

Law and Practice in Chattel Secured Farm Credit

Erwin N. Pauly

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ent from what it is and required merely that the error be prejudicial instead of being capable of in a miscarriage of justice, objections at trials would be few and reversals of convictions many for errors which could have been prevented or corrected immediately at the trial. This being true, Rule 52(b) and the interpretations which have been given to it are sound in law and logic.

ROBERT H. GORSKE

BOOK REVIEW

LAW AND PRACTICE IN CHATTEL SECURED FARM CREDIT, by Glenn R. Coates, Madison: University of Wisconsin Press, 1954. Pp. xi, 105. \$2.75.

The author of the volume under review has compiled an interesting analysis of how secured loans are made to Wisconsin farmers. Mr. Coates has interviewed many financial institutions and other lending agencies to determine the types of security devices actually in use. This survey revealed a number which have been accepted by the trade for many years although not all of them have been subjected to a court test. The instruments discussed include chattel mortgages, conditional sales contracts, milk check assignments, powers of attorney, and bank drafts incorporating a bill of sale. Less popular devices appear to be reservation of title to crops by landlord as security for rent payments, insurance policy assignments, and pledges.

The impact of Wisconsin law on loan procedures is particularly evident with respect to crop mortgages. Because of court decisions holding that a mortgage on property *to be acquired* is void, special devices have been developed where crops not yet in existence are intended as security. These include a promise by the farmer, with or without a power of attorney, to execute a mortgage when the crops later come into existence. In the potato growing regions the farmer is often made trustee of the crop until the mortgage is executed. The author doubts the validity of these devices if subjected to litigation, stating: "It is not likely that the court will permit form to triumph over substance." (p. 16)

Subsequent chapters deal with matters arising after the loan has been made, including the rights of third parties in the assets securing the loan and procedures for enforcement in the event of default. The survey found no instances where the debtor insisted on a statutory foreclosure. It appears that debtors, at least under the present economic conditions, are willing to cooperate with the lender in getting out of debt as painlessly as possible. One popular method of accomplishing

this is through a voluntary surrender of the security to the lender, the latter selling the property at private sale and applying the proceeds on the debt.

The book includes a number of forms, interesting comment on language often used in them, and an exhaustive citation of Wisconsin authorities on the points discussed.

The author has made a substantial contribution toward understanding the practical problems involved in agricultural financing. Instead of merely giving the law in the books, Mr. Coates has presented an interesting picture of loan operations in action. The volume can be recommended to anyone who has occasion to deal with loans to farmers.

ERWIN N. PAULY*

*LL.B., 1936, Marquette University; member of Schanen, Schanen & Pauly; Port Washington, Wisconsin.