

AGN \_\_\_\_\_

Contracts § 1  
Professor DeWolf

Fall 2025  
December 8, 2025

## FINAL EXAM

### Instructions

DO NOT GO BEYOND THIS PAGE UNTIL THE EXAM ACTUALLY BEGINS.

This is a CLOSED BOOK exam.

While you are waiting for the exam to begin, be sure that you have read these instructions, and that you are otherwise ready to begin.

Write your AGN on this page and return the exam to the proctor at the end.

This exam will last THREE HOURS. Points are assigned to each section of the exam reflecting the approximate time it is expected will be required to complete that portion.

For the multiple choice questions, enter your answer on the Scantron sheet that will be distributed. Choose the BEST answer. The multiple choice questions are worth 60 points.

There are two essay questions.

Essay Question 1: points

Essay Question 2: points

Plan on spending at least 10 MINUTES reading each essay question and outlining your answer. REREAD the question to be sure you haven't missed anything.

Assume that this case arises in the state of Everglade.

You are welcome to use abbreviations, but indicate what they are, *e.g.*, “Andropov (A) will claim he had a contract with Brezhnev (B). B would be liable to A if ... .”

Plan on spending 10 minutes or so at the end PROOFREADING your answers to the essay questions. You may not write ANOTHER WORD after time is called.

**REMEMBER THE HONOR CODE: DO NOT IDENTIFY YOURSELF**

GOOD LUCK!

MERRY CHRISTMAS / HAPPY HOLIDAYS

## MULTIPLE CHOICE QUESTIONS (60 points)

1. Maureen asked Joseph to remodel Maureen's kitchen. Joseph prepared a contract that contained a paragraph stating: "This document is the entire agreement between the parties." Both parties signed the agreement on March 15. On March 20, after Joseph started the remodeling project, he discovered a plumbing leak that had gone undetected and resulted in damage to the framing underneath the kitchen floor. Joseph told Maureen that it would cost her extra for him to replace the damaged framing. Maureen said that she could barely pay the contract price. Joseph said, "It has to be done." Maureen said, "Okay." After all the work was complete, Maureen paid the contract price but refused to pay more. If Joseph sued to get paid for replacing the framing, which of the following is correct?

- a. The parol evidence rule would prevent Joseph from introducing evidence of their conversation about the framing.
- b. Joseph would recover under the principle of quantum meruit.
- c. Maureen would win because her consent was not in writing.
- d. Maureen would be able to argue duress as a defense.

2. In 1994 Adam bought a house that had beautiful stained glass windows. The pieces of stained glass are held together by lead joints that are soldered. Over time the lead joints have become brittle and required repair. Leonard told Adam he was experienced in stained glass repair and offered to restore the windows to their like-new condition. Adam asked for a price and Leonard quoted him \$25,000. Adam said the number was rather high, but Leonard assured him that he would be completely satisfied with the results. "If I'm not?" asked Adam. Leonard said, "Then you owe me nothing." A written contract was prepared which contained the following language, "Complete satisfaction guaranteed." After Leonard was finished Adam thought the windows didn't look much different from the way they were before, and refused to pay. If Leonard sued Adam to recover \$25,000, what result?

- a. Adam wins, because Leonard promised complete satisfaction;
- b. Adam wins, unless his refusal to pay was in bad faith;
- c. Leonard wins if a reasonable person would have been satisfied with the results;
- d. Leonard wins, but only to the extent of the value of the work he performed.

3. Henry, a wheat farmer, entered into a contract with Tom for the purchase of Henry's wheat crop. Tom offered to purchase Henry's entire wheat crop for \$5 per bushel, which Henry said was acceptable. "Payment when delivered to Springfield," said Tom. Henry said, "You mean the Springfield, Dakota?"—referring to a city close to Henry's farm. "No," said Tom, "I mean the Springfield where my flour mill is located." Henry replied, "If you change it to Springfield, Dakota, I'll accept \$4.50 per bushel." "Okay," said Tom. Tom prepared his

standard contract, which contained an integration clause. Both parties signed it. However, neither party noticed that the contract specified delivery to the Springfield where Tom's flour mill is located. If Henry notifies Tom that he will be delivering the wheat to Springfield, Dakota, but Tom objects, what result?

