



kasneb

CCP PART II SECTION 4

LAW GOVERNING CREDIT PRACTICE

THURSDAY: 20 May 2021.

Time Allowed: 3 hours.

Answer any FIVE questions.

ALL questions carry equal marks.

QUESTION ONE

(a) With reference to the securities contract:

(i) Explain the meaning of the term "debt security". (4 marks)

(ii) Highlight four advantages of a secured loan. (4 marks)

(b) Identify four methods of enforcing securities. (4 marks)

(c) Describe the nature and form of a security agreement. (8 marks)

(Total: 20 marks)

QUESTION TWO

(a) Prepare a checklist containing ten due diligence steps that the lender might follow before approving a piece of land as collateral. (10 marks)

(b) Explain three ways in which an informal charge might be created on land. (6 marks)

(c) Summarise four remedies that are available to the chargee of customary or community land. (4 marks)

(Total: 20 marks)

QUESTION THREE

(a) With reference to chattel securities:

(i) Highlight five characteristics of chattel mortgages. (5 marks)

(ii) Outline five methods through which the secured creditor might enforce its post-default rights against the debtor. (5 marks)

(b) Describe the procedure of registering company charges in your country. (7 marks)

(c) Summarise three prevaluation factors which lenders might consider when using trademarks as collateral. (3 marks)

(Total: 20 marks)

QUESTION FOUR

(a) Discuss five advantages of a floating charge as a security for extending credit to companies. (10 marks)

(b) Analyse five requirements to be satisfied by an applicant who intends to conduct business as a microfinance institution in your country. (10 marks)

(Total: 20 marks)

QUESTION FIVE

(a) With reference to corporate governance:

(i) Discuss four objectives of investor education programmes. (8 marks)

(ii) Identify four parties that are responsible for protecting the interests of shareholders. (4 marks)

(b) Explain four ways through which liens placed on property might be removed. (8 marks)

(Total: 20 marks)

QUESTION SIX

- (a) Tinga Microfinance Ltd. has made an application for a licence to carry out deposit-taking business. The regulator has advised Tinga Microfinance Ltd. to prepare a feasibility study report to accompany the application. The directors of Tinga Microfinance Ltd. have requested you to assist them prepare the report.

Required:

Outline eight items that might be included in the feasibility study report. (8 marks)

- (b) Discuss three legal effects of the crystallisation of a floating charge. (6 marks)
- (c) Highlight six precautionary measures that a credit card holder might take to avoid unauthorised credit card charges. (6 marks)

(Total: 20 marks)

QUESTION SEVEN

- (a) Explain three circumstances under which a prospectus is not required when a company is issuing debentures. (6 marks)

- (b) Discuss three ways through which parties might enforce their security interests on default of a security agreement. (6 marks)

- (c) Summarise eight rights of the lender against the grantor that might be contained in an intellectual property security agreement. (8 marks)

(Total: 20 marks)

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