

AGN _____

Contracts § 1
Professor DeWolf

Fall 2025
October 2, 2025

MID-TERM 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.

For the multiple choice questions, enter your answer on the Scantron sheet that will be distributed. Choose the BEST answer.

This exam will last **90** minutes. Plan on spending at least 10 MINUTES reading the essay question and outlining your answer. REREAD the question to be sure you haven't missed anything.

Please discuss only the kinds of issues that have been covered in Chapters 1 through 4. Please **OMIT** from your analysis any discussion of issues that are covered beyond that point

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 5 minutes or so at the end PROOFREADING your answer to the essay question. You may not write ANOTHER WORD after time is called.

REMEMBER THE HONOR CODE: DO NOT IDENTIFY YOURSELF

GOOD LUCK!

MULTIPLE CHOICE QUESTIONS

1. Winston owned a trombone that he highly valued. After he was injured in a car accident he could no longer play the trombone. He decided to place an ad on an internet shopping site to see what kind of prices he could get. The ad said “Trombone for sale. No reasonable offer refused.” Tricia answered the ad and made an appointment to come to Winston’s house to check out the trombone. When she saw it, she offered Winston \$1,000. He was hoping for more money, so he said, “No, that’s not enough.” Tricia asked, “So what do you want for it?” Winston replied, “Actually, I don’t think I want to sell it.” Tricia said, “Well, why did you place the ad? I drove across town because you said it was for sale.”

Assume that the trombone would be appraised at \$800. Could Tricia enforce Winston’s offer to sell the trombone?

 - a. No, because there was no price specified in the offer.
 - b. No, because Winston didn’t really want to sell the trombone.
 - c. Yes, because Tricia relied to her detriment on the promise to sell.
 - d. Yes, because Tricia’s offer was reasonable.
2. Linda was 17 years old but she appeared to be at least 20 years old. She went to a cell phone company store and asked to see the latest smartphones. She picked one out and signed a contract that required her to pay \$50 per month for the phone for the next 24 months, plus \$40 per month for cell phone service,. Linda used the phone for a month and then brought it back to the store saying she didn’t want it any more. The cell phone store employee told her she was obligated under the contract. Linda told the store employee she was only 17. However, one day after returning the phone Linda turned 18. Can the store enforce the contract?
 - a. No, because the contract with Linda was illusory.
 - b. No, because Linda was a minor at the time she entered into the contract.
 - c. Yes, because Linda was acting in bad faith by not revealing her age at the time she purchased the phone.
 - d. Yes, because once she turned 18 Linda ratified the contract.
3. Grandfather was very fond of his granddaughter Iris. Grandfather was concerned that Iris wasn’t serious about her studies. When Iris turned 16, Grandfather wrote Iris a birthday card that stated the following: “Because your education is so important, I will pay for your college education if you achieve a 3.5 GPA at graduation.” Iris applied herself and graduated with a 3.5 GPA. However, in the meantime Grandfather met his soulmate at the local casino, who persuaded him that he should spend his money on her rather than his children or grandchildren. If Iris sued to enforce Grandfather’s promise, what result?
 - a. Iris loses, because no price was specified for the cost of her college education;
 - b. Iris loses, because she suffered no detriment.
 - c. Iris wins, but only on the basis of promissory estoppel, which limits her recovery to reliance damages;
 - d. Iris wins, and can enforce Grandfather’s promise to pay for her college education.
4. Stacy is employed by Widgets, Inc. Stacy is paid \$120,000 per year as the quality control supervisor. Stacy asks her boss Henry for a raise, but Henry refuses. Annoyed that Stacy

isn't satisfied with the salary he's paying her, Henry decides to require Stacy to sign a non-compete agreement. If Stacy refuses to sign the non-compete agreement, can Henry fire her?

