

**QUESTION 15 THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK V**

Mike and Kate went to MyBank in order to apply for a second mortgage on their home. On the loan application, Mike indicated that they were applying for a second mortgage and listed the name of their primary lender, Bank Zero. However, on some of the other relevant documents, Kate inadvertently forgot to disclose any information about their primary lender. During the application process, MyBank learned that Mike and Kate had just closed on their first mortgage during the preceding week, but that Bank Zero had not yet recorded its mortgage. Nevertheless, MyBank closed on their mortgage and recorded it on June 21, 2009. After firing about half of its staff and rehiring more competent employees, Bank Zero finally got around to recording its mortgage on June 23, 2009.

Although the extra cash flow from the second mortgage helped Mike and Kate stay afloat for a while, they began to sink further and further into debt. Eventually Mike and Kate defaulted on their mortgages to both MyBank and Bank Zero.

**Discuss the relevant issues regarding the impending mortgage priority dispute between MyBank and Bank Zero, including your opinion on which bank has the superior lien. Explain your answer.**

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