

Empire College School of Law  
Professor Boyd  
Contracts – Fall 2009  
Mid-Term  
Monday, December 14, 2009

Exam Question No. 1  
60 minutes

Joe Brown is a millionaire who collects antique autos. He is interested in having two 1935 sport cars rebuilt. He contacts four expert antique car restorers and asks them to submit the total cost they would charge to restore the two vehicles, supplying all parts. Bob Smith is one of the four restorers contacted and he calls Joe and asks how rare these cars will be once they are restored. Joe says that they will be two out of four in existence in the U.S. This is important to Bob because he can use this fact in his advertising. Actually, there will be four such cars in the U.S., but 200 of the very similar 1934 version of the auto are in the U.S., making the 1935 model not very rare but Bob did not learn this until two months later. Bob sends by fax a written proposal on January 25th offering to do the work for \$15,000 per car for a total price of \$30,000. The next lowest proposal is \$40,000 total price for both cars.

In drawing up his proposal, Bob asked four expert antique engine mechanics to submit proposals to him to do the work on the motors of the two cars. Jane Star, one of the expert mechanics and familiar with the two 1935 cars Joe Brown is interested in, had submitted a written proposal on January 20th, agreeing to do the work for \$10,000. Jane's proposal is \$5,000 lower than the lowest of the three other proposals. The other three proposals were within \$1,000 of each other.

On January 26th, Joe Brown sends a letter to Bob Smith accepting his offer to do the job. On January 27th, Bob dictates a letter of acceptance to Jane Star which his secretary typed and put in the sidewalk mailbox for the postman. Also on January 27th, Jane Star, realizing she had made an error in tabulating the amount of copper required and fine machinery necessary to restore the engines, calls Bob Smith and says she revokes her proposal since her actual cost would be \$5,000 more and is no longer interested in doing the work. It would cost Bob \$6,000 more to get one of the other expert mechanics to do the same work. Bob is unwilling to do the job if it will cost him \$6,000 more.

Who has what rights against whom? Limit your answer to contractual issues. Consider all possible theories of liability. If there are any important facts not stated in the problem, state what those facts are before proceeding with your answer.

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Exam Question No. 2  
60 minutes

Without a signed contract, Holly hired Roger as the architect on a new project. Roger was to perform all the necessary architectural design work on a proposed \$5,000,000 building, including a prestigious penthouse, on vacant land on the edge of Santa Rosa's downtown area. After Roger had expended substantial effort, he learned that Holly intended to hire another architect to design the penthouse. Angry, Roger threatened to resign unless Holly kept the penthouse work for him and increased his fee for the project from \$100,000 to \$200,000. Roger argued that the project was requiring significantly more work than he originally anticipated. Holly reluctantly agreed.

When Roger finished the design work, Holly refused to pay him more than \$100,000. Roger was angry but cashed the check because he needed the money. He then hires you to discuss his claim against Holly for the balance of his claimed fee of \$200,000.

Discuss the enforceability of Roger's claim for the additional \$100,000 fee.