

**Final Examination
Contracts I**

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1. You have two (2) hours to complete this exam.
2. This is a **closed** book exam.
3. This exam consists of one (1) essay question. Please write your response in the blue books provided. Please write clearly. Write on every other line and every other page to permit instructor comments.
4. Write your exam number on your exam envelope. Put your correct class section and student exam # at the top of this page, each page of questions, and each blue book. **Do not** use your name, student ID number or Social Security Number on any exam materials.

If you believe you need any additional factual information, reveal exactly what it is and how it will affect your answer.

5. At the conclusion of the exam, return all test materials, including blue books, scratch paper, and this exam packet to the envelope and submit it to the proctor. **DO NOT** seal the envelope. Students who do not return all exam materials at the end of the exam may not be graded.

GOOD LUCK!

Essay Question

It was Sissie's turn to host the family Thanksgiving dinner. She knew it – and dreaded it – six months in advance. The only way she could measure up to the family's demanding expectations was with a full kitchen remodel. She signed a contract with Charles on May 16 to remodel the kitchen at a price of \$50,000. Then Charles disappeared to attend a three week cooking school in France.

When Charles returned, he dodged Sissie's phone calls for a month and then finally announced that he had found his true calling as a chef. He wouldn't be doing Sissie's -- or anyone else's -- remodeling projects anymore. He was going to open his own restaurant – Chez Charles.

So Sissie turned to another contractor, Loretta. She signed a contract identical to her contract with Charles except for two provisions:

1. an increase in contract price to \$60,000; and
2. a provision specifying a completion date no later than November 21 and calling for a rebate to Sissie of \$1,000 a day for every day work continued thereafter.

As the big day drew near, Loretta kept promising timely completion. But it didn't work out that way. Sissie's kitchen was finally completed on November 29, a week after Thanksgiving. Sissie wound up taking her family – a group of twenty-five – out to dinner on Thanksgiving to the only restaurant that could accommodate a party of that size at the last minute – Chez Charles. The bill was \$2,500.

Sissie was unhappy with the service, the food, and the price. She decided to leave no tip. But when the bill arrived, a tip of 20% or \$500 had already been added on – a practice, Charles explained, that applied to groups of six people or more at all decent restaurants.

Aunt Emily refused to join the rest of the group for the holiday meal. As she has made abundantly clear over the years, Aunt Emily suffers from a number of alleged food allergies and will eat only food prepared by herself or trustworthy friends and family members. When Aunt Emily found out she would not be eating the home-cooked meal Sissie had promised, she checked out of her hotel and flew home. Aunt Emily expects Sissie to reimburse her airfare and hotel bill because she never got a change to see or correct any of the family members before her abrupt departure.

Advise Sissie about the legal implications of her difficulties with Charles, Loretta, and Aunt Emily.