- a. No, because doing so would violate the covenant of good faith;
 - b. No, because Widgets has offered no consideration in exchange for the modification of their agreement;
 - c. Yes, even if Widgets and Stacy have a contract for a specified duration.
 - d. Yes, but only if Widgets follows whatever procedure is specified in the employee handbook.
5. Acme Timber Company signed a contract with Grippo Loggers. The contract specified that between January 1, 2025 and January 1, 2026 Grippo would deliver all of the logs it harvests to Acme, and Acme will pay \$1.50 per board foot after it has processed Grippo's logs. No quantity is specified, but Grippo tells Acme it estimates that it will deliver 10 truckloads of logs. On July 1, 2025 the price of timber plummeted, and Acme asked Grippo if it would accept \$1.25 per board foot instead of \$1.50 per board foot. Which of the following is true?
- a. Because no quantity was specified, the contract is illusory and unenforceable.
 - b. If Grippo delivers no logs to Acme, it would be in breach of its contract.
 - c. Acme is obligated to purchase logs from Grippo under the terms of the contract.
 - d. If Grippo agreed to accept \$1.25 per board foot, the modification would be unenforceable in the absence of consideration.

ESSAY QUESTION

Jaime Mendoza retired from professional tennis in 2023, and began working at the Wind River Tennis Club as a tennis professional. He was unhappy about the fact that there were no decent tennis facilities in Springfield, the town where he grew up. Mendoza began research to see whether or not a tennis facility could be built there. In 2023 and part of 2024 Mendoza spent considerable time and money developing this idea. Mendoza located a suitable site for the facility, negotiated a proposed long-term lease with the owner of the property, obtained a feasibility study and preliminary architectural drawings, found a suitable builder, and had fruitful discussions with a Springfield bank concerning financing the project. In connection with these efforts, Mendoza incurred expenses in the amount of \$10,000 and spent time worth \$25,000.

On July 1, 2024 Mendoza met Thomas Feeley at Feeley's office. At the meeting Mendoza described his background as an experienced tennis instructor and disclosed his ideas concerning the establishment of the tennis facility. Mendoza described the work he had performed in developing the site and the expenses he had incurred. He disclosed the identity of the property owner with whom he had been negotiating a long-term lease and the name of the bank with which he had negotiated for financing. Mendoza also provided Feeley with a copy of the feasibility study for the tennis facility.

On August 3, 2024, Mendoza introduced Feeley to the property owner of the proposed site and on August 15, 2024, Feeley introduced Mendoza to Donald Bray, a wealthy investor who frequently participated in real estate developments of various descriptions. Bray told Mendoza that Feeley was authorized to determine whether the idea was a desirable venture and if so, Feeley and Bray would obtain the necessary financing and Mendoza would participate as the manager and part owner of the enterprise.

By October 2024, Feeley had determined that the facility was a desirable project and he, Bray, and Mendoza met to discuss the financial interest each would have in the enterprise. Feeley prepared a written memorandum setting forth the terms of the parties' agreement and on October 21, 2024 submitted it to Mendoza for his signature. Mendoza believed that the terms in the agreement conformed to the parties' earlier discussions. The memorandum also included, however, additional terms, not previously discussed, relative to financing the project in the event that existing arrangements for financing failed to materialize. Mendoza sought clarification of the additional terms before executing the document. He received no response and never executed the document. Sometime in early January, 2025, Feeley and Bray decided to proceed with the development of the facility in partnership with each other and to exclude Mendoza from any participation in the project. To this end, Feeley and Bray formed on February 1, 2025, a limited partnership known as Tamarack Tennis Associates, the name Mendoza had proposed for the facility. Although Mendoza contacted both Feeley and Bray at various times throughout the spring of 2025, they did not disclose to Mendoza that they had excluded him from participation in the project until August 3, 2025. Construction of the facility was commenced in early July, 2025, and was completed by September 2025.

After forming the limited partnership, Feeley and Bray obtained a long-term lease of the same site Mendoza had suggested and for which Mendoza had provided a feasibility study. The terms of the lease were the same as those negotiated by Mendoza. Feeley and Bray obtained financing for the construction of the facility from the same bank with which Mendoza had negotiated.

Mendoza has come to your office to find out whether he has any claim against Feeley and Bray. What would you tell him?