

LAW 7107-02, CONTRACTS I

FINAL EXAMINATION, FALL 2004

Prof. Tom W. Bell

Wednesday, December 10, 2004, 1:30 p.m. to 4:00 p.m.

Please write your exam number here: _____ and turn in this exam with your answers. If you fail to turn in your exam you may forfeit some or all of your grade.

This exam consists of 25 multiple-choice questions and two essay questions. The multiple-choice section is closed book and counts for 30% of your grade for this exam. You have 45 minutes to complete that section, or an average of 1.8 minutes per question. Indicate the one best answer to each multiple-choice question by filling in your Scantron sheet as directed.

The essay section is partial open book. You may use your casebook, statutory supplement, any material that I handed out in class, and any notes that you or your study group prepared. You may not use other materials, such as nutshells or commercial outlines. The essay section counts for 70% of your grade for this exam and you have 105 minutes to complete it. Because different essay questions count for different percentages of your grade, however, I advise you to allocate your time accordingly. Also, before you begin writing any essay answer you should: 1) read the question carefully; 2) think about exactly which issues you need to address; and 3) outline your answer. Good organization and good analysis almost always go hand-in-hand.

If writing your exam in a bluebook, write on only one side of each page, on every other line. If you use more than one bluebook, please number the booklets so that I can easily follow their intended sequence. Please write as clearly as possible. I cannot grade what I cannot understand.

Unless otherwise indicated, all events described below take place in a common law jurisdiction where the legislature has enacted the UCC.

If you have any procedural questions about taking this exam, please contact the Registrar. If you think it necessary to assume an unstated fact in order to answer a question you may do so, but you should clearly indicate that you are making an assumption and briefly explain why you consider it reasonable to do so.

Do not turn the page until told to begin the exam.

Multiple Choice Questions

[excised]

Please write your exam number here: _____ and turn in this exam with your answers.
If you fail to turn in your exam you may forfeit some or all of your grade.

Essay Question 1

30% of exam's total grade
(suggested time: approximately 45 minutes)

Sarah mails to Bob a signed letter reading, "I offer to sell my chrome-plating plant to you for \$1,000,000."

Bob mails this signed writing in reply: "I doubt that I can raise \$1,000,000. Would you accept \$900,000 together with my promise to not tell Greenpeace that your facility stores chromium in violation of federal law?"

Sarah phones Bob, saying, "I accept your offer to pay me \$900,000 and to keep my chemical storage practices private. Just for the record, though, my facility obeys all EPA regulations. I just don't want any environmentalists pestering me." Sarah does not mention that her facility stores chromium in violation of OSHA regulations.

Bob gives Sarah \$900,000 and receives title to the chrome plating facility. He quickly discovers the OSHA violation, which will cost \$20,000 to remedy. He complains to the local chapter of the Sierra Club and demands of Sarah that she refund his \$900,000.

Analyze the rights and remedies of the parties under contract law.

Essay Question 2

40% of exam's total grade
(suggested time: approximately 60 minutes)

Alexa Blain (Blain) designs interiors for Hollywood stars. On Monday, the 1st, she faxes to Stuffed Stuff Antiques, Inc. (Stuff) a request for its current prices on 1960 Lazy Boy recliners.

Stuff immediately replies via fax, "Depending on how we fare at an on-going estate sale, we'll have two such chairs in a week, priced at \$460/each. Order now to reserve yours."

Blain immediately replies via fax, "Per your quote, please reserve two chairs for me, deliverable in one week."

On Tuesday, the 2nd, Stuff faxes its standard acknowledgement form to Blain. The form has the details of Blain's order typed in and this statement at the bottom: "Our obligation to fill this order is conditioned on buyer's understanding that Stuff will not be held responsible for supply problems arising from events beyond our control."

On Wednesday, the 3rd, Blain phones Stuff and leaves this voicemail: "Please cancel my order of the 1st and enter my order for one 1960 Lazy Boy recliner, priced at \$460, deliverable on Monday, the 8th."

On the 8th, Stuff ships Blain two Lazy Boy recliners. Blain accepts delivery of only one chair, however, returning the other with a note explaining that it she had not ordered it. After Blain inspects the chair that she retained, moreover, she discovers that it is a 1961 Lazy Boy recliner. She finds this note, on Stuff letterhead, attached: "Sorry, but the estate had misdated the chairs."

Analyze the rights and remedies of the parties under contract law.