if they've collected pre-paid rent or rents knowingly against the pledgee's written directions.

\*\*II. Right of Pursuit of Identifiable Cash Proceeds of Rent\*\*

- The term includes "money, checks, deposit accounts, or the like."

- With multiple rent pledges, a superior pledgee can chase cash proceeds an inferior pledgee has in their deposit account, especially if they have an "obligation to account for the collections" as per New C.C. art. 3173.

- New Louisiana Revised Statutes section 9:4402(b) details the rights between the pledgee and the depositary institution concerning the identifiable proceeds.

\*\*III. The Law of Mortgages\*\*

- \*\*Definition\*\*: A mortgage is a nonpossessory right over property to secure an obligation. (La. Civ. Code art. 3278)

- If the principal obligation ends (e.g., due to confusion, performance, or compensation), the mortgage right also ends.

- Property rights are of limited class; parties cannot create new rights not provided by law. In Louisiana, new real rights can't be created by contract; only those established by law are allowed.

- Mortgages are one of these rights. The Civil Code lists what can be mortgaged (La. Civ. Code art. 3286).

- A lessee of an immovable can mortgage his lease rights. This is called a leasehold mortgage or mortgage of a predial lease. If a lessee doesn't own the building on the leased property, only the lease rights can be mortgaged. A foreclosure in this scenario means acquiring the rights of the lessee, not the lessor.

\*\*IV. Case: Carriere v. Bank of Louisiana (About predial leases)\*\*

- \*\*Facts\*\*: The bank's use of the premises as a restaurant after acquisition did not equate to stepping into the shoes of the lessee.

- \*\*Issue\*\*: Concerned the rights and obligations of a lessor and the purchaser at a Sheriff’s sale of the lessee’s mortgaged "leasehold estate" and the improvements on it.

- \*\*Holding\*\*: The purchaser owes no rent to the lessors under the lease because the original lessee, in mortgaging his "leasehold estate," mortgaged only his right of occupancy, use, and enjoyment under the lease.

- \*\*Significance\*\*: If a lessee has a right of use, they can live free on the property. If the landlord is unaware or errs, they can't collect rent due to the nature of a predial servitude of a right of use.

\*\*V. Lease Definition in LA\*\*

- A lease is a mutual contract where one party (lessor) allows another (lessee) to enjoy a thing for a specified time for a stipulated price. (La. C.C. arts. 2669, 2674)

- A lessee's right of occupancy, use, and enjoyment can be separated from their obligation to pay rents.

- A lessee can mortgage either his entire lease or just his right of occupancy, use, and enjoyment. If only the latter is mortgaged and there's a default, only the right of occupancy can be foreclosed upon.

\*\*VI. Conventional Mortgages\*\*

- \*\*Definition\*\*: A consensual security formed when the mortgagor agrees to grant the mortgage over their property, and the mortgagee accepts this as security for the performance they are owed.

- \*\*Requirements\*\*:

- Must be in writing, signed by the mortgagor, and precisely state the nature and situation of each property it covers.

- Conventional mortgages can be used to secure any lawful obligation, even performance-based ones. If the obligation isn't for the payment of money, a commensurate sum must be stipulated in the mortgage.

\*\*VII. Pignorative Contracts/Disguised Mortgages\*\*

- Contracts that are essentially mortgages but are named and structured differently.

- They can be disguised as a sale with a right of redemption.

- The key test to determine if a contract is a disguised mortgage is whether the purchaser has taken actual possession.

\*\*VIII. Types of Obligations Secured by Mortgages\*\*

- Three categories:

1. \*\*Single-advance mortgage loan\*\*: A one-time finite amount is loaned.

2. \*\*Determinate future advance mortgage loan\*\*: A finite amount is loaned over time as needed.

3. \*\*Indeterminate future advance mortgage loan\*\*: Functions like a credit card, with a set spending limit that can be "refilled" as repayments are made.

