

KASNEB

DCM LEVEL II

LAW GOVERNING CREDIT PRACTICE

WEDNESDAY: 18 November 2015.

Time Allowed: 3 hours.

Answer any FIVE questions.

ALL questions carry equal marks.

QUESTION ONE

(a) In relation to the contract of securities, describe five forms of commercial securities. (10 marks)

(b) With reference to a contract of securities, explain the following:

(i) Three duties of the borrower. (6 marks)

(ii) Two duties of the lender. (4 marks)

(Total: 20 marks)

QUESTION TWO

(a) Explain three similarities between a “pledge” and a “lien”. (6 marks)

(b) With the aid of relevant examples, describe three forms of bailment. (6 marks)

(c) Highlight four standard clauses contained in a letter of pledge. (8 marks)

(Total: 20 marks)

QUESTION THREE

(a) Distinguish between a “contract of guarantee” and a “contract of indemnity”. (6 marks)

(b) Enumerate three rights of a guarantor in a contract of guarantee. (6 marks)

(c) Discuss four consequences of a forged co-guarantor’s signature on whose strength a bank loan is granted. (8 marks)

(Total: 20 marks)

QUESTION FOUR

(a) Highlight two rights and two duties of a pawnor. (4 marks)

(b) Describe four ways through which a possessory lien might be terminated. (8 marks)

(c) Discuss four terms implied in a hire purchase agreement in favour of the owner. (8 marks)

(Total: 20 marks)

QUESTION FIVE

(a) Summarise five legal consequences of the appointment of a receiver by the court in the case of compulsory winding up. (10 marks)

(b) Explain five acts of bankruptcy that might be committed by a debtor in your country. (10 marks)

(Total: 20 marks)

QUESTION SIX

(a) Describe five legal disabilities of a bankrupt. (10 marks)

(b) Outline five documents that should be maintained in a land registry. (10 marks)

(Total: 20 marks)

QUESTION SEVEN

(a) Describe five persons who might petition for the winding up of a company. (10 marks)

(b) Identify five contents of a trust deed. (10 marks)

(Total: 20 marks)