

Name: _____

DUE: April 23, 2019

True or False & Multiple Choice (2 points each / 70 total)

1. _____ A contract is **Void** if one of the parties was a minor at the time the contract was formed.
2. _____ Acceptance of an offer must be communicated in order to form a contract.
3. _____ In an "Implied-in-fact contract", all of the terms are fully stated in words, either oral or written.
4. _____ A Quasi-Contract is actually a remedy, whereby a contract is implied in law, to prevent unjust enrichment.
5. _____ As a general rule, a contract involving an interest in real estate is not required to be in writing to be enforceable.
6. _____ The performance required by a contract may be conditioned on the occurrence or nonoccurrence of a specific event.
7. _____ In all lawsuits for breach of contract, the non-breaching party (plaintiff) has an affirmative duty to make a reasonable attempt to mitigate his/her damages.
8. _____ April placed an ad in the paper to sell her car for \$2,500. Simultaneously, six people responded to the ad by mail with formal acceptances in writing. April is bound to sell a similar car to all six people.
9. _____ The intent to enter into a contract is judged by the objective, (reasonable person) standard, and not by the subjective intent of the parties.
10. _____ An unenforceable contract is one that the courts will refuse to enforce because of certain legal defenses, outside of the contract itself.
11. _____ A promise to make a gift is generally unenforceable because of lack of Capacity.
12. _____ As a general rule, an offer may be revoked (withdrawn) by the offeror, prior to communication of acceptance.

13. _____ A Court may imply a missing term, from the conduct of the parties, in order to find a contract enforceable.
14. _____ Consequential damages are intended to compensate a non breaching party for the loss of the benefit of the bargain.
15. _____ Compensatory damages are known, or reasonably foreseeable, damages that result as a consequence of a party's breach of the contract.
16. _____ Walter worked nights as a clerk at a fast food restaurant, during the summer. When Walter worked his last day before returning to college, His boss told him, "I am very grateful for your good work during this last summer, so I'm going to give you a bonus of \$1,000.00 in your last paycheck." When Walter received his last paycheck, there was no bonus. If Walter sues, the likely result will be:
- a. Walter will win because the promise is enforceable
 - b. Walter will lose because he gave no consideration for the promise.
 - c. Walter will lose unless the promise was in writing
 - d. Walter will win because he is an employee
17. _____ Al told Barbara that he will buy her textbooks for \$75.00. Barbara agreed to deliver the textbooks to Al the next day. Al and Barbara have entered into:
- a. an express contract
 - b. an implied contract
 - c. a quasi-contract
 - d. a mutual mistake of a material fact
18. _____ Keith offered to sell his business to Kathy for \$125,000.00. Kathy said "your price is too high, but I will buy your business for \$100,000.00. Kathy's response is:
- a. an implied contract
 - b. a rejection of the offer only
 - c. an acceptance
 - d. a counter offer
19. _____ In order for a contract to be enforceable, it must:
- a. be made for a legal purpose
 - b. be supported by adequate consideration
 - c. be made by parties who have legal capacity
 - d. all of the above.

20. _____ John agreed, in writing, to sell his house to Mary. On the day for closing, without any justification or defense, John refused to perform and sign the Deed. Mary may sue John asking the Court for which Equitable remedy:
- Perfect Tender
 - Strict Liability
 - Specific Performance
 - Reformation
21. _____ In reference to revocation of an Offer, which of the following is required for the doctrine of Promissory Estoppel (viz a viz Detrimental Reliance) to apply? (Nurse employment case)
- the offeree must have reasonably relied on the promise to their detriment
 - the offeree must have given some benefit to the offeror
 - the offeror must have intended to defraud the offeree
 - the offeror was acting under a mistaken fact
22. _____ Zero Construction agreed to build Tim a deck for \$8,000. After the project began Zero realized it couldn't make any profit at that figure, and therefor demanded Tim pay \$9,500, or they would walk off the job. Tim Agreed. When the deck was finished, Tim paid Zero the original \$8,000. What is the likely result when Zero sues Tim for the remaining \$1,500 ?
- Zero will win because there was consideration for the additional \$1,500
 - Zero will lose because there was no consideration to support the promise to pay additional \$1,500
 - Zero will win because Tim had a pre existing duty to pay extra
 - none of the above
23. _____ On July 1, General contracted to build a retail store for Walgreens at a specific location. On August 1, the zoning laws were changed, prohibiting the construction of retail stores at the location. Walgreens filed a suit against General. Under these circumstances
- General is in breach
 - the parties' obligations to perform are discharged by operation of law because the subject of the contract has been rendered illegal
 - Walgreens is in breach
 - the contract is suspended

24. _____ Bart, a 16 year old boy, purchased a car from Troy McClure Motors for \$4,600. Two days after picking up the car, Bart told Troy that he was only 16, and that he wanted to return the car. Troy McClure said "no dice". The very next day Bart was the victim of an accident. The car was a total loss. Bart again demanded the return of his money. Under these circumstances,
- Bart cannot Rescind the contract because he didn't have a license
 - Bart cannot Rescind the contract regardless of his behavior
 - Bart cannot Rescind the contract because it is now worthless.
 - Bart can Rescind the contract because he was a minor.
25. _____ Consumer Services Co, breached it's contract with Wall Mart Stores. Wall Mart filed a suit and asked for **compensatory** damages. This type of damages are assessed against the breaching party
- only in contracts for the sale of goods
 - to penalize the breaching party for wrongful acts
 - to compensate for loss of the benefit of the bargain
 - none of the above
26. _____ Builder contracted with Developer to build a Walgreens Store. Builder knew that Developer had leased the store to Walgreens. Builder does not finish the project on time, as required by the contract. When Developer files a suit against Builder, it can recover **consequential** damages for
- the rent lost from Walgreens as a result of Builder's delay
 - the cost of hiring a new architect
 - the cost of completing the project
 - the cost of aspirin for the headaches he caused
27. _____ Bill contracted to work exclusively for Techno during April for \$3,000.00. On April 1, Techno canceled the contract. Bill finds other related employment, but he only earns \$2,000.00 for April. When Bill sues Techno, what amount can he recover for **compensatory** damages
- \$3,000
 - \$2,000
 - \$1,000
 - none of the above

