

LAW SOCIETY OF BRITISH COLUMBIA
SAMPLE QUALIFICATION EXAMINATION

PART I

NOTE:

1. This examination represents approximately one-half of a typical 100-mark, three-hour Qualification Examination. It is marked out of 50 and could be completed in 1 1/2 hours. The regular exams are printed on one side of the page only. In the regular exams, each of three sections is worth 30 marks. One section is worth 10 marks.
2. The questions and answers are based on the law as of January 2016.
3. This sample examination may be circulated. All other Qualification Examinations are confidential and can only be reviewed at PLTC by students who fail their examination.

INSTRUCTIONS

1. You have 1 1/2 hours to complete this examination.
2. Part I separately identifies Business (15 marks), Wills (15 marks), Real Estate (15 marks) and Practice Management (5 marks). Ethics questions are mixed throughout this examination and not identified separately.
3. The following instructions apply to the different types of questions you will answer.
 - (a) **Multiple Choice**
Select one answer only. Choose the best answer, even where a technical argument exists for the correctness of other answers. No marks will be awarded if none or more than one is selected. No explanation or references for your answer need to be given.
 - (b) **Short Answer**
Answer in the space provided. Continue an answer on the back of a page if necessary. Point form answers are acceptable if they communicate the answer clearly. Citations or references for your answer are not required unless specifically requested.

BUSINESS (15 MARKS)

- (3) 1. You act for Anne Sahara. She wants to acquire the bottled water business of Pristine Holdings Ltd. The work force of Pristine is not unionized. Sahara has heard that some middle and top level employees are very unproductive. Explain whether these facts point toward a share or an asset purchase or whether they are neutral.

- (2) 2. Your client wants to purchase all of the assets of XYZ Mill Ltd. and wants to close the transaction at the end of next week. By then, you will not yet have had a response from the Canada Revenue Agency to your statutory lien searches for unpaid employee deductions.

Give two ways you can close the deal on time but still protect your client from liability for such a lien.

- (3) 3. Henry Unger bought a washer, dryer, refrigerator, stove, dishwasher and microwave from Ace Appliances Ltd. for \$6,217. Unger paid \$1,000 down and agreed to pay the balance in 12 equal monthly instalments.

Ace filed a valid financing statement in the Personal Property Registry on the same day that Unger paid the \$1,000 and the appliances were delivered to Unger's home. There are no other charges against the appliances. Unger made the first two payments, but failed to pay the third and fourth instalments.

Explain Ace's remedies.

- (2) 4. You own 10% of the issued voting shares in a private B.C. company. Explain whether you can compel the company to hold a general meeting.

- (3) 5. Anne Lafarge is one of three directors of Lotus Land Corporation. Recently, Lafarge cast the deciding vote at a director's meeting approving the sale of land in the Dry Creek area (one of the few valuable properties it owns) to Progress Building Co. One of Lotus' shareholders, Grace Wong, has now learned that Lafarge holds 40% of the issued shares of Progress. As well, Wong found out that the municipality is about to rezone the Dry Creek area from industrial to commercial retail use, which will increase its value. Apparently, anyone who called the municipality within the preceding three months would have been told about the rezoning.

The directors of Lotus refuse to do anything about the sale. If Wong obtains leave to bring a derivative action, what remedy or remedies can she seek?

- (2) 6. Your client is Janet Colbrook, a shareholder in Alternative Adventures Ltd. It is a British Columbia private company with one class of common shares of which your client holds 18 out of 112 issued. Harriet Riddell, who owns the other 94 shares, plans to transfer 35 of those shares to her niece. Your client does not want the niece in the company, and asks you if she can prevent the transfer.

What information do you need before you can advise your client?

WILLS (15 MARKS)

- (5) 1. Lynda Matthews died in B.C. on April 15, YR 0 leaving a valid Will dated August 1, YR-7. In her Will, she made the following dispositions:
- She left her R.R.S.P. valued at \$20,000 to her husband, Mike.
 - She left one-quarter of the residue of her estate to her husband, Mike.
 - She left the balance of the residue to be divided equally per stirpes among her children, Sarah, Trevor and Ursula.

Lynda left no debts. The residue of her estate has a value of \$100,000.

Lynda and Mike were divorced in April YR-4. Mike survived Lynda. Lynda's daughter, Sarah, predeceased her. Sarah was survived by her husband, Jim, and two infant children, Peter and Quentin. Trevor and Ursula survived Lynda.

All the beneficiaries named in the Will are adults.

Specify what, if any, portion of the estate each of the following persons is entitled to. Specify dollar amounts. Give brief reasons for your answers.

