

FINAL EXAMINATION  
PROPERTY II  
**PROFESSOR BERNHARDT**  
**SPRING 2006**

1. You have **three (3) hours** to complete this exam.
2. This is an **open** book exam. You may use any written materials you wish.
3. The exam consists of 51 multiple-choice questions and one essay question. You may allocate your time as you please.
4. The multiple-choice section constitutes  $2/3$  of the examination. You should try to complete this part in two hours. Correct multiple-choice answers are to be marked on the ParSCORE answer sheet form provided using pen or pencil and following the instructions on that form. If you change your answer, place an **X** through the wrong answer and mark the correct answer. A machine will score the exam and any ambiguities will be counted as a wrong answer. If two answers are true, you should select only the best answer.
5. Write your exam number on your exam envelope **and** at the top of this page, the top of each page of questions, each blue book and on your ParSCORE answer form. **Do not** use your name, student ID number or Social Security number on any exam materials.
6. At the conclusion of the exam, return all exam materials to the exam envelope and submit it to the proctor. **Do not** seal the envelope. Students who do not return all exam materials at the end of the exam will not be graded.

**PART II**

**ESSAY QUESTION**

**INSTRUCTIONS:**

1. This question constitutes  $1/3$  of the exam.

2. There is one rather compound question; be sure to respond to all issues you find in it.
3. Read the facts carefully. Answers based on incorrect facts are incorrect answers.
4. If you think important facts are missing or badly stated, make explicit assumptions about them. Do not make assumptions that are unreasonable or that make issues vanish.
5. Read the call of the question carefully; don't answer questions that haven't been asked.
6. Try to organize your thinking beforehand, so that points are put in the right places.
7. Type or answer in blue books. You may abbreviate where appropriate. Write legibly on every other line and one side of each page only. **Illegible answers are not read.**

Last month, Vernon signed a contract to sell his house to Pearl, but now that his girl friend Fran has told him that their planned wedding is off and that he cannot move in with her (Fran) as he had planned, he would like to get out of the contract with Pearl and keep his house.

He visits you, his attorney, to discuss the matter. His friends have given him a lot of advice but he wonders if any of them will fly or are worth following. He wants you to tell him what you think of their ideas, and whether you see any downsides in them.

His neighbor Nora has told him to stop paying off his existing mortgage right now, so that it will be in default when the time for closing arrives, which will allow the lender to prohibit the sale or let him tell Pearl that his title is no longer marketable.

His fellow worker Phil, who went to law school for a year (although he then flunked out) has advised Vernon to simply wait until the closing and then announce that he has no intent of presently transferring title. Phil says that such a state of mind will make delivery of any deed legally ineffective, and thereby prevent title from passing.

Rupert, Vernon's parol officer, has offered to provide Vern with some special ink that will turn invisible after three days, so that when the recorder's office goes to record his deed the clerk will not see any signature on it and will refuse to record it.

Vernon's broker, Brenda, has an idea that is based on the fact that his contract with Pearl includes a provision (like that on page 841 of the Casebook) that makes it subject to Pearl's obtaining a loan at not more than 6% interest. Brenda has mentioned to him that

she had heard that Pearl was unable to get that rate and was planning on getting a 7% loan instead. Brenda says Vernon could refuse to waive that condition or accept the change, and therefore back out if Pearl cannot get the original loan.

Give Vernon your thoughts about the pro's and con's of the suggestions made by Nora, Phil, Rupert, and Brenda. If you think that Vernon is locked into his contract, advise him as to what will happen if he refuses to complete the deal.

*(If, in conjunction with analyzing and writing your answer, you think that the language of any particular document would be appropriate to refer to, assume that they are all similar to those in the Casebook.)*

**END OF EXAM**