

4)

1. Martha was entitled to lease Whiteacre to Pete. In April 2006, Martha gave to her son, Stan a fee simple with possibility of reverter in Whiteacre. Martha desired to maintain the family chapel. So she created the interest to require that the chapel be maintained. In June of 2007, Stan tore down the family chapel. According to the terms of his deed, "If Stan ever destroys the family chapel, Whiteacre shall automatically revert to Martha, without any further act by Martha." So in June 2007, upon the destruction of the chapel, Whiteacre reverted to Martha. In January 2009, when she learned about the destruction of the chapel and realized she was again the fee simple owner of Whiteacre due to her reversion interest, she leased it to Pete. Martha was entitled to lease Whiteacre to Pete.

2. Eve will prevail over Pete's argument in their respective claims of superior title to Redacre. Eve will argue that Stan bought Redacre with community property (CP) cash. Eve will argue that even though Stan only listed himself on the deed, because he purchased the property with CP cash, the land was part of the CP. Eve will argue that in December 2008, Stan and Eve divorced and the family court properly awarded Redacre entirely to Eve.

Pete will argue that he paid value. Pete will argue that nothing was recorded in Hill County real property records regarding the divorce or Eve's ownership of Redacre. So he had no notice of Eve's ownership. He will argue that when Eve became the owner of Redacre she should have taken the divorce decree from Falls County and recorded a minument of title in Hill County when the family court made its judgment.

Eve will argue that when Stan purported to sell Redacre to Pete, he no longer had any interest in Redacre. She will argue that Stan simply held by a color of title. Eve will argue that Pete should have been on notice since Stan agreed to sell Redacre at a "discounted price" and would only give Pete a quitclaim deed which read "releases, remises and quitclaims to Pete all of Stan's right, title and interest in and to Redacre." Eve will argue that Stan had nothing to give Pete. He had no right or interest in Redacre. Eve will further argue that Pete should not be able to claim he is a Bona Fide Purchaser (BFP). A BFP would not have notice and here with the reduced price and quitclaim deed, Pete should have known or been required to investigate further as to the true

status of ownership. Eve will prevail in her claim for superior title to Redacre.

END OF EXAM

4)

1. Yes, Martha was entitled to lease Whiteacre to Pete as owner of Whiteacre in fee simple. When Martha conveyed the land to Stan, she retained a reversionary interest based on a condition subsequent. If Stan destroyed the family chapel, his interest in Whiteacre would revert back to Martha. When Stan did destroy the family chapel, Martha took possession of Whiteacre in fee simple. Martha was free to lease the property to anyone she chose at that point.

2. Pete will claim that he is a bona fide purchaser in good faith of Redacre. However, Pete purchased Redacre under a quitclaim deed for a discounted price. This should have put Pete on notice that something was wrong with the title to Redacre. Pete will claim that a search through his chain of title did not put him on notice of Eve's claim because she failed to record the divorce or a deed to Redacre in her name. Eve will claim that the court awarded her possession of Redacre in the property division of her divorce. She will further claim Pete should have known something was amiss when he purchased Redacre under a quitclaim deed for a discount and that while he didn't have record notice, he should have made further inquiries as to the need for a quitclaim deed. A quitclaim only purports to transfer the interest the seller has in the property and doesn't warrant against any adverse claims to the property. Stan sold Pete his entire interest in Redacre, which was nothing. Eve has the superior claim, and should prevail.

END OF EXAM

4)

1. Martha was entitled to lease Whiteacre to Pete. Martha's conveyance to Stan created in Stan a defeasible fee, a fee simple subject to a right of reverter in Martha if Stan does not maintain the family Chapel. Stan's destruction of the family chapel immediately and without any required action on Martha's part, caused the reversion of Whiteacre to Martha in fee simple absolute. Because Martha then owned Whiteacre in fee simple absolute she was entitled to lease Whiteacre to Pete.

2. Eve's argument in support of her claim of superior title to Redacre is that she was awarded Redacre in full in the divorce and that Stan had no interest in Redacre to convey.

Pete's claim to redacre is that he purchased Redacre for value from Stan. Because neither the divorce nor the transfer to Eve pursuant to the divorce had been recorded the records showed title to Redacre in Stan's name, meaning that it appeared either to be Stan's separate property or sole management community property under Stan's control. There is no indication that redacre was the family's homestead so Pete would have no reason to believe that Stan was not authorized to convey the property. Additionally the facts state that in fact Pete did not know of the divorce so he would have no reason to think that the title to the property had changed from how it was recorded.

The fact that Stan conveyed Redacre by means of a quitclaim deed and paid a discounted price count against Pete's claim of title because those factors should raise enough suspicion in Pete to give him some notice that something's afoot with Stan's interest in Redacre. The language of the deed by which Stan conveyed Redacre to Pete defeats Pete's claim of title *viz.*, Stan "releases, remises and quitclaims to Pete all of Stan's right, title and interest in and to Redacre", means just that. Stan conveyed to Pete the entirety of Stan's interest in Redacre, nothing. Because he had nothing. Eve's claim of superior title will prevail over Pete's.

END OF EXAM