- a. Tom wins, because the written contract takes precedence over the oral negotiations preceding the contract;
- b. Tom wins, because Henry bore the risk of mistake;
- c. Henry wins, if he can prove that the parties' intent was not reflected in the written contract;
- d. Henry wins, because refusing to permit an adjustment in the contract would be in bad faith.

4. Susan was a well-known watercolor artist. Her sister Ann was married to Max. Max had always wanted Susan to paint Ann's portrait. On June 15 Max offered Susan \$10,000 to paint Ann's portrait. Susan replied that she would love to do it, but she was leaving that afternoon for 18 months in Beijing, where she was serving as the artist-in-residence. "I can do it when I'm back in the U.S." "Okay," said Max. "That's a deal." Max then ran into financial difficulties and forgot all about the portrait. There was never a written contract. If Susan painted Ann's portrait, is Max obligated to pay her?

- a. Yes, but only if she actually completed the painting within a year;
- b. Yes, even if it took longer than a year to complete the painting.
- c. No, because the contract was not in writing.
- d. No, because the contract was for more than \$500.

5. Genevieve was a junior in college. She had been required to live in a dormitory for her first two years, but now she wants to share an apartment with her best friend. When they found an apartment they liked, the owner ran a credit check and found they didn't qualify. Genevieve asked her mother Martha if she would help them. Martha believed that Genevieve might otherwise wind up living at home, or with her ne'er-do-well boyfriend, and so Martha called up the owner and told him that she would cover the rent for Genevieve and her friend in the event that they didn't do so. Martha's promise was never reduced to writing. If Genevieve and her friend defaulted and the owner sued to collect the rent from Martha, what result?

- a. The owner wins, if the owner would not have rented the apartment without Martha's promise;
- b. The owner wins, if the "leading object" of the promise was to benefit Martha;
- c. Martha wins, because a suretyship agreement is unenforceable if not in writing;
- d. Martha wins, because it was the owner's burden to obtain a written promise.

6. Nathan offered his 2020 Chevrolet Equinox for sale for \$15,000 on Craigslist. The ad listed the mileage as 20,000 miles. Daniel answered the ad and met Nathan to test drive the car. After test driving the car, Daniel commented on the low miles for the car. Nathan said nothing. (In fact, Nathan had towed the Equinox behind his motor home, approximately an additional 30,000 miles, but those miles didn't register on the odometer.) Daniel bought the car and a month later took his car to a mechanic, who told him that the rear axle had to be replaced. Daniel asked why a car with so few miles needed a new rear axle. The mechanic told him that the front of the car showed it had been towed by a motor home. If Daniel sued Nathan to rescind the sale, what result?

- a. Daniel would win, because Nathan had a duty to correct Daniel's misimpression;
- b. Daniel would win, but could only recover the cost of replacing the rear axle;
- c. Nathan would win, because nothing he said was false;
- d. Nathan would win, if the value of the car, even with the extra miles, exceeded the price that Daniel paid.

7. Margaret is a single mother who works as a cook in an elementary school. At one time she was able to take public transportation to get to her job, but they changed the bus routes and so she needed a car. When she went to a local car dealer, the sales person offered her a used car for \$1,000 down and 84 monthly payments of \$100. The contract Margaret signed provided that if Margaret missed two payments in a row the dealer could accelerate the debt and repossess the car. Margaret made the first 15 payments, but the school cut back her hours and she missed two payments. If the dealer repossessed the car and sued for the balance owed (\$6900), what result?

- a. Margaret would win, because the terms were unconscionable;
- b. Margaret could assert the defense of duress;
- c. The dealer could keep the car, and recover the balance owed on the contract;
- d. The dealer would win unless enforcing the terms would shock the conscience of the court.

