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Contracts: Final Examination (January 21, 1952)

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FINAL EXAMINATION - CONTRACTS - JANUARY 21, 1952

1. PD was principal debtor, C was creditor, and S was surety on PD's note payable to C. Just before maturity of the note PD asked C if he could have an additional ten days in which to pay the obligation. C, without consulting S, replied, "You can have not to exceed ten more days if you want them." PD failed to pay at the end of the ten day period and C demanded payment from S. The note bore interest at 6 per cent until paid. Is S liable? Give reasons.
2. X took out fire insurance on his house for three years from March 1, 1947, to March 1, 1950. On February 15, 1950 the insurer sent him an executed policy for an additional three years and wrote him, "Enclosed please find policy numbered 514597 which takes the place of your policy which expires noon March 1, 1950. Unless we hear from you to the contrary we will regard this policy in full force and effect from noon March 1, 1950." The insurer did not hear anything from X.
 - (a) If X has no fire can the insurer obtain a judgment against X for the amount of the premium? Give reasons.
 - (b) If X has a fire on March 4, 1950 is he legally entitled to his insurance? Give reasons.
3. D put in a heating plant for O, the owner of a building used for a supper club. The plant was put in so defectively that it would not even heat hot water for dishes and it would cost \$3,000.00 to remedy the defects. O sold the building to P saying nothing about the defects. When P discovered them he sued D for \$3,000.00 damages for breach of contract. What judgment and why?
4. P applied to D for liability insurance on his car from February 1, 1947 to February 1, 1948 and the requested policy was issued and paid for. On January 15, 1948 D wrote P notifying him that his policy would expire on February 1st, and requesting him to see him about a new policy. P did not see D until February 20th when he paid D \$25.00 cash and gave him a note for the balance. P paid the note the following May. The policy as given to P ran from February 1, 1948 to February 1, 1949. On January 15, 1949 D again wrote P that his policy would expire on February 1st and requested P to come by D's office for a new policy. P procrastinated and failed to attend to the matter. On February 10th P negligently drove his car into X. Is P protected by insurance with D? Give reasons.
5. Defendant, without any consideration therefor gave plaintiff a 30-day written option, not under seal, to purchase certain land for \$10,000. Within the 30 days plaintiff notified defendant of plaintiff's election to take the land and tendered the money, together with a deed which he requested defendant to execute, but defendant refused. Is plaintiff entitled to specific performance of the agreement? Give reasons.
6. The Governor of the State of X, pursuant to statutory authority, offered a reward of \$1,000.00 for the arrest and conviction of C, a murderer. A knew C was a murderer, but did not know of the reward. A attempted to arrest C who ran. A then shot C who died a few hours later. Is A entitled to the reward? Give reasons.

7. A agreed on January 1, 1951 to purchase a farm from B for \$10,000. He paid \$5,000 down. The written contract provided that he should pay the remaining \$5,000 on March 1, 1951. A was unable to raise the money on March 1. On April 1st B wrote A, "Not having heard from you since last January, this is to notify you that our land deal is off and that the \$5,000 paid by you is being retained by me as and for liquidated damages." What are A's rights? Give reasons.

8. X falsely represented himself to be a single man and proposed marriage to Miss Y who accepted him in good faith. A year later Miss Y discovered the truth, left him at once, and sued him for \$1500 on quasi-contractual principles claiming that the domestic services rendered X were reasonably worth that sum over and above food and shelter received. What judgment and why?

9. Seller and buyer on January 2, 1951 entered into a written agreement whereby seller promised to sell and deliver to buyer on March 1, 1951 certain personal property, and buyer promised to pay to seller \$500 on January 15, \$500 on February 15, and \$500 on March 15. Buyer paid the January installment on time, but failed to pay the February installment. Seller did not tender the property on March 1 or thereafter, but on March 2 instituted an action for \$500. What judgment and why?

10. S promised to sell and B promised to buy a quantity of glucose. The written contract was made in April of 1946. On May 6th S wrote B that he would not deliver the glucose. B wrote back that if S knew what was good for him he had better have the glucose for him on or before September 18th as per the written contract. S refused to sell the glucose to B, and B sued S. The price of glucose had risen steadily since April of 1946. B could have purchased glucose from others in May for delivery in September, but did not. What is the measure of damages? Give reasons.