



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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