

# BOARD'S WRITTEN TEST

## MARYLAND BAR EXAMINATION

Tuesday, July 26, 2016

Morning Session - 3 Hours

**The Multistate Performance Test is printed in a separate booklet.  
Questions 1, 2, and 3 are printed in this booklet.**

### IMPORTANT PROCEDURES

- 1. Sit in your assigned seat.** Occupy the place marked with the seat number assigned to you by the State Board of Law Examiners. Scores will be assigned by seat number, and no names shall appear on the answer booklets. If you are hand writing, check each of your answer booklets at once to be sure that each bears your seat number. If you find a discrepancy, immediately contact a proctor for assistance.
- 2. Write or type each answer in the book or answer field designated for the question. The morning session of the Board's Written Test has the Multistate Performance Test (MPT) and three essay questions numbered one through three.** There is a separate answer booklet/answer field for the MPT and each numbered question. One team of graders scores all of the answers to a single question. Hence, your answer to a question will not be seen by the grading team and will not be graded unless it appears in the proper booklet or answer field.
- 3. Allocate the suggested writing time as you desire. Each numbered essay question is intended to carry equal weight in the final grade. The MPT carries one and a half times the weight of an essay question.** The suggested time to answer each essay question is 25 minutes. The suggested time to answer the MPT is 90 minutes. **Although these suggested times total 2 hours 45 minutes, you will have 3 hours to work on the morning session. You may allocate the difference (15 minutes) in any manner you deem appropriate.**
- 4. Handwriters will be allowed one answer booklet for each question.** Begin each answer at the top of a page. Do not copy the questions. Use one side of the page only until you have filled the booklet. Then turn the booklet over and write from back to front if you need more pages. **Do not tear pages from your booklets.** You also may use your test questions (including the MPT) and statutory extract for scratch work.
- 5. Develop your reasoning fully and write legibly.** The Board will not grade an illegible answer. Print your answers if your handwriting is difficult to read.
- 6. Obtain Board Staff assistance at the end of the test session if you write an answer in the wrong booklet or type in the wrong answer field.** Do not waste testing time trying to fix the administrative mistake. **When the morning test session concludes, you will be given an opportunity to have the Board's Staff assist you in correcting the problem. Thereafter, any answer appearing in the wrong booklet or field may not be graded.**
- 7. You must turn in all test answer booklets, scratch workbooks, and the MPT Question Book to your proctor.**
- 8. You may keep the Board's essay test questions and statutory extract when testing ends.**

**QUESTION 1** (Tan Answer Book/Tan SofTest™ Header)  
(25 minutes)

Sloppy, Inc. (“Sloppy”) is a Maryland Corporation. In 2012, Sloppy failed to file the necessary tax returns with the State of Maryland. This failure caused the forfeiture of Sloppy’s corporate charter (the “Forfeiture”).

Sloppy was owed more than \$1,000,000 by Broke, who had defaulted on a promissory note (the “Note”). On January 2, 2016, one day before the expiration of the statute of limitations, Sloppy, through counsel, filed a lawsuit in the appropriate Maryland Circuit Court against Broke seeking to enforce the Note (the “Lawsuit”).

Three weeks later, on January 22, 2016, Sloppy discovered the Forfeiture and quickly filed the Articles of Revival and successfully revived its corporate charter. Broke, through counsel, filed a Motion to Dismiss the Lawsuit.

**A. What grounds should Broke raise in its Motion to Dismiss the Lawsuit and how should the Circuit Court rule?**

In 2014, while Sloppy’s corporate charter was forfeited, Bob, Sloppy’s president, entered into a contract on behalf of Sloppy (the “Contract”). In March 2016, after Sloppy revived its corporate charter, both Sloppy and Bob were sued for breaching the Contract. The sole claim against Bob sought personal liability under the Contract as it was incurred during the period of the Forfeiture.

**B. Discuss Bob’s personal liability on the Contract.**

**QUESTION 2** (Green Answer Book/Green SofTest™ Header)

*(25 minutes)*

Manufacturer, which is in the business of making and selling furniture, has granted a perfected security interest to Big Bank on all of Manufacturer's inventory, accounts receivable, and equipment to secure a loan from Big Bank to Manufacturer.

**Part A**

Manufacturer sells furniture on open account to Furniture Store, which is in the business of selling furniture at retail. Manufacturer defaults on its loan from Big Bank. Furniture Store possesses \$50,000 worth of furniture purchased from Manufacturer, of which \$25,000 has been paid and \$25,000 remains due and owing.

Big Bank attempts to enforce its security interest against the furniture purchased by Furniture Store from Manufacturer and the \$25,000 account balance owed by Furniture Store to Manufacturer. Furniture Store retains a licensed Maryland attorney to advise it.

**A. What advice should Furniture Store's attorney give Furniture Store as to the enforceability of Big Bank's security interest? Explain fully.**

**Part B**

In an attempt to generate cash, Manufacturer sells some of its used manufacturing equipment to Dealer, who is in the business of buying and selling used equipment. Buyer buys the equipment from Dealer with no knowledge of Big Bank's security interest in the equipment.

Following the loan default by Manufacturer, Big Bank attempts to enforce its security interest against the equipment purchased by Dealer. Dealer retains a licensed Maryland attorney to advise it.

**B. What advice should Dealer's attorney give Dealer as to the enforceability of Big Bank's security interest? Explain fully.**

**Question 3** (Yellow Answer Book/Yellow SofTest™ Header)

(25 minutes)

Harold (H) and Wendy (W) began dating in 2005. In 2006, H was injured in an accident and was awarded \$500,000 for his injuries. H invested the money in a money-market account. In 2008, H, who was now disabled, and W, who has worked as a registered nurse for three years, got married. H received a social security disability payment of \$2,500 per month and W made \$3,800 per month at her nursing job.

Right after the marriage, they purchased a house for \$400,000 using H's accident money to pay for it in full, and the house was titled to H only.

In 2010, the couple wanted to invest a large amount of money in a high-interest account. They changed the ownership status of the house to tenant by the entirety, and H and W borrowed \$300,000 as a home equity loan from Lend-It Bank. After costs and fees were paid, the couple received a check for \$287,000 made out to both of them.

They endorsed the check and deposited it, along with \$13,000 from their joint-savings, into an account with the Grow-Your-Money (GYM) investment firm. The GYM investment account was titled to H only.

The monthly house payment was made from their joint checking account. The GYM account value grew bigger each year. In 2015, H and W decided to get a divorce.

W filed for the divorce, and, in her complaint, listed the house and the GYM account as marital property subject to equitable distribution.

Each party served discovery requests seeking, among other things, disclosure of all marital property subject to equitable distribution. H responded to the requests, but omitted his pension from the list of potential marital property.

W has a pension from her job as a nurse, but told her attorney that she did not want H to get any of her pension. W's attorney advised her that, as H didn't list his pension as marital property in his discovery responses, W didn't have to list hers either. W did not list the pension as marital property in her discovery responses. Attorney advised W to not discuss the pension with H.

Testimony as to all of the above was properly presented in court. You are the law clerk for the presiding judge. The judge asks you to present a memorandum addressing the following:

- A. What is the status of the house throughout the marriage as to marital or non-marital property and its final status at the time of the divorce? Explain fully.**
- B. What is the status of the funds in the Grow-Your-Money investment account as to marital or non-marital property? Explain fully.**
- C. Discuss whether W's pension is subject to equitable distribution. If so, how much of it is subject to division? Explain fully.**
- D. What, if any, Maryland Lawyers Rules of Professional Conduct have been violated? Explain fully.**