(a) Mike

(b) Peter and Quentin

(c) Trevor and Ursula

- (2) 2. Your client, will-maker Edward May, executed a will you prepared for him two years ago. May has been storing the original Will in his safety deposit box and you have a copy. Today May telephones you and instructs you to add a valuable new painting to the specific gifts his son will receive. He asks you to add the painting to the clause in the Will that provides specific gifts to his son and to send him a copy so that he can discard the old Will and put the revised one in his safety deposit box. Explain whether the change to the Will will be valid if you follow these instructions.

(3) 3. Harpinder Dhaliwal dies in B.C. leaving a valid Will that includes the following provisions:

- "To deliver to my sister, Anisa, if she is living at my death, my YR-3 Honda Accord automobile."
- "To pay or transfer the sum of \$5,000 to my dear friend, Margaretta Wilson."
- "To pay or transfer the residue of my estate to the Canadian Red Cross Society."

(a) At her death, Harpinder no longer has the Honda Accord. Instead, she has a YR 0 Toyota Tercel. Can the executor of Harpinder's Will transfer the Tercel to Anisa? Explain.

(b) Margaretta predeceased Harpinder, and was survived only by her husband, Gavin. Who is entitled to receive the \$5,000 left to Margaretta? Give brief reasons for your answer.

- (3) 4. John Turner, who is not your client, phoned and gave you instructions to prepare a Will for his uncle, Ralph Smith. John advised you that he was to receive the bulk of the estate. Ralph later came to your office alone and confirmed the instructions that John gave you. Ralph seemed slightly confused, however, and thought it was YR-1 instead of YR 0. He reviewed a draft copy of the Will and then attended at your office to execute the Will. You spent a fair bit of time with him and were satisfied that on the day he signed the Will he understood what he was doing. Have you acted correctly? Explain.

- (2) 5. Morris Kravitz, a widower, dies in B.C. leaving a valid Will that makes the following disposition:

"to divide the residue of my estate equally among my issue per stirpes"

Mr. Kravitz's estate has a value of \$300,000. He is survived by his daughter, Shirley, and his son, Jeffrey. His only other child, Lianne, predeceased him. Lianne was survived by her husband, Mel, and their children, Cheryl and Danny.

Lianne's share of Mr. Kravitz's estate will be distributed as follows:

- (a) divided equally between Shirley and Jeffrey;
- (b) pass to Mel;
- (c) divided equally among Mel, Cheryl, and Danny;
- (d) divided equally between Cheryl and Danny

REAL ESTATE (15 MARKS)

- (2) 1. In a residential conveyance of a single family dwelling, the buyer's lawyer, without specific instructions to the contrary, would automatically:
- (a) order a surveyor's certificate;
 - (b) order a company search;
 - (c) make property tax inquiries;
 - (d) make zoning inquiries.

- (2) 2. Why is it important for a conveyancing lawyer to obtain a written payout statement from a lender?

- (2) 3. Lenders' solicitors generally pay out mortgage funds after filing an application for registration, but before the perfected registration, on the basis of a satisfactory post-registration search.

- (a) What is the danger of this practice?

- (b) Give one example of how this danger could arise.

- (4) 4. Your practice is in Vernon, BC. You are acting for Janet Johnson and Dale Dennis, who are buying a summer cabin near Oyama, B.C. for \$240,000 cash. The seller, Paul Prasad, does not know the buyers or have his own lawyer. He has asked you to also represent him. There are no charges against the property. Assuming proper ID requirements have been satisfied, explain the circumstances, if any, under which you can act for Prasad.

- (3) 5. When acting for a seller who is not a resident of Canada for income tax purposes, what should you recommend the seller obtain before completion? Why?

- (2) 6. Linda Janus was trained by Sam Trube as a manager for First Family Bank, a Canadian chartered bank. Trube taught Janus that it was good practice to ensure that any residential mortgage loan which exceeded 75% of the value of the property was insured by C.M.H.C. Trube told Janus that if a mortgage was so insured, she could feel comfortable lending up to 90% of the value of the property. Janus found Trube to be overly cautious. After his retirement, she became manager and sent a memorandum to the loans officer in her branch authorizing him to make mortgage loans up to 90% of value without insurance. Explain to the loans officer whether this policy is acceptable.

PRACTICE MANAGEMENT (5 MARKS)

- (2) 1. A client is unhappy with her former lawyer's account. She plans to complain to the Law Society that the lawyer has charged an excessive fee, and ask the Law Society to reduce the amount. Advise the client.

2. Lawyer Dhillon, a sole practitioner, has a pooled trust account at a chartered bank in B.C. She has repeatedly instructed the bank to debit service charges against her general account, but the bank persists in debiting the trust account. This causes a problem for her monthly trust reconciliations.

- (1) (a) Advise Dhillon how to prevent this problem.

- (2) (b) Dhillon has trust funds amounting to \$5,000 to the credit of two clients who disappeared three years ago. Dhillon has tried to locate them without success. Describe what Dhillon should do with regard to the \$5,000.

50 MARKS