P1. [[The old] [train (verb) the young]] -> [[The old train (noun)] [broke down.]]
In *The old train the young*, *train* is a verb and it groups with the verb phrase *train the young*. In *The old train broke down*, *train* is a noun, which groups with the noun phrase *the old train*.

P2. Three solutions were accepted:

[[The thief] [seized (passive verb) by the police]] [turned out to be our cousin] ->
[[The thief] [seized (active verb) the laptop]]

In *The thief seized by the police turned out to be our cousin*, *seized* is part of a phrase (*seized by the police*) that modifies *thief*. Notice that the thief was seized. The thief did not do the seizing. The main verb of the sentence is *turned out*. The thief who was seized did the turning out. In *The thief seized the laptop*, *seized* is the main verb of the sentence. The thief did the seizing.

[[The thief] [seized (passive verb) by the police]] [turned out to be our cousin] ->
[[The thief] [seized (passive verb) by the police [turned traitor]]] [was our cousin] ->

We accepted this answer because *turned* modifies *the police*. The thief isn't doing any kind of turning action. The police are the ones who turned.

[[The thief] [seized (passive verb) by the police]] [turned out to be our cousin] ->
[[The thief] [seized (passive verb) by the police station]] [turned out to be our cousin] ->

We accepted this answer because the police are no longer the ones doing the seizing. *The police* is simply a modifier of *station*. Note that the meaning of the word *by* has changed.

P3. [[I] [convinced [her children] [to do their homework]]] ->
[[I] [convinced [her] [(that) children do their homework]]]

In *I convinced her children to do their homework*, *her* modifies *children*. I convinced the children, not her. In *I convinced her (that) children do their homework*, I convinced her.

P4. [[The man who whistles] [tunes (verb) pianos]] ->
[[The man who whistles tunes (noun)] [also likes to sing]]

In this example, the local ambiguity is at the word *tunes*. In *The man who whistles tunes pianos*, *tunes* is a verb and the man does the tuning. In *The man who whistles tunes also likes to sing*, *tunes* is a noun and the tunes are being whistled.

P5. [[The cotton clothing (noun)] [is drying in the sun]] ->
[[The cotton [clothing (verb) the doll]] [is drying in the sun]] or
[[The cotton [clothing (noun) is made of]] [is drying in the sun]]
In *The cotton clothing is drying in the sun*, clothing is drying in the sun. In *The cotton clothing the doll is drying in the sun* and *The cotton clothing is made of is drying in the sun*, cotton is drying in the sun. *Clothing* is a modifier of *cotton*. 