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Date reviewed: Aug 2015
Date revised: Aug 2015
Pre or Co-requisite: None

BFN 102: LAW AND BANKING: APPLICATIONS

Semester Credit Hours: 2
Contact Hours: Lecture - 30

I. COURSE DESCRIPTION:

This course is an introduction to laws pertaining to secured transactions, letters of credit, the bank collection process, check losses and the legal issues related to processing checks. Topics include negotiable instruments, authorized signatures, collection routes, forgery and fraud, letters of credit and secured transactions. Upon completion of this course, the student will be able to work with more complex banking documents.

II. GENERAL COURSE COMPETENCIES:

The student will:

1. Understand the basic aspects of negotiable instruments.
2. Gain knowledge of the concept of negotiability and its availability to holders in due course.
3. Learn the nature of contractual and warranty liability associated with authorized signatures.
4. Understand the collection routes of checks from issuance to payment.
5. Comprehend the issues of error, forgery, and fraud.
6. Understand the nature and uses of a letter of credit.
7. Know the basic aspects of secured transactions.

III. COURSE OBJECTIVES STATED IN PERFORMANCE TERMS:

1. The student will understand the basic aspects of negotiable instruments. The student will:
 - a) Describe the five essential elements of a negotiable instrument.
 - b) Define drafts, checks, notes and certificates of deposit.
 - c) Discuss the UCC rules of interpretation for negotiable instruments.
2. The student will gain knowledge of the concept of negotiability and its availability to holders in due course.

The student will:

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- a) Cite actions necessary to transfer a negotiable instrument.
- b) Distinguish between transfer by negotiation and assignment.
- c) Will state explain the requirements for attaining holder-in-due-course status.
- d) Will state the rights of a holder in due course.

3. The student will learn the nature of contractual and warranty liability associated with authorized signatures.

The student will:

- a) Define parties subject to primary and secondary contractual liability on an instrument.
- b) Define parties subject to presentment and transfer warranties on an instrument.
- c) Will discuss events that can lead to the discharge of a party's liability on an instrument.
- d) Will explain the forms and consequences of endorsements.

4. The student will understand the collection routes of checks from issuance to payment. The student will:

- a) Explain the purpose and main points of article 4 of the Uniform Commercial Code which governs bank deposits and collections.
- b) Describe three routes a check may take from its issuance to payment.
- c) Describe the duties of collecting banks.
- d) Define the duties of payor-drawee banks.

5. The student will comprehend the issues of error, forgery, and fraud. The student will:

- a) Explain the liability of parties to an instrument on which unauthorized signatures appear.
- b) State the liabilities of collecting banks.
- c) State the liabilities of payor-drawee banks.
- d) Describe two common schemes used to defraud a bank.

6. The student will understand the nature and uses of a letter of credit.

The student will:

- a) Identify the parties to a letter of credit.
- b) Explain the formal requisites for establishing a letter of credit.
- c) Distinguish between commercial and standby letters of credit.
- d) State issuers' obligations and liabilities concerning a letter of credit.
- e) State the usage of a letter of credit.

7. The student will know the basic aspects of secured transactions..

The student will:

- a) Define security terminology.
- b) Explain the concepts of attachment and perfection.
- c) Distinguish between collateral within and outside the scope of article 9 of the Uniform Commercial Code.
- d) Describe the purpose and contents of a security agreement and a financing statement.
- e) Differentiate between possessory and non-possessory security interests.
- f) Describe a secured lender's priority in collateral.
- g) Explain the rights and remedies of both a secured party and the debtor when a default occurs.

IV. CLASS ACTIVITIES:

Online PowerPoints
Writing assignments

V. CRITERIA FOR EVALUATION:

Given a series of assignments, quizzes and examinations, the student will perform with a sixty- percent degree of accuracy.

VI. TEXT:

Law and Banking/Miller, Cross/Cengage/Thompson, custom edition for Jefferson State Community College.

VII. Attendance

Students are expected to attend all classes for which they are registered. Students who are unable to attend class regularly, regardless of the reason or circumstance, should withdraw from that class before poor attendance interferes with the student's ability to achieve the objectives required in the course. Withdrawal from class can affect eligibility for federal financial aid.

VIII. Statement on Discrimination/Harassment

The College and the Alabama State Board of Education are committed to providing both employment and educational environments free of harassment or discrimination related to an individual's race, color, gender, religion, national origin, age, or disability. Such harassment is a violation of State Board of Education policy. Any practice or behavior that constitutes harassment or discrimination will not be tolerated.

IX. Americans with Disabilities

The Rehabilitation Act of 1973 (Section 504) and the Americans with Disabilities Act of 1990 state that qualified students with disabilities who meet the essential functions and academic requirements are entitled to reasonable accommodations. It is the student's responsibility to provide appropriate disability documentation to the College. The ADA Accommodations Office is in FSC 305 (205-856-7731).