

LAW 7107-01: CONTRACTS I
FINAL EXAMINATION, FALL 2012

Prof. Tom W. Bell

Friday, December 7, 9:45 a.m. to 11:45 a.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 33 multiple-choice questions and three essay questions. The multiple-choice section is closed book and counts for 40% of your grade for this exam. You have 60 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. Even if you finish the multiple-choice questions early, you may not start on the essay section until directed to do so.

The essay section is partial open book. You may use your casebook, any material that I or the academic fellow handed out for the course, 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 60% of your grade for this exam and you have 90 minutes to complete it. You may not begin working on the essay section until directed to do so.

Because each essay question counts for a particular percentage of your grade, I advise you to allocate your time accordingly. Each question includes guidelines to help you time your answer. Read the question carefully. Note both which issues you need to address and the form in which you should address them. Good practical writing may improve your grade.

If using a bluebook, write on only one side of each page, on every other line. If you use more than one bluebook, number them so that I can follow their intended sequence. Please write clearly. I cannot grade what I cannot understand.

Unless otherwise indicated, all events described below take place in a generic common law jurisdiction that has enacted the typical statutes. If you think it necessary to assume an unstated fact in order to answer an essay 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. If you have any procedural questions about taking this exam, please contact the Registrar.

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

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Multiple Choice Questions

40% of exam's total grade
(maximum time: 18 minutes, or 1.8 minutes/question)

[redacted]

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Essay Question 1

5% of exam's total grade
(suggested time: 8 minutes)

We grew familiar with a number of mnemonic devices this semester. For example: “Three elements combine in a contractual relation: offer, acceptance, and consideration.”

Recite another mnemonic device that we used in class. After reciting it, give an example of its use.

Here’s an example using the above mnemonic: “Ads are not usually offers because they lack certainty; they are instead only preliminary negotiations. So a customer can’t create a contract with a store by “accepting” an ad. Both offer and acceptance are absent in such an instance.”

Feel free to borrow facts from a case. Do not use the infamous QTIPS mnemonic.

Essay Question 2

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

Sal put a sign in the window of her 1968 Chevy C-10 pickup that read: “For sale @ \$12,300. As is.”

Bud pulled up next to Sally at a red light. He got her attention and yelled, “Nice truck! You’ve got yourself a deal, lady! I’ve got your price in cash, right here.” He waved some bills. “Just pull into that parking lot over there.”

Sal looked at him with surprise. “Well . . . ok. Let’s talk.”

The parked and got out of their vehicles. Sal regarded Bud skeptically. “You’ve got \$12,300 in cash?”

“Yeah,” replied Bud. “I’m a truck collector. I sold a nice El Camino this morning and the buyer paid cash. That’s why I’m towing an empty trailer.” He gestured at his rig.

“What’s the hurry?” asked Sal.

Bud shrugged. “I know a good deal when I see one. Why wait?”

“OK,” said Sal. “But you have to give me a lift home.”

Bud loaded Sal’s Chevy onto his trailer and they both climbed into the cab of his truck. On the way to Sal’s house, they discussed the truck’s value. Bud chuckled, “I’ll have to clean it up of course, and eat some marketing costs, but I bet I can sell that Chevy for a good \$28,000.”

“What?!” Sal replied with shock. “I’m putting this deal on ice until after I hear from my contracts lawyer.”

Thumbs flying, Sal quickly sent you a text telling you her story. “Write me a quick memo analyzing my rights and remedies under contract law,” she urged. Do as your client Sal asks.

Essay Question 3

15% of exam's total grade
(suggested time: 23 minutes)

You work as a legal aid to an influential state senator, Woody Rex. Senator Lex has been approached by lobbyists for the credit industry, who complained to him that the courts of your state follow the rule of *Foakes v. Beer*.

“I’m not really sure what the fuss is all about,” admits Lex. “But I’m sure you can help me understand.” He continues:

The lobbyists said that the rule made it difficult for them to let strapped debtors off the hook. It seems that in our state, when creditors propose to accept partial payment as settlement for a debt, the debtors balk. And why? Because the rule of *Foakes* somehow renders such settlement agreements shaky.

Lex asks you to write a brief memo explaining just why the *Foakes* rule threatens the enforceability of debt settlements, whether he should introduce a bill changing the rule, and why or why not. Please do so.