

LAW 7107-02, CONTRACTS II

MIDTERM EXAMINATION, SPRING 2005

Prof. Tom W. Bell

Wednesday, February 23, 2005, 1:00 p.m. to 2:15 p.m.

Please write your exam number here: _____ and turn in this exam with your answers. If you fail to turn in your exam you may forfeit some or all of your grade.

This exam consists of 10 multiple-choice questions and one essay question. The multiple-choice section is closed book and counts for 3/8ths of your grade for this exam. You have 18 minutes to complete the multiple-choice section, or an average of 1.8 minutes per question. Indicate the one best answer to each multiple-choice question by filling in your Scantron sheet as directed.

The essay section is partial open book. You may use your casebook, statutory supplement, any material that I handed out in class, and any notes that you or your study group prepared. You may not use other materials, such as nutshells or commercial outlines. The essay section counts for 5/8ths of your grade for this exam. You have 30 minutes to complete it. I advise you to allocate your time accordingly. Also, before you begin writing any essay answer you should: 1) read the question carefully; 2) think about exactly which issues you need to address; and 3) outline your answer. Good organization and good analysis almost always go hand-in-hand.

Write on only one side of each page, on every other line. If you use more than one bluebook, please number the booklets so that I can easily follow their intended sequence. Please write as clearly as possible. I cannot grade what I cannot understand.

Unless otherwise indicated, all events described below take place in a common law jurisdiction where the legislature has enacted the UCC.

If you have any procedural questions about taking this exam, please contact the Registrar. If you think it necessary to assume an unstated fact in order to answer a question you may do so, but you should clearly indicate that you are making an assumption and briefly explain why you consider it reasonable to do so.

Do not turn the page until told to begin the exam.

Multiple Choice Questions

3/8ths of exam's total grade
(maximum allowed time: 18 minutes, or 1.8 minutes/question)

[excised]

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Essay Question

5/8th of exam's total grade
(maximum allowed time: 30 minutes)

Howard and Molly married and had a son, Sam. They divorced in 1995, at which time Sam was 19 years old, living at home, and attending college full-time. The divorce decree included a written property settlement agreement, which both parties duly signed and which included an integration clause. While negotiating the contract, Howard and Molly agreed that Howard should help Molly support Sam until he finally "left the nest." They captured that sentiment in the agreement by stipulating that Howard would "pay to Molly, as trustee for Sam, \$500/month for the support and education of Sam, so long as Sam continues his college education."

Howard duly made those monthly payments until 1997. At that time, Sam dropped out of school, moved away from home, got married, and took a job to support his new wife and child. Howard stopped making payments in support of Sam. In 2000, Sam resumed his college studies on a part-time basis. He managed to fund them himself until 2002, at which time he asked Molly for financial help.

Molly had not objected in 1997 when Howard had stopped supporting Sam. Nor had she asked Howard to resume making payments in 2000, when Sam had returned to school. In 2002, though, she told both Sam and Howard that she would resume her obligations as trustee for Sam, supporting his education and receiving payments under the divorce decree's property settlement. Howard replied that he no longer felt obligated to make those payments.

Notwithstanding Howard's reply, Molly encouraged Sam to resume his education at her expense. She raised money by hurriedly selling some rare family heirlooms. The rushed nature of her sale caused her to get only \$50,000 for the antiques, even though an appraiser assured her that she would get twice that amount if she could wait for the right buyer.

Sam has been back in school for six months, now. Molly has brought a breach of contract suit against Howard, who has steadfastly refused to make support payments. Discuss the rights and remedies of the parties under contract law.