

Final Examination
Wills and Trusts
Professor Anthony Pagano
Fall 2007

1. You have **two (2) hours** to complete this exam.
2. This is a **closed book** examination. No materials are allowed.
3. This exam consists of two parts.

Part I consists of thirty (30) multiple-choice questions. Please mark your responses to the multiple choice questions on the separate “ParSCORE TEST FORM” using pen or pencil and following the instructions on that form. If you change your answer, place a clear **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. The multiple-choice section will account for one-half of your exam grade.

Apply California law in answering the multiple-choice questions, **unless the question asks otherwise**. Devote no more than one hour in answering the multiple-choice questions. If you have time, you can go back to the multiple-choice section after answering the essay question.

Part II consists of one (1) essay question. Please write your response use dark ink (black or blue) in the blue books provided. Please write clearly. Write on every other line and every other page to permit instructor comments.

The essay question will also account for one-half of your exam grade.

In grading the essay question considerable weight is given to the organization of your answer. I therefore suggest that you devote time to analyzing and **outlining** your answer **before you begin writing**. Your answer should be directed to an intelligent person who is NOT expert in the area of wills and trusts.

In answering the essay questions, if you believe that any material fact is lacking, state explicitly the assumption of fact you are making in answering the question and why it is necessary to make such an assumption. Do not assume

facts that will preclude the discussion of possible issues. Assume all parties resided in California, unless the question provides otherwise.

4. Write your exam number on your exam envelope. Put your correct class section and student exam # at the top of this page, each page of questions, each blue book, and the "ParSCORE TEST FORM." **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, ParScore answer sheet, scratch paper, and this exam packet to the 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.

Part II: Essay Question

Recommended Time: 1 hour

Greg, a country doctor, and Jan, who did not work outside the home, were married and lived in Michigan (a common law separate property jurisdiction) until 2000 when Greg retired and the couple moved to California. Even though Greg had acquired a good deal of wealth from his medical practice, the couple continued to live a rather simple life after moving to Red Bluff.

Shortly after moving to California, Greg executed a valid will which left his vacation home on Lake Michigan to his brother Bob. To Sam, his son by a prior marriage, he left \$200,000, and to his daughter, Daisy, stock worth approximately \$300,000. Greg had inherited this stock from his father in 1995. The residuary of Greg's estate was left to Central Bank in trust for the benefit of Jan. The trust provided that Jan was to receive as much income and corpus as she needed for her support. On her death or remarriage the trust was to terminate and the corpus was to be distributed to Sam and Daisy.

Two years after executing his will Greg, believing that Sam was making a good deal of money as a doctor, crossed out the paragraph of his will which left Sam the \$200,000. In its place Greg wrote in the margin of the will "To my son Sam \$10,000" and he signed this handwritten addition. In fact Sam was working at a inner-city clinic in Detroit which provided free medical care and Sam was not being well compensated.

Bob developed a rare form of cancer and needed treatment which was not covered by his health insurance. In 2003 Greg gave his brother \$40,000 to cover these expenses. The treatment proved successful.

Except for the stock which Greg inherited from his father, all of the property mentioned in this question was acquired with Greg's Michigan earnings which he earned while married to Jan.

Greg died early last year. What are Jan's rights to the assets in Greg's estate?

Since Greg's death Jan has incurred debts for expensive travel and expensive clothing. These bills remain unpaid and her creditors are seeking to be paid out of the trust assets.

What should Central Bank do?

END OF EXAM