Norman L. Johnson and Gayfred Dorothea McNabb Johnson reside in a large mansion on St. Charles Avenue in New Orleans. The successors of “Old Money,” the Johnsons own the mansion free and clear of any mortgage or other encumbrance. The mansion is elegantly decorated with fine furnishings and lighting. In the formal dining room, for example, hangs an antique crystal chandelier valued at approximately $50,000. In January 2003, the Johnsons applied for and received a $50,000 loan from Hibernia National Bank. The Johnsons signed a promissory note evidencing the indebtedness, and they signed a security agreement granting Hibernia a security interest in their dining room chandelier. Hibernia properly perfected this security interest by filing a UCC-1 financing statement in the UCC Records of the Clerk of Court’s office in Jefferson Parish. The financing statement described the chandelier in great detail, but it said nothing about the mansion or the land on which the mansion and chandelier are located. In early October 2003, the Johnsons filed a joint Chapter 7 bankruptcy petition.

a) If the Johnsons’ trustee in bankruptcy claims an interest in the chandelier, will Hibernia’s security interest have priority over the trustee’s interest? Why or why not?

b) Would the result be different had the Johnsons granted the security interest before the chandelier was installed in the dining room?

c) Would the result be different had the chandelier been installed in the Johnsons’ lavish law office (the two practice law together) rather than in their mansion?

d) Suppose that the Johnsons had granted a mortgage in their law office and the land on which it stands to Equibank, which the bank properly recorded six months after Hibernia had perfected its security interest in the chandelier. Assume further that Hibernia’s security interest attached and was perfected before the chandelier was installed in the law office. Which interest has priority over the chandelier, Equibank’s mortgage or Hibernia’s security interest?

e) Would your answer to the last question change if Hibernia had made a proper and complete “fixture filing” with respect to the chandelier? How would Hibernia have made a “fixture filing,” (i.e., what is a “fixture filing” and where is it made)?

f) Would your answer to the last question change if Equibank recorded its mortgage before Hibernia made its “fixture filing”?

g) Assuming Equibank recorded its mortgage before Hibernia made its “fixture filing,” and both filings occurred before the chandelier was installed in the law office, would your answer to the last question change if the Johnsons had borrowed the $50,000 from Hibernia in order to buy the chandelier and had in fact used the loan money to buy the chandelier?

h) Would your answer to the last question change if Hibernia’s security interest attached before the chandelier was installed, but it made its “fixture filing” ten days after the chandelier was installed?

(2) Re “maintenance of perfection”:

(a) Read Assignment 23 (pp. 383-93) and La. Rev. Stat. 10:9-501
(b) Read Kilborn, pp. 40-43, 32-38