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## Contracts: Final Examination (August 13, 1965)

William & Mary Law School

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CONTRACTS - Final Examination - August 13, 1965

1. P stored his household effects in D's Storage Warehouse. D agreed to return the goods to P six months later in the same condition as received ordinary wear and tear excepted, and P agreed to pay certain storage charges. D gave P a receipt for the goods. On the back of this receipt were the words, "Notice. We carry fire insurance for the protection of our customers." After the goods had been in storage for five months the warehouse burned without fault on D's part, and P's goods were destroyed. D had no insurance. P sought to hold D for the reasonable value of the goods destroyed. Can he do so? Give reasons.
2. F orally requested S to go surety for B who was F's brother. B wished C to accept his (B's) note as a down payment on a car. F told S that if he would sign B's note as a surety co-maker he (F) would save him harmless from any loss in event S had to pay. S did as asked, eventually had to pay the note, and then sued F who had refused to reimburse him. What judgment and why?
3. B agreed in writing to buy, and S to sell Blackacre on the following terms: \$500 down, balance of \$7,500 to be paid two months later, deed to be given by S to B when the \$7,500 was paid, time to be of the essence of the contract, and if B failed to perform as promised, S to have the right to keep the \$500 as liquidated damages. After the expiration of three months, neither party having done anything in the meantime, B tendered S \$7,500 and demanded a deed to Blackacre. Is S under a legal duty to give B the deed? Give reasons.
4. C, a contractor, orally promised to build O, the owner of a lot, a house on said lot according to certain plans and specifications for \$25,000. When C was one-fourth done O owed C \$6,000 in progress payments that had become due. As O was about to pay C this money, C told O that he was losing a great deal on the job and that O would have to get someone else to finish it. When O heard this he refused to pay C the \$6,000. The best O could do was to find a contractor who would complete the work for \$32,000, and this the second contractor did. C threatened to file a mechanic's lien against the property unless O would give C his (O's) note for \$6,000 that C claimed was due. O gave such a note to C in consideration of C's not filing the lien. When the note matured C sued O for the face amount of the note. What judgment and why?
5. C agreed to construct a bomb shelter for O according to certain plans and specifications for \$8,000, and O agreed to pay that amount upon completion of the job. After each party had signed the agreement, but before C had started to perform, O died. The shelter, if constructed, would only have increased the market value of O's property by \$500. O's executor told C to call the whole thing off. C sued O's executor for \$1,000 which was the profit he would have made on the job. Judgment for whom and for how much, if anything? Give reasons.
6. X offered to sell Blackacre to Y for \$50,000. The offer was under seal, and by its terms was to be open for ten days from its date. On the ninth day Y telephoned X and requested that he be given an additional five days. X replied, "all right, you can have five more days." Three days later Y mailed X a written acceptance which X received on the same day along with his check for \$50,000. X returned the check and refused to convey the land. Was X within his rights in so refusing? Give reasons.



7. P, a pedestrian, was negligently injured by D who was driving his own car. P borrowed \$1,000 from F to pay hospital and family living expenses. He gave F his note for \$1,000 and executed and delivered to F the following paper: "Know all men by these presents that I, P, hereby assign to F all my rights against D growing out of an accident on June 1, 1965 as security for a \$1,000 loan made to me by F on this 1st day of August, 1965. In witness whereof I hereby affix my hand and seal. (Signed) P, Seal." F at once notified D of the assignment. A week after the above notice P settled with D, and gave D a release. P paid other bills with the money received. What rights, if any, has F against D? Give reasons.

8. A and B were competing manufacturers who sold goods in area X. In order to lessen competition, maintain prices, and operate more economically they agreed that Z would sell only in the eastern half of area X, and that B would sell only in the western half of area X. The agreement was in writing; signed by each, and was to be in force five years. During the five years A's eastern half of area X grew far more rapidly than B's western half, and B unilaterally renounced the agreement and solicited business in A's eastern half of area X. A seeks an injunction and damages. Is he entitled to neither, either, or both? Give reasons.

9. P, a few days prior to his twenty-first birthday, promised to buy from X a motorcycle, which he did not need, for \$300. After he became 21 years of age he told X, "If you will let me have the motorcycle for \$200, I'll take it, but \$300 is too much." X reluctantly agreed to take the lesser amount. Is X legally bound to sell the motorcycle to P for \$200? Give reasons.

10. D contracted with S, the State Highway Department, to construct a highway as per specifications. To do this D needed 30,000 cubic yards of fill which had to meet certain requirements of which D had knowledge. P owned a tract of land on which there was a small hill containing some 40,000 cubic yards of earth. D looked at the hill and erroneously assumed that the dirt therein met the requirements. He agreed to purchase 30,000 yards at 10 cents per cubic yard from P and P agreed to sell the 30,000 yards at that price. Two days later, I, an inspector for S, looked over the dirt in the hill, and made some tests thereof. These tests showed that the dirt in question failed to meet the requirements set forth in D's contract with S. After D learned this he notified P that the deal was off since he could not use the dirt for highway fill or anything else. P refused to agree to a cancellation and sued D for \$3,000 damages for breach of contract. What judgment and why?