This analysis provides a comprehensive overview of the information provided on Security Devices Law, specifically focusing

***(13) \*\*Analysis of Secured Credit in the Context of Louisiana's Legal Framework\*\****

\*\*1. Introduction:\*\*

Secured credit refers to a debt backed or secured by collateral, ensuring the lender can recover their funds in the event the borrower defaults on the loan. In Louisiana, the mechanism for establishing such security typically comes in the form of mortgages and pledges. The state's unique legal structure, rooted in civil law traditions, differentiates it from most other American jurisdictions.

\*\*2. Understanding Collateral Mortgages in Louisiana:\*\*

Louisiana's collateral mortgages are distinct from traditional mortgages. Instead of directly securing a debt, a fictitious debt is established through a collateral mortgage note, which can then be pledged to secure an actual debt. This system is rooted in the state's historical practice and is backed by longstanding customs and legal precedent.

- \*\*Key Points from \*Dimond Services Crop. V. Benoit\*:\*\*

- The case centered around the question of personal liability beyond the value of mortgaged property in the context of a collateral mortgage.

- The court leaned on the historical custom, actions, and intentions of the parties, and the unique nature of collateral mortgages to rule in favor of Benoit.

\*\*3. The Evolution and Purpose of Future Advance Louisiana Collateral Mortgages:\*\*

In the mid-19th century, Louisiana's legal system adapted to economic demands by recognizing collateral mortgages as a mechanism to secure revolving lines of credit and other future debts. This innovation was achieved by interpreting the pledge articles of the Civil Code in a manner that facilitated the creation of collateral mortgages.

- \*\*Details from \*Louisiana Future Advance Mortgages – A 20-Year Retrospective\*:\*\*

- Collateral mortgages are structured using a package of four documents:

1. A collateral mortgage.

2. A collateral mortgage note payable on demand.

3. A collateral pledge/UCC 1 Filing security agreement.

4. Hand notes or other writings evidencing the debtor's true indebtedness.

- The primary security in this arrangement lies in the UCC pledge of the collateral mortgage note.

\*\*4. Addressing Ambiguities and Nuances in Louisiana's Mortgage Law:\*\*

Several court cases have delved into ambiguities and potential simulations in mortgage agreements:

- \*\*Key Points from \*KeyBank Nat. Ass'n v. Perkins Rowe Associates, LLC\*:\*\*

- The case emphasized the significance of adhering to statutory requirements and understanding the legal implications of mortgage agreements.

- The court ruled that the mortgagee's failure to sign did not invalidate the mortgage and that the mortgage was not an absolute simulation.

\*\*5. Establishing the Existence and Validity of Underlying Obligations:\*\*

Louisiana jurisprudence mandates that for a mortgage to provide security, there must be an underlying obligation. However, this does not necessitate the physical transfer of funds. Once an obligation, such as a note, is established, the lender becomes obligated to advance the funds. The subsequent assignment or consolidation of a mortgage does not alter its foundational nature.

\*\*6. Conclusion:\*\*

Secured credit in Louisiana, especially in the form of collateral mortgages, is a multifaceted area of law that has evolved over time to meet economic demands while adhering to the state's civil law traditions. It's imperative for legal practitioners, borrowers, and lenders to understand the nuances of Louisiana's legal framework to navigate secured transactions effectively.

Note: This analysis is based on the provided information and aims to give a comprehensive overview of the topic. It's essential to consult with a legal expert or dive deeper into individual cases for more specific insights.

***(14) \*\*Secured Credit Analysis: Louisiana State University Law Center (Based on Louisiana Article 9)\*\****

\*\*Effectiveness as to Third Persons\*\*:

- \*\*Central Principle\*\*: The effectiveness of certain rights in relation to third parties is based on the "Public Records Doctrine" and the laws of registry.

- \*\*Civil Code Article 3355\*\*: This article addresses the situation where property affected by a mortgage, pledge, or privilege spans multiple parishes. Essentially, the document can be executed in multiple originals for each parish. Importantly, the document filed in a specific parish need only describe the property located within that parish. For instance, even if part of a land is in EBR and another in St. Gabriel, the filing in EBR only needs to concern the EBR portion. If done correctly, this doesn't impact the attachment or recordation of the land in EBR.

