

MIDTERM EXAM
COMMUNITY PROPERTY
PROFESSOR JANICE KOSEL
SUMMER 2007

1. You have **two (2) hours** to complete this exam.
2. This is a closed book exam.
3. This exam consists of one part, an essay question. Please write your response in the blue books provided. Please write clearly. Write on every other line and every other page to permit instructor comments.
4. Write your exam number on your exam envelope. Put your correct class section and student exam number at the top of this page, each page of questions, and each blue book. **Do not** use your name, student ID number or Social Security number on any exam materials.
5. At the conclusion of the exam, return all test materials, including blue books, scratch paper, and this exam packet 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 may not be graded.

GOOD LUCK!

ESSAY QUESTION

Howard and Wilma married on February 14, 2005 when they were each 60 years old. It was the third marriage for each and a big mistake from the outset. Howard was particularly incensed that Wilma expected him to pay for everything although she had a decent pension of \$2,500 a month. When she decided to begin law school at the age of 61, that was the final straw. Howard moved out that day (April 1, 2006) and settled into a room at his daughter's house. He continued to pay all of his and Wilma's bills. And he also played duplicate bridge with Wilma twice a week often having dinner first and sex afterward. Howard also maintained a social/sexual relationship with his barista at Starbucks but she didn't know how to play bridge.

Yesterday Howard's daughter found him dead in bed when she went to wake him up for an appointment with a divorce lawyer. Fortunately, she and her brother had prevailed on Howard to write a valid holographic will leaving everything to them. Everything includes:

1. The condo which Howard and Wilma moved into after their marriage. Each contributed \$200,000 toward a purchase price of \$800,000. Title is in the names of Howard and Wilma, as joint tenants.
2. Royalties from Howard's book *How to Live Long and Well*. It was first published in 1990 and is currently in its fifth edition. Howard periodically made appearances on radio and television and at senior centers to stimulate sales.
3. An \$800,000 stock portfolio. Howard was an active investor and got up at 5:30 each morning to begin his trades. His daughter didn't think it was worth it. The stock portfolio was worth \$600,000 at the date of marriage. But if Howard had invested in index funds, it would be worth at least \$750,000 today.
4. Half a million dollars of term life insurance which Howard purchased when he retired in 2000 at the age of fifty-five. The policy called for equal annual premiums in the amount of \$5,000 a year. The designated beneficiaries are Howard's grandchildren.
5. Personal injury settlement proceeds of approximately \$75,000 which Wilma will receive in another month or two to compensate her for a bad fall at the supermarket on September 15, 2006.
6. \$25,000 on deposit in Howard's checking account into which he deposited his royalties and pension, and from which he paid all bills including the mortgage payment on the condo, his insurance premium, both of their expenses and Wilma's tuition.

How will the property be distributed on Howard's death? If Howard had lived a little longer, how would his property have been divided on divorce?