

## **Creditors'™ and Debtors'™ Rights in Secured Transactions**

When a person or business borrows money for the purpose of acquiring property, including real estate, vehicles or business equipment, the loan is often secured by the borrower's property. In order to secure a loan a borrower agrees that the lender may take property owned by the borrower should the borrower default on the loan. This property, referred to as "collateral", is then held by either the debtor or the secured party to ensure against loss in the event the debtor cannot fulfill the obligations under the transaction. The lender's interest in the collateral is known as "security interest" and is often referred to as a "lien." Security interests comprise an essential aspect to modern business loans and everyday financial transactions. A security interest can be particularly valuable in bankruptcy, because secured creditors will be able to collect their debts before creditors without a security interest. The security interest provides the lender with more than the promise of repayment. If the borrower defaults on the loan, the lender should be able to recoup the loan amount by taking the agreed-upon asset used as collateral and selling it to ensure economic security. The attorneys at Tully Rinckey PLLC have extensive experience in representing our clients in all aspects of secured lending and the protection of secured creditor rights, including familiarity with revised Article 9 of the Uniform Commercial Code. If you are a borrower or lender in a secured transaction, our attorneys can assist in the implementation of the agreement for the loan and give legal guidance to avoid miscommunication and loss of collateral. Contact a Tully Rinckey PLLC corporate and commercial litigation lawyer in Albany today by calling 1-888-529-4543.

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