8. Bill wanted his nephew Charley to take over his farm after Bill's health declined so that he could no longer operate it. Charley had been working at a truck stop as a diesel mechanic but wanted to spend more time in the country. Charley had saved up \$100,000 and had a good credit history. Bill wrote up a contract that provided that Charley would purchase the farm for \$250,000, subject to two conditions: "This agreement will take effect when in the opinion of Bill's doctor it is no longer a good idea for Bill to continue farming. In addition, Charley is not obligated to buy the farm unless he is able to obtain financing." Both Bill and Charley signed the contract. Which of the following is correct?

- a. If Bill wants to sell the farm now, he can waive the condition regarding his doctor's opinion;
- b. If Bill's doctor advises him to stop farming, but Bill ignores that advice, Charley cannot enforce the contract;
- c. If Charley fails to make reasonable efforts to obtain financing, he would be in breach of the contract;
- d. If Charley refuses to purchase the farm, Bill would be entitled to specific performance.

9. Orville, a contractor, agreed to dig a foundation for Frank's new home, for a cost of \$5,000. When he began the excavation, Orville encountered a large rock formation that would cost an additional \$15,000 to remove. Frank emailed Orville explaining the situation and requested that Frank either find a different site for the home or else pay the additional cost. Which of the following is correct?

- a. Orville could treat Frank's email as anticipatory repudiation and replace Frank with a different contractor;
- b. Orville would have to choose between paying the additional amount or replacing Frank with a different contractor;
- c. If sued for breach, Frank could defend on the basis of impossibility;
- d. If Frank chose a different site for the home, Orville could still sue for damages resulting from the failure to complete the home as agreed.

10. Alan, a salesman for Ajax Enterprises, called the Benton Company and asked to speak with the manager of shipping. The receptionist put him through to Clara, who worked in the shipping department. After exchanging pleasantries, Alan offered to sell Clara 500 cardboard boxes for \$2,000. Clara wasn't the manager of shipping, but she knew that the deal was a bargain, and so she said, "Yes, I think we would be interested. Send me a confirmation letter." Alan asked for her email address and promptly emailed her the following: "Thanks for your order. Confirming purchase of 500 boxes for \$2,000." The mail contained the Ajax logo, along with Alan's name and title. Which of the following is correct?

- a. There is no enforceable contract because it is for the sale of goods worth more than \$500;
- b. There is no enforceable contract because Clara didn't have authority to agree on behalf of Benton Company;
- c. There would be an enforceable contract because the use of Alan's logo on the email qualifies as a "signature";
- d. There would be an enforceable contract if Ajax actually shipped the boxes, even if Benton never accepted them.

11. Jim was in a terrible car accident leaving him with serious injuries. The insurance company for the driver who caused the accident offered to settle the case for \$600,000. Jim's lawyer Morris thought the case was worth considerably more than \$600,000, but he was low on cash and wanted Jim to agree to the settlement so that he could collect a fee of \$200,000. Jim asked Morris whether he should accept the insurance company's offer. Morris replied, "Well, if you took the case to trial, you could get more, but you could also get less. It's your decision." If Jim agreed to settle the case for \$600,000, but later learned that the insurance company would have paid \$1,000,000 if only he had asked for it, which of the following is correct?

- a. Jim could rescind the transaction based on unilateral mistake;
- b. Jim could rescind the transaction based on undue influence;
- c. Both (a) and (c) are correct;
- d. Neither (a) nor (c) is correct.

12. Ursula owned a business that sold artist supplies like paintbrushes, canvases, etc. She decided she wanted to become an artist herself and posted an ad on a social media site announcing the sale of her business, but didn't list a price. Wesley contacted her and expressed an interest in meeting her to discuss purchasing the business. When they met, Wesley offered her \$50,000, which Ursula thought was inadequate. She countered by asking for \$75,000. Wesley said he thought that was too much, but offered \$60,000. Ursula agreed, but said it was contingent on her being admitted as a student to the Picasso School of Art. The agreement was written up and signed by both parties. Subsequently, Ursula was not admitted to the Picasso School of Art, but was accepted by the Botticelli School of Art, which is regarded as having comparable prestige. Which of the following is correct?

