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Exam Number \_\_\_\_\_

## 524 COMMUNITY PROPERTY

UNM School of Law  
Final Examination, Part I  
Two Credits

Professor Sheryl Wolf  
Wednesday, April 4, 2000  
9:55 a.m. to 11:10 a.m.

### One Hour

### INSTRUCTIONS

1. This is Part I of the Final Exam, consisting of 4 short essay questions on 2 pages, plus this cover sheet.
2. This part of the exam will count as 50 of 100 total points for the final grade. Points for each question are indicated. Please allocate your time accordingly.
3. This is a limited open book exam. You may use your casebook, class handouts, and any material you prepared individually or as an active participant in a group, such as class notes or outlines. You may not consult outside references, such as treatises, commercial or bar review outlines, friends, relatives, or psychics.
4. You may use calculators. However, I am more interested in your reasoning than your calculations, so spend your time explaining rather than on any math involved.
5. **IMPORTANT: Unless the facts of a question indicate otherwise, assume the following:**  
All relevant events and transactions take place in New Mexico, and all property is located in New Mexico, unless the facts indicate differently.

**Good Luck!**

1. **(20 points)** When Howie and Wanda married, Wanda was a junior in college. Howie was employed by Bullseye Discount Stores, where he stocked shelves, trying to save enough money to go to college. Howie continued to work at Bullseye while Wanda finished her undergraduate degree. When Wanda was accepted to law school, they decided that Howie should defer his education until Wanda became a lawyer. By the time Wanda got her law degree and license to practice, Howie had been promoted to assistant manager at the Bullseye Store, so they agreed that he would keep his current job until Wanda's student loans were paid. Wanda joined a small firm, where she engages in a general practice. After three years of practice, she was made a shareholder, and was given 10 shares of interest in the firm. The shareholders' agreement states that if any shareholder dies or withdraws from the firm, his or her share of the firm's goodwill will be paid to the withdrawing shareholder or his or her estate at \$5 a share. Last month, one of Wanda's elderly clients, for whom Wanda had done considerable legal work, died and left Wanda a valuable antique rug, out of gratitude for Wanda's help and friendship. Wanda is about to litigate a personal injury case, which will earn her a large contingency fee if she wins. Wanda is bored with Howie, and has filed for a divorce. Howie still works at Bullseye and Wanda has six more years of payments on her student loans. Wanda earns \$120,000 a year, about double what most of her classmates in similar firms earn. Howie has sought your advise regarding his property rights. Please advise Howie.

2. **(10 points)** Harry and Wisteria have been married for ten years. Wisteria has two life insurance policies on her life. One is a whole life policy, issued by AllLife Insurance Co., and one is a group term policy, provided through her employer, the Extel Co. Wisteria has designated her disabled brother Bob as the beneficiary on both policies. Wisteria began working for Extel five years before she married Harry. Wisteria purchased the AllLife policy at the same time. She pays annual premiums of \$300 a year for the AllLife policy, which she pays from her earnings. The AllLife policy has a face value (death benefit) of \$300,000, and a current cash value of \$600. Extel deducts \$20 a month from Wisteria's paycheck for the term life policy, which will pay her beneficiary \$100,000 if Wisteria should die while she is employed by the company. Harry has decided he no longer wants to be married and has filed for divorce. What rights, if any, does Harry have to Wisteria's two life insurance policies?

3. **(10 points)** Hector and Willa lived in the State of Chaos, a common law marital property state, where he was an advertising executive. Willa was a homemaker, who raised the couple's four children, who are now grown. After paying the family's expenses, Hector invested all his earnings in investment accounts with MegaMarket, Inc. Hector's name alone is on the MegaMarket accounts. When Hector retired last year, he and Willa moved to New Mexico. They rent a house, and live off the income from the MegaMarket accounts. They have no other significant assets.

- A. What rights, if any, does Willa have to the MegaMarket accounts while she and Hector remain married?
- B. What rights, if any, does Willa have to the MegaMarket accounts if she and Hector divorce?
- C. What rights, if any, does Willa have to the MegaMarket accounts if Hector dies and leaves a will devising all his property to the four children?
- D. What rights, if any, does Willa have to the MegaMarket accounts if Hector dies intestate?
- E. What rights, if any, does Willa's mother have to the MegaMarket accounts if Willa dies and leaves a will devising all her property to her mother?

4. **(10 points)** While Harley and Winona were married, Harley wrote a novel titled "Crouching Schnauzer, Hidden Tabby," for which he was unable to find a publisher. When Harley and Winona divorced, they divided their assets, but their property settlement agreement, which was incorporated into their divorce decree, did not mention Harley's novel. Three years after their divorce, Harley sold the movie rights to the book and was hired to write a screen play based on "Crouching Schnauzer, Hidden Tabby," for which he was paid \$500,000. The movie just won several awards, and Harley received the award for best screenplay based on an unpublished novel. The award consists of a gold-plated statuette and \$100,000. Winona asserts that she is entitled to a portion of the money Harley has received on account of "Crouching Schnauzer, Hidden Tabby." Please discuss the extent, if any, of Winona's rights.