

1950

## Contracts: Final Examination (January 24, 1950)

William & Mary Law School

---

### Repository Citation

William & Mary Law School, "Contracts: Final Examination (January 24, 1950)" (1950). *Faculty Exams: 1944-1973*. 3.  
<https://scholarship.law.wm.edu/exams/3>

CONTRACTS  
Final Examination  
January 24, 1950

1. In 1932 X lent Y \$5,000 at 6% interest per annum. Y deposited the \$5,000 in the Z bank. This bank failed and Y lost 80 cents on the dollar. X was also a depositor in the Z Bank and if he had not lent the \$5,000 to Y he would have had just that much more in the Z Bank when it failed. Y reminded X of this fact and asked X to make some adjustment. X wrote Y a letter stating therein that Y could have 15 years in which to repay the loan and that he need not pay any interest. Disregarding the statute of limitations, is Y under a duty to pay X the interest? Give reasons.
2. A contractor, C, agreed to build a house for D for \$50,000. C engaged subcontractors to plaster, to install the plumbing, and to do the bricklaying at cost plus ten per cent. Before work got underway it reasonably appeared to all that C was in extreme financial difficulties and probably would not be able to pay the subcontractors. D wrote the subcontractors telling them that if they would go ahead with their work he would pay them himself. Relying on these promises the subcontractors did the work, and their bills came to over \$50,000. D defended on the grounds, (a) He was not notified by the subcontractors that his offer had been accepted, and (b) that there was no consideration to support his promises. Discuss the validity of these contentions.
3. X bought Blackacre from Y agreeing in writing to pay \$10,000 for it when X inherited his father's estate. X unexpectedly predeceased his father and was survived by a ten year old son who, as a grandson, was X's father's sole heir. After X's death Y sued X's personal representative for the price of Blackacre. What judgment and why?
4. International News Service dispatch.

"Chicago, March 28, 1947 (INS): A Chicago physician agreed today that he might have gone to the wrong house but at least he gave the patient the right treatment.

"His misadventure began Wednesday when he received a call at his office from a Mrs. Moss who said her husband needed medical attention. He looked up the name 'Moss' in his card index and noted the address, 515 Briar Place. Mrs. Richard Moss let him in and he asked where he could find her husband. She pointed to the bathtub. The physician asked Moss how he felt and he admitted he was suffering from chest pains. He ordered Moss to go to bed, gave him some medicine and left.

"At his office, the phone rang and the caller identified herself as Mrs. Moss. She asked him when he was coming to examine her husband.

"The doctor replied: 'I did.'

"Mrs. Moss assured him he hadn't and told him her address, 339 Armitage Avenue. The doctor hurried there and found C. Edward Moss with a chest pain but not in a tub. His symptoms were the same as Richard's and the doctor gave him the same medicine. Then the physician called Richard Moss, ending an argument which had developed between Richard and his wife as to who had called the doctor in the first place.

"The physician reported both patients were doing well."

What, if any, is the liability of Richard Moss? Give reasons.
5. X heard that Y, the owner of Blackacre, wished to sell it. On April 1st he wrote Y, "I would like to buy Blackacre from you. I hereby offer you \$12,000 payable as follows, \$3,000 down payment check for which is enclosed said check not to be cashed unless this offer is accepted, balance payable on September 1st, next, possession and deed to be given at that time. (Signed) X." Y turned the above letter over to his secretary for filing. She had his authority to indorse



checks and she inadvertently indorsed it and deposited it to Y's credit. When Y found out what had happened he wrote X stating that the check had been deposited by mistake, and enclosed his own check for \$3,000. He also stated that he would not sell for less than \$17,000. X returned this last check to Y and demanded a deed at once. Is he entitled thereto? Give reasons.

6. X owned a lot in Norfolk. He wished to erect an apartment house thereon and engaged Y, an architect, to draw the plans agreeing to pay him \$700 for so doing. Y drew up the plans but they could not be used because the plans as drawn violated the local zoning law which provided that no building in that particular section should occupy more than 50 per cent of the lot or lots on which it was located. To what extent, if at all, is X liable to Y? Give reasons.

7. X gave his note payable six months from date to the Y Fire Insurance Company for the first year's premium. A loss occurred nine months after the issue of the policy. The note had not been paid. Is the Insurance Company liable? Give reasons.

8. S orally told C that if C would lend PD \$1,000 for a year S would pay him that sum if PD did not repay the loan when it became due. C accepted the offer and lent PD the money but failed to notify S that he had done so. PD failed to repay the loan and C then wrote S a letter telling him the facts. S replied that he recognized liability as per C's letter to him, and that he would send C his \$1,000 with interest on the first of next month. He failed to keep this latter promise and C sued S who defended on the ground that there was no consideration. Is this a good defense? Give reasons.

9. L leased land to T for one year at an agreed rental. A clause in the lease gave T an option to renew the lease for one more year on the same terms as for the first year. What is the argument that L need not renew if T wishes to renew? What fallacy, if any, is there in that argument?

10. X was the owner of an automobile liability insurance policy which the Company could cancel on 10 days' notice and which X could cancel at any time. Under certain conditions if X were to cancel the policy he would be entitled to a refund. X mistakenly thought that if he cancelled the policy on August 1, 1949 that he would have a \$10 refund when as a matter of fact he would have no refund. On August 1, 1949 X gave the Company written notice to cancel the policy and demanded whatever refund might be due. The Company wrote back that it was referring the matter of cancellation to its agent, Mr. A, and that there was no refund due. A few days later X negligently injured T, and T recovered a judgment against X. Is the Company under a duty to pay off the judgment as per its contract of insurance? Give reasons.