Review Test Submission: Land Transaction Questions

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Course	PROPERTY
Test	Land Transaction Questions
Started	3/28/20 3:10 PM
Submitted	3/28/20 3:11 PM
Due Date	4/2/20 2:30 PM
Status	Completed
Attempt Score	4 out of 4 points
Time Elapsed	0 minute
Instructions	This quiz includes four (4) multiple choice questions. You have until the ZOOM session on April 2 to complete the quiz. The quiz should take you only 10-15 minutes. There is one correct answer for each question. There are no penalties for answering a question incorrectly, so please answer all questions. You may refer to course materials (the casebook and material on and link to the course blog) and notes to which you have made some contribution while taking the quiz. You may not, however, consult with anyone else while taking the quiz. Do not copy or distribute the questions or answers. Do not discuss the questions or answers until we discuss them on April 2, 2020.
Results Displayed	All Answers, Submitted Answers, Correct Answers, Feedback, Incorrectly Answered Questions

Question 1

1 out of 1 points

A buyer validly contracted in writing to buy improved land from a seller. The contract had no contingencies and was silent as to risk of loss if there was damage to, or destruction of, property improvements between contract and closing, and as to any duty to carry insurance. As soon as the parties signed the contract, the seller (who had already moved out) canceled her insurance covering the land. The buyer did not know this and did not obtain insurance. A few days later, three weeks before the agreed closing date, the building on the land was struck by lightning and burned to the ground. There is no applicable statute. In an appropriate action, the buyer asserted the right to cancel the contract and to recover his earnest money. The seller said that because the risk of fire loss had passed to the buyer before the fire, the buyer must perform.

If the seller prevails, what will be the most likely explanation?

Selected Answer: Upon execution of the contract, the buyer became the equitable owner of the land under the doctrine of equitable conversion.

Answers:

Upon execution of the contract, the buyer became the equitable owner of the land under the doctrine of equitable conversion.

The buyer's constructive possession arising from the contract gave him the affirmative duty of protecting against loss by fire.

The seller's cancellation of her casualty insurance caused the risk of loss to transfer to the buyer.

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Once the parties signed the contract, only the buyer had an insurable interest and so could have protected against this loss.

Response Feedback: The seller would win if we are in the "slim majority" of states that follow the doctrine of equitable conversion and shifts risk of this type of lose to the buyer. None of the other arguments would work in any jurisdiction.

Question 2

1 out of 1 points

A grantor executed an instrument in the proper form of a general warranty deed purporting to convey a tract of land to his church. The granting clause of the instrument ran to the church "and its successors forever, so long as the premises are used for church purposes." The church took possession of the land and used it as its site of worship for many years. Subsequently, the church decided to relocate and entered into a valid written contract to sell the land to a buyer for a substantial price. The buyer wanted to use the land as a site for business activities and objected to the church's title. The accompanying deed contained just a general warranty deed provision. There is no applicable statute. When the buyer refused to close, the church sued the buyer for specific performance.

Is the church likely to prevail?

Selected Answer: No, because the grantor's interest breaches the general warranty in the transaction between the church and the buyer.

Answers:
- No, because the grantor's interest breaches the general warranty in the transaction between the church and the buyer.
- Yes, because the quoted provision "so long as the premises are used for church purposes" is not currently being violated.
- Yes, because the quoted provision "so long as the premises are used for church purposes" is for the public's benefit.
- No, because the church has no interest to sell the buyer.

Response Feedback: The grantor conveyed a fee simple determinable to the church. This created an encumbrance in that the land can only be used for church purposes. This is a private encumbrance, so the mere existence breaches the general warranty deed. And the church is not putting in any waiver language to get the buyer to waive this breach.

Question 3

1 out of 1 points

A seller and a purchaser signed a contract for the sale of a 60-year-old house. The contract required a general warranty deed to be given at closing. The contract was silent regarding the condition of the house, and the purchaser did not ask. The purchaser received a general warranty deed with all covenants of title at the closing and promptly recorded the deed. The seller made no disclosures to the purchaser regarding the condition of the property. Approximately one month after the closing, the furnace in the house stopped working, the basement flooded, and the roof leaked so badly that the second floor could not be occupied. The seller, when told of the house's condition, was genuinely surprised.

There is no applicable statute.

The purchaser has sued the seller for damages. Will the purchaser likely be successful?

Selected Answer: No, because the seller gave no disclosures regarding the condition of the house.

Answers:
- No, because the seller did not act in good faith.
- No, because the seller gave no disclosures regarding the condition of the house.
- Yes, based on the general warranty provision contained in the deed the purchaser received.
- Yes, because with a conveyance of residential real property, a warranty of fitness is implied.

Response Feedback: Since there are no applicable statutes, we do not have any required disclosures. And since the seller did not make any disclosures, she cannot be liable for making an affirmative representation. Basically, since this jurisdiction seems to not require any disclosures, we are back to the days of "buyer beware".

Question 4 1 out of 1 points

A landowner executed an instrument in the proper form of a deed, purporting to convey his land to a friend. The landowner handed the instrument to the friend, saying, "This is yours, but please do not record it until after I am dead. Otherwise, it will cause me no end of trouble with my relatives." Two days later, the landowner asked the friend to return the deed to him because he had decided that he should devise the land to the friend by will rather than by deed. The friend said that he would destroy the deed and a day or so later falsely told the landowner that the deed had been destroyed. Six months ago, the landowner, who had never executed a will, died intestate, survived by a daughter as his sole heir. The day after the landowner's death, the friend recorded the deed from him. As soon as the daughter discovered this recording and the friend's claim to the land, she brought an appropriate action against the friend to quiet title to the land.

For whom should the court hold?

Selected Answer: The friend, because the deed was delivered to him.

Answers:
- The friend, because the deed was delivered to him.
- The daughter, because the friend was dishonest in reporting that he had destroyed the deed.
- The friend, because the deed was recorded by him.
- The daughter, because the death of the landowner deprived the subsequent recording of any effect.

Response Feedback: This is basically Loughran v. Kummer -- delivery of the deed transfers it to the friend and the other facts do not change that.

Saturday, March 28, 2020 3:11:13 PM EDT