28. _____ When Bill (from question 27) sues Techno, he is required to attempt to mitigate his damages. That means he:
- a. must accept any type of employment offered
 - b. need not attempt to find alternative employment
 - c. must prove fraud in the inducement
 - d. must make reasonable efforts to find alternative employment
29. _____ In order to satisfy the Statute of Frauds, which of the following contracts must be in writing, in order to be enforceable ?
- a. a contract for the sale of real estate
 - b. a promise to pay the debt of another person
 - c. a contract, which by it's own terms can not be performed within one year
 - d. all of the above
30. _____ A contract provision which specifies a certain dollar amount is to be paid in the event of a future breach of the contract, is known as what type of damage:
- a. liquidated
 - b. compensatory
 - c. mitigatory
 - d. consequential
31. _____ An unconditional promise to perform in a contract is known as:
- a. irrevocable offer
 - b. covenant
 - c. estoppel
 - d. rescission
- 32. & 33** Homer interviewed for a job at the power plant , and Mr. Burns orally offered him a job on the spot. Homer and Mr. Burns orally agreed that he would start on the following Monday, and would be employed for a minimum of two (2) years. Three weeks later Homer was fired, without cause, and replaced by a close friend of Waylon Smithers.
32. _____ If Homer sues Mr. Burns for Breach of Contract
- a. Homer will win because he is a valued employee.
 - b. Homer will lose because he is not a valued employee.
 - c. Homer will lose because of the Statute of Frauds.
 - d. Homer will win because of the Statute of Frauds.

33. _____ Homer should have insisted that the agreement be in writing because
- all employment contracts must be in writing
 - the agreement can not be completed within one year
 - it is not supported by adequate consideration.
 - Mr. Burns is a notorious liar
34. _____ On her 18th birthday, Meg's father Peter, told her "Now that you're an adult, I want to take you into the family business. Every Monday, you will collect my winnings from unregulated bets on the NFL games, and I will pay you 10% of everything you collect." When Peter went back on his word, and refused to pay Meg, she sued him for breach of contract. What is the likely result?
- Meg will win because of the Statute of Frauds
 - Meg will win because there was adequate consideration
 - Meg will lose because the contract is void
 - Meg will end up "missing"
35. _____ When Alex was 18, Phil told her "I promise to give you \$5,000.00 if you don't smoke until you are 21 years old". Alex agreed, and they put the agreement in writing. With the support of Haley, Alex managed to stay smoke free. At her 21st birthday party, after a few beers, Alex tried to collect from Phil, who refused to pay. If Alex were to sue Phil, what is the likely result?
- Alex would win because her agreement is supported by adequate consideration.
 - Alex would lose because her agreement is not supported by adequate consideration.
 - The case would be dismissed because the agreement is ridiculous
 - Phil would be required to give Haley \$5,000.00, also.

Go on to answer the following 3 Essay Questions as Instructed

Please prepare your answers of approximately one page, for **each** question, typed double spaced, or written neatly and legibly.

This Essay Assignment constitutes 30 points of the Contracts Exam, and hard copies are Due on Tuesday, April 23, 2019.

- 36) MVCC Builders contracted to build a summer home for Mr. Schindler. The contract specified the installation of "galvanized, lap welded, standard grade pipe, manufactured by Reading Co." for all of the plumbing. MVCC substituted another brand of galvanized pipe which was just as strong and durable, and cost the same. When Schindler found out, he refused to pay the \$35,000 balance due on the contract, unless MVCC replaced all of the pipe. To replace the pipe would have cost MVCC \$40,000 - 50,000. When MVCC sued Schindler for the \$35,000.00 balance, Schindler argued that MVCC breached the contract because they failed to fully perform the exact terms of the contract.

How will the Court rule? Why? Please discuss and explain what analysis the court will employ to decide if MVCC has **substantially performed** the contract.

- 37) When Bart was 18, Homer told Bart "I promise to give you \$5,000.00 if you don't smoke until you are 21 years old". Bart agreed, and they put the agreement in writing. With the support of Lisa, Bart managed to stay smoke free. At his 21st birthday party, after a few Duff beers, Bart tried to collect from Homer, who refused to pay.

If Bart were to sue Homer, on what legal theory of recovery would he most likely sue? Discuss the concept of **Contract Consideration**. Would Bart win?

- 38) In July, 2009 Ryan Howard of the Phillies' hit his 200th career home run, having achieved that milestone in fewer games than anyone in major league history. **12 year old** Jennifer caught the historic, and obviously valuable ball. Jennifer was at the game with her 15 year old brother. A Phillies' team representative convinced Jennifer to exchange the ball for one that was worth only \$100, and some candy.

Jennifer's parents sued the Phillies to rescind (undo) the agreement, asking the Court to return the ball to Jennifer.

What Contract issues are presented by this case?

Do you think Jennifer should win? Why or why not?