- a. Ursula can refuse to sell, but can also choose to enforce the contract;
- b. Wesley is not obligated to buy based on the failure of a condition;
- c. Both (a) and (b) are correct;
- d. Neither (a) nor (b) is correct.

13. Prime Architects signed a contract with Insignia Investors to design a high-rise apartment building in Gotham City. Anticipating that they would need additional staff, Prime Architects signed a two-year contract with Betsy paying her \$150,000 per year. Six months into Betsy's employment, Gotham City changed its tax code and Insignia Investors decided that it would no longer be profitable to build the apartment building, and abandoned the project. As a result, Prime Architects terminated Betsy's employment, but offered to pay her for two months, or the start of a new job, whichever came first. A month after her termination Betsy was offered a similar job for similar pay in a city two hundred miles away, but she declined. If Betsy sued Prime Architects to recover the balance of what she would have earned under the contract, what result?

- a. Prime would owe Betsy at most two months' salary;
- b. Prime would owe Betsy 18 months' salary;
- c. Prime would be released from its obligations under the contract if the purpose of hiring Betsy had been frustrated;
- d. Betsy could sue Insignia Investors as a third-party beneficiary of the contract between Insignia and Prime Architects.

14. Mabel was living in Springfield when she was offered a job with a winery in Argentina. Mabel accepted the job and put all of her belongings into a storage unit at U-StoreIt in Springfield. The contract U-StoreIt presented to Mabel contained an option just above the signature line offering to provide insurance for the contents of the unit for an additional \$25 per month. Mabel signed the contract did not check the box offering the insurance. A clause in the contract also stated, “Customers’ use of a storage unit is at their own risk. U-StoreIt will not be responsible for loss of or damage to the contents of the storage unit.” When she returned to Springfield for a visit, Mabel checked at U-StoreIt and discovered that the lock had been broken and many valuable items in the storage unit were missing. If Mabel sued U-StoreIt for damages, what result?

- a. Mabel would win, because the terms of the contract were unconscionable;
- b. Mabel would win, because the law abhors a forfeiture;
- c. U-StoreIt would win, but only if Mabel had no record (such as photo evidence) of what was taken, allowing an assessment of damages;
- d. U-StoreIt would win because by declining the insurance Mabel accepted the risk of loss.

15. Romeo and Juliet were engaged to be married. Romeo was a brilliant musician, but did not have a steady income. Juliet was part owner of a restaurant that was beginning to earn favorable reviews on social media. Cappelletti, Juliet’s father, a successful investment banker, liked Romeo but was worried that he would not be able to support Juliet. So Cappelletti told Romeo (but never put in writing) that he would pay him \$20,000 if Romeo took an online course that would qualify him to teach music in public schools. Romeo enrolled in the course and was two weeks into it when Juliet broke off the engagement. Cappelletti told Romeo the deal was off. If Romeo sought to enforce the contract, what result?

- a. Cappelletti would win, if the contract was made in consideration of the anticipated marriage;
- b. Cappelletti would win, because the contract was not in writing;
- c. Romeo would win, but only if the contract was not in consideration of marriage;
- d. Romeo would win.