- \*\*Civil Code Article 3338\*\*: This article stipulates that certain rights concerning immovables are only effective as to third parties when they're recorded in the appropriate mortgage or conveyance records. This includes transfers of immovables, leases, options, rights of first refusal, and changes to these rights.

\*\*Recordation\*\*:

- \*\*Central Principle\*\*: The act of recording a document in the appropriate public registry to provide notice to third parties. The specifics of the recordation process are detailed in Civil Code Articles 3346 through 3356.

- \*\*Art. 3346\*\*: Dictates the place of recordation and the duty of the recorder. For example, mortgages or privileges over an immovable are recorded in the mortgage records of the parish where the property is located. All other legal documents are registered in the conveyance records of the same parish.

- \*\*Art. 3347\*\*: Emphasizes that the effect of recordation arises when an instrument is filed and is not impacted by subsequent errors from the recorder.

- \*\*Art. 3348 to 3350\*\*: These articles discuss the timing of filing and the presumptions regarding the timing if there are discrepancies or ambiguities.

- \*\*Art. 3351\*\*: Introduces the concept of "Ancient Documents," where a document recorded for at least ten years has certain presumptions in its favor.

- \*\*Art. 3352\*\*: Lists out specific information that should ideally be included in recorded acts. While this information is recommended, the absence of such details does not invalidate the instrument or affect its recordation.

- \*\*Art. 3353\*\*: Deals with the validity and effect of an instrument towards third parties even if the party's name is not complete or has errors.

- \*\*Art. 3354 to 3356\*\*: These articles provide additional stipulations about recordation, including the importance of specificity for properties spanning multiple parishes and the significance of recorded transfers, amendments, and releases.

\*\*Duration of the Effects of Recordation\*\*:

- \*\*Central Principle\*\*: The effects of recordation are not infinite. They have a specified duration after which they cease unless specific actions are taken.

- \*\*Art. 3357\*\*: Highlights that the recordation effect of an instrument ceases 10 years after the date of the instrument unless otherwise specified by law.

- \*\*Art. 3358\*\*: Discusses the 9/6 year situation where, if any part of the obligation matures nine years or more after the date of the instrument, the effect of recordation ceases six years after the latest maturity date described.

- \*\*La. Civ. Code art. 3361\*\*: This article elaborates on how amendments to a mortgage can affect the time of cessation of the recordation's effect.

\*\*Reinscription\*\*:

- \*\*Central Principle\*\*: Reinscription is the act of renewing the recordation of an instrument, extending its effectiveness.

- \*\*Arts. 3362 to 3365\*\*: These articles detail the methods of reinscription and its effects. Importantly, reinscription must be actively pursued. Simply acknowledging the need for reinscription isn't enough. It needs to be formally executed and filed in the right place.

\*\*Cancellation\*\*:

- \*\*Central Principle\*\*: Cancellation is the process of formally ending the effect of a recorded instrument.

- \*\*Arts. 3366 to 3368\*\*: These articles provide the process and circumstances under which a recorded instrument, such as a mortgage or pledge, can be canceled. For instance, the recorder must cancel a judicial mortgage if it is not reinscribed timely or if the underlying judgment is not revived within the required timeframe.

\*\*Conclusion\*\*:

The Louisiana Civil Code provides detailed provisions on the recordation, duration, reinscription, and cancellation of mortgages, pledges, and privileges. Proper understanding and adherence to these articles are crucial to ensure that rights concerning immovables are effective and protected against third-party claims. Proper recordation provides notice to third parties, and the timely reinscription ensures continuous protection. Conversely, cancellation ends the effect of a recorded instrument, and understanding the circumstances under which cancellation occurs is essential.

***(15) \*\*Security Devices Law: Louisiana Article 9 and Mortgages\*\****

\*\*13.1: The Three Kinds of Conventional Mortgages\*\*

- \*\*Ordinary Mortgages\*\*: A standard mortgage where a lender lends a borrower a certain amount of money in exchange for the borrower's property as collateral. If the borrower fails to repay, the lender can take the property through foreclosure.

