About Legal Relations of Equipment Trust

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Equipment trust, by applying legal principles of trust, aims at not only raising equipment funds but also at granting a real security.

It is characterized by the fact that in the process where ownership of the object of transactions is transferred from the Seller to the Trustee, or from the Trustee to the Purchaser, the ownership of the subject matter is retained by the Trustee until the Purchaser may pay the sale price in full, thereby intending for a function as substantial security for credits resulting from proceeds from sale and at the same time, promoting a tendency seeking for increasing liquidity of sales credit through disposing the beneficiary right of trust.

It is a kind of installment sales with ownership-rataining clause or a kind of the untypical real security which is similar to mortgage, simultaneously falling under the category of specific utilization of trust also.

As is generally known, U. C. C. grasps the equipment trust at the same level as chattel mortgage. The fact is that in our country also, orientation of the equipment trust as a real security remote from standards to the law of real rights granted by way of security, and investigation from native region of the trust law in view of its specific utilization of trust are necessary to be promoted.

This report is a new venture in making an approach to a rough sketch of legal structure of the equipment trust from the point of view mentioned above.