

QUESTION 7 THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK III

Abel and Betty married in 1970, after which they purchased for cash a quaint farmhouse. The property was deeded to Abel and Betty, jointly as husband and wife. There was a cottage on the south end of the property, which Abel and Betty rented to tenants to supplement their income. Abel and Betty used a bi-monthly lease agreement that allowed either party to terminate the lease with 60 days notice.

In 2009, Betty discovered that Abel was having an affair with the current tenant, Lolita. Betty filed for divorce, but Abel died before the divorce became final. Following Abel's death, Betty demanded that Lolita vacate the cottage within 60 days. Lolita refused. Instead, Lolita showed Betty a quitclaim deed from Abel transferring the cottage to her in exchange for "love and affection."

Shortly thereafter, Carl sought repayment of a mortgage that Abel had executed on the cottage as security for a personal loan made by Carl to Abel. Abel had falsely informed Carl that he owned the cottage free and clear as his separate property.

Applying Michigan law, discuss Betty's (a) ownership interest in the cottage; (b) ability to eject Lolita; and (c) liability to Carl.

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