## ESSAY QUESTION #1 (50 points)

Optus Software, Inc., a small computer software company, hired Michael Silvestri as its Director of Support Services, responsible for supervising the provision of technical support services to the company's customers. Joseph Avellino, the company's president and chief executive officer, hired Silvestri for a two-year period commencing January 4, 2025, at an annual salary of \$120,000. Silvestri's duties as a manager encompassed all tasks assigned to him by the board of directors. Specifically, Silvestri was charged with supervision of the support services staff, responsibility for communication with resellers of the Optus computer software to end-users, and coordination of ongoing training for support staff and resellers of the company's products in order to maintain their proficiency in assisting end-users. The employment contract contained a clause allowing termination of Silvestri for "failure or refusal to perform faithfully, diligently or completely his duties . . . to the satisfaction of the company." Termination under that clause relieved the company of any further payment obligation to Silvestri. The contract also contained a paragraph stating, "In the event that legal action is required to enforce this contract, the prevailing party shall be entitled to a reasonable attorney's fee."

Silvestri enjoyed the full support of Avellino during the first six months of his employment. Avellino's communications within and without the organization praised Silvestri's abilities and underscored his role as leader of the support services group. As late as July 16, 2025, Avellino sent an e-mail message to all members of the group, exhorting them to support their new supervisor. The e-mail referred to the problems Optus had been having in providing technical support to resellers and end-users, stressed that Optus had hired Silvestri to help alleviate those problems, and again asked the staff to support Silvestri.

Although Avellino repeatedly expressed his belief in Silvestri's ability and efforts during those early months, his attitude started to change during the summer months of 2025. In June, July, and August, several clients and resellers communicated to Avellino their disappointment with the performance and attitude of the support services staff generally, and several complaints targeted Silvestri specifically. Avellino informed Silvestri of those criticisms. As the criticisms mounted, Avellino's concerns and frustrations grew, as evidenced by his e-mail exchanges with Silvestri and others. Finally, on September 3, 2025, Avellino told Silvestri that they needed to have a "heart-to-heart" talk about his performance. On September 17, 2025, Avellino terminated Silvestri's employment.

You represent Optus. A lawyer representing Silvestri has sent a demand letter seeking damages for the alleged breach of Silvestri's employment contract. Your client wants an assessment of the risk they face. What would you tell them?

## ESSAY QUESTION #2 (70 points)

Kathy Ward posted an ad on Facebook offering a home for sale. Marilyn Cranford contacted Ward, expressing an interest in purchasing the home. Cranford explained that she needed to move quickly but was not immediately able to secure the purchase price. On September 13, 2022, Cranford and Ward signed a lease-purchase contract, with a three-year lease term and a monthly rent of \$550. If Cranford failed to make any payment required by the lease within thirty days after payment became due, Ward had the right to terminate the lease and retake possession. The contract contained the following provision:

Option to Purchase: Lessor hereby grants to Lessee an option to purchase the . . . property at any point during the term of this lease for the sum of \$44,000.00. \$400.00 of the monthly lease payment shall be credited against the purchase price. Lessee may make additional payments during the term of this lease against the option price. Should Lessee exercise her option to purchase, Lessor shall convey the property to Lessee via special warranty deed. In the event Lessee is unable or should not exercise this option to purchase, Lessee shall not be entitled to a refund of any of the rental paid, nor shall they be entitled to any payment for the improvements or repairs made to the property.

Ten days prior to the signing of the contract, Cranford wrote Ward two checks totaling \$10,000. On the day the contract was signed she wrote her another check for \$10,000. These payments are not identified in the contract. Cranford made all monthly rent payments. On November 8, 2025, Cranford sent Ward a letter notifying her of Cranford's intent to exercise the purchase option. The letter stated in part, "I paid \$20,000 in 2022 and since that time I have paid \$14,400 as per the contract, leaving a balance of \$9,600 in accordance with the terms of the contract. I am enclosing a check for \$9,600 and request that you arrange for a closing date."

On December 1, 2025 Ward's attorney sent Cranford a letter stating that to exercise the purchase option Cranford would need to pay the balance of the purchase price, namely \$33,600, and set a closing date of January 15, 2026.

Cranford has come to your office to find out what her options are. As part of your investigation, you have a copy of the Facebook ad stating an asking price of \$66,000 for the property. Please prepare a memo advising Cranford of her rights.