

**FINAL EXAMINATION
PROPERTY II
PROFESSOR BERNHARDT
SPRING 2007**

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 57 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, and at 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

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 week the San Francisco Board of Supervisors amended the City's zoning ordinance so as to make "domestic partner residency" (DPR) a permitted use in upstairs units (second floor and higher) over stores located in the city's Castro neighborhood, wherever such properties had previously been zoned commercial. All existing commercial activities of those units would become nonconforming uses and would be required to terminate within 3 years, which period may be extended, however, to 7 years in any case where the affected property owner contributes an amount equal to 5% of the value of the building to the "San Francisco Fund to Stop All Wars". The ordinance is to take effect immediately.

At this moment, a contract is pending for the sale of Sylvia's 2 story commercial building to Purdom. The \$2 million purchase price is based in part upon the existing 10 year lease of the second floor, under which the tenant, ABC Financial, pays an attractive rent. If ABC leaves (and it would be glad to do so because the rent is so high), the property value will fall significantly, especially so if the commercial use is replaced with a residential one.

Purdom visits you, his attorney, to discuss the impact of the new ordinance. He wants to know whether he can somehow attack the ordinance as being unconstitutional or invalid? If not, can he get out of his contract by claiming that the ordinance makes the title unmarketable or something like that? If he is stuck with the deal, is there some way to sue Brendan, the broker in the deal (and a dual agent), **for not found out about** the ordinance or telling Purdom about it ahead of time? In any event, would it be so bad for Purdom to just walk away from the deal completely, even if he has no excuse? If he is held liable for anything, won't he be able to deduct what he has to pay on his tax return anyway?

Talk to Purdom, answer his questions (with appropriate explanations). If you want to see any of his documents, they are all identical to those forms included in the casebook (or in the Forms Supplement, if there is no such form in the casebook).

END OF PART II ESSAY QUESTION
END OF EXAM