- \*\*Future Advance Mortgages\*\*: A mortgage that allows the lender to advance additional funds to the borrower after the initial loan, up to a set limit, without the need to create a new mortgage. Notably, prior to 1992, this term referred only to mortgages that secured an advance of monies to be made in the future, excluding fluctuating lines of credit. The 1991 amendments expanded its definition.

- \*\*Collateral Mortgages\*\*: A unique kind of mortgage, often considered as a package of rights. It involves the pledge of a negotiable note (Level 2) secured by a mortgage (Level 3). The note represents the borrower's promise to repay the loan, while the mortgage provides the lender with a means to recover the debt if the borrower defaults. Before 1990, the mortgage was effective against third parties only when both the note was pledged and the mortgage was registered.

\*\*General Rule of Law\*\*: Since a mortgage is an accessory obligation, it becomes unenforceable when the principal obligation is extinguished.

\*\*Fluctuating Line of Credit\*\*: Introduced in Louisiana in 1992, this allows for a mortgage to be created under C.C. art. 3298, securing either future money advances or a fluctuating credit line. The 1991 amendments paved the way for this change.

\*\*The "Barrel of Money" Rule\*\*: A concept used to explain non-revolving lines of credit primarily before 1992. If a debtor repays a portion of their loan, that repaid amount doesn't go back into the "barrel" (or the available credit). Instead, it's subtracted from the original loan amount. This rule emphasizes that repayments of principal on the note extinguish that portion of the note.

\*\*C.C. art. 3298 - Future Advance Mortgage\*\*:

- \*\*(A) Mortgage May Secure Future Obligations\*\*: A mortgage can secure obligations that arise in the future, even those subject to a condition.

- \*\*(B) Retroactive Effect\*\*: Even if an advance is made in the future, the mortgage rank is determined from the time of its registry. This gives future advance mortgages RETROACTIVE RANK.

- \*\*(C) No Need for a Note\*\*: A promissory note is not essential when the mortgage is filed in the registry. If a creditor wants a C.C. art. 3298 mortgage to secure a fluctuating line of credit, the mortgage should describe the credit line and not just a specific note.

- \*\*(D) & (E) Termination\*\*: A mortgage can be terminated by the mortgagor upon reasonable notice when no obligation exists. The mortgage continues until it's terminated by the mortgagor or extinguished lawfully. As for third parties, the continuation is subject to the rules of inscription and reinscription.

\*\*Collateral Mortgage\*\*:

- A collateral mortgage involves multiple levels of rights. Level 1 represents the principal obligation. Level 2 involves the collateral mortgage note, and Level 3 is the mortgage securing the note at Level 2. The collateral mortgage is an accessory to the note at Level 2, which is an accessory to the principal obligation at Level 1.

- Benefits of a collateral mortgage include its reusability by various creditors without extinguishment and the potential for the principal obligation it secures to never prescribe.

\*\*Conclusion\*\*: This analysis offers a comprehensive understanding of the three types of conventional mortgages in Louisiana, their nuances, and the legal implications surrounding them. The information is rooted in Louisiana Article 9, tailored for a Security Devices Law class at Louisiana State University Law Center.

***(16) \*\*Comprehensive Analysis of Selected Topics in Louisiana Security Devices Law\*\****

\*\*Judicial Mortgage:\*\*

- \*\*Introduction\*\*: A judicial mortgage is a legal instrument seen frequently in Louisiana. It secures the payment of a judgment debt and can be created without the debtor's consent.

- \*\*Creation\*\*: According to Arts. 3283, 3299, and 3300, a judicial mortgage is created by filing a judgment with the recorder of mortgages. This act of filing is both necessary and sufficient.

- \*\*Procedure\*\*: Typically, the creditor must sue the debtor and obtain a judgment. A settlement is not the usual course in this process.

