

**Question Number One – 1 Hour**

Bild enters into a written contract with Nay Ive to build her home on a lot for \$750,000, with no attorney's fee clause or timeframe. He tells her he can't start immediately but will start soon. He convinces Nay he needs \$250,000 up front for materials, and another \$250,000, which she pays. Actually, he needed the money to pay off tax liens and believes he can put her off for some time. He only purchases \$5,000 worth of materials and does almost no work on the project. He works on other jobs which are more lucrative, and ten months go by with no work done for Nay. When Nay asks about the house, he tells her "I'll get to it soon, maybe in 3 months." When Nay threatens to go to another contractor, Bild puts a mechanic's lien on her property, which prevents Nay from getting financing if she wants another contractor. When she consults another contractor she learns that costs have risen and it will now cost \$825,000 to get a comparable house, and interest rates have risen.

What are the rights and remedies of Nay Ive and Bild?

**Question Number Two – 1 Hour**

Thor, forty, is a best selling writer whose books earn big money, but he is a hard drinking spendthrift, who spends everything he earns as fast as he makes it. He has approached his publisher with a new book and the outline of the first chapter, which the publisher believes will be his biggest book yet and one of the biggest blockbusters of the decade.

He leaves Prim, his faithful spouse of 20 years, to move in with Secret Vicky, his twenty five year old girlfriend. Prim, having noted his risky life style, has with Thor's consent taken out a one million dollar life insurance policy on his life with Prim as the beneficiary, and pays the premium with their community property assets but she is confused on the forms and mistakenly designates Thor as the owner. After moving in with Vicky Thor makes a will leaving all his property to Vicky and changes the beneficiary on the insurance policy to Vicky. When Prim learns about this she becomes enraged and publicly declares she will divorce Thor. Two weeks after moving in with Vicky Thor is injured riding his new motorcycle, when an Acme truck crosses into his lane and knocks him off the bike. He lives for a month, never regains consciousness and dies. Prim is secretly glad. Vicky is devastated when she hears the news and goes into serious depression and needs treatment. Prim is secretly glad. Thor dies a month later, and he and Prim have no children.

What are the rights and remedies of Prim and Vicky?

**Question Number Three – 1 Hour**

Lou Ser contracts in writing to sell to Victor his house on Spoils Street for \$350,000. Victor wants to tear the house down and build a restaurant on the property. The home is insured for fire for \$200,000, with no flood insurance. During escrow a tsunami comes and inundates the property, severely damaging the home. This causes a fire to start which then burns the home almost to the ground. Victor has obtained no insurance on the property. Before escrow closes, Victor, believing he would purchase the property hires Mr. Clean to clear the debris at a price of \$15,000. Then Victor gets second thoughts about opening a restaurant in a devastated area and tells Ser he wants no part of the contract but demands \$15,000 to pay Clean.

What are the rights and remedies of the parties?