- \*\*Duration\*\*: The judicial mortgage lasts for 10 years, similar to a conventional mortgage. This duration starts from the date of the mortgage itself, not from the date of its filing. It's crucial to note that the analogy here is with the date of the judgment, not the filing.

- \*\*Reinscription\*\*: To combat the prescription of the mortgage, a notice of reinscription should be filed before the 10 years are up. Late notice will reset the ranking date for the debtor.

- \*\*Complications\*\*: There's an issue in terms of third-party effectivity. This problem doesn't arise with conventional or legal mortgages. For instance, if judgments prescribe, the creditor must enforce the judgment within 10 years of its date. If this isn't done, the creditor may have to sue again to obtain another judgment.

- \*\*General Nature\*\*: Unlike conventional mortgages, judicial mortgages are general. They attach to all immovable property of the debtor where it was filed, covering what the debtor currently owes and any future acquisitions.

- \*\*Effects\*\*: Art. 3307 sheds light on the effects of mortgages. Repossession requires a judicial process; self-help isn't allowed. A writ from the sheriff is mandatory. For foreclosure, it's essential to note that self-help isn't permitted. Any sales of mortgaged property must be conducted by the sheriff via public auction.

- \*\*Third Parties\*\*: From the moment of filing, a mortgage affects third parties. However, a mortgage cannot rank against third parties until the mortgagor owns the mortgaged property. This principle is vital in understanding the nuances of security devices in Louisiana.

\*\*Article 9 Basics\*\*:

- \*\*Attachment Requirements\*\*:

1. The debtor must have an interest in the collateral.

2. The creditor must give value.

3. The debtor must have rights in the collateral for it to rank.

- \*\*Conventional Mortgages\*\*: Designed to secure future property. Even if the property is not yet owned, a creditor might be willing to accept a mortgage on it. The ranking of this mortgage comes into play only when the debtor acquires the property.

\*\*Mortgages vs. IRS Tax Liens and Lien Creditors\*\*:

- \*\*IRS Tax Liens\*\*: These liens rank even as the property of the debtor. The government can have a ranking on the property even before a potential buyer is aware they want to buy it. This doesn't apply to mortgages.

- \*\*Lien Creditors\*\*: The basic rule here is simpler. The ranking typically depends on who becomes effective against third persons first.

\*\*Collateral Mortgages\*\*:

- \*\*Definition\*\*: A collateral mortgage is a mortgage used as collateral for a loan.

- \*\*Old vs. New Law\*\*: There's a distinction in the ranking rules between the old and new laws for collateral mortgages. It's essential to understand both sets of rules as disputes can arise depending on the time frame of the mortgage.

- \*\*New Law Highlights\*\*: Now, a collateral mortgage ranks based on the earliest occurrence effective against third persons. This change emphasizes the need for value to be drawn from a line of credit before the mortgage can be effective.

\*\*Mortgages vs. Article 9 Security Interests\*\*:

- \*\*Fixtures\*\*: These are items installed in buildings or other constructions. Article 9 has provisions for fixtures, especially those installed in non-residential buildings.

- \*\*Transactions\*\*: The function of a transaction matters more than its label. For example, a collateral mortgage package functions as security for a revolving line of credit, regardless of its name.

\*\*Privileges\*\*:

- \*\*Definition\*\*: Privileges are rights that the law gives to certain creditors enabling them to be paid before others. They can arise in various contexts, such as funeral expenses, medical bills, and storage fees.

- \*\*Funeral Charges Privilege\*\*: This privilege covers costs related to interment. It's limited to $500 and is often seen as a safeguard for undertakers to ensure they're compensated for their services.

- \*\*Medical Providers Privilege\*\*: This privilege is in favor of medical providers who treat individuals who have been injured due to tortious conduct. It can cover extensive medical bills, especially in cases where the patient doesn't have medical insurance.

- \*\*Depositories/Preservation Expenses Privilege\*\*: This privilege covers expenses incurred by depositories to preserve an item. It's a way to ensure that those who maintain or store items are compensated for their services.

This analysis provides a comprehensive overview of the selected topics