

**MIDTERM EXAM
CONTRACTS MID-YEAR ADMISSION §LS-1
PROFESSOR JANICE KOSEL
SPRING 2005**

1. You have three (3) hours to complete this exam. You may allocate your time as you wish.
2. This is a **closed** book exam.
3. There are two parts to this examination—multiple-choice and essay.

PART I: The multiple-choice segment is worth **1/3** of your grade. Indicate the best answer on the separate “ParSCORE TEST FORM” using pen or pencil and following the instructions on that form. If you change your answer, place a clear **X** through the wrong answer and mark the correct answer. A machine will score the exam and any ambiguities will be counted as a wrong answer.

PART II: The essay segment is worth **2/3** of your grade. If you believe you lack sufficient facts to answer the question, please specify what additional information you require and how it will affect your answer. Please answer the essay question in the blue books provided to you. Write only on the right hand side of the page (skipping a page each time) and double-space your work. Please write clearly.

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, each blue book, and the “ParSCORE TEST FORM.” **Do not** use your name, student ID number or Social Security Number on any exam materials.
5. At the conclusion of the exam, return all test materials, including blue books, ParScore answer sheet, 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.
6. Good luck and have a great holiday!

PART II

The president of the university was thrilled. A real estate developer whom he had met through one of the school’s loyal alumnae promised to make a donation in the amount of \$10 million to construct a nursing building. In gratitude, the president immediately invited the developer to serve on the university’s board of trustees, a move that benefited the developer by enhancing his business contacts. Then the president hired an architect and contractor to begin work on the building.

Over the next two and a half years, the new nursing building was completed. Unfortunately, after repeated requests, the developer has yet to come up with a dime of the promised gift. That leaves the university in a pinch as the president borrowed construction costs from a bank and from the university's endowment fund.

Now there are insufficient university monies to fund the intercollegiate football program so it must be canceled – in the face of strong alumni and student opposition. And the university plans on canceling a speaker series. Fortunately, only the Dalai Lama has been scheduled at an agreed upon fee of \$3,000 plus expenses.

1. Advise the university president about his current legal position.
2. If you could turn back the clock two and a half years, what advice would you have given the university president?
3. The university president was just fired. In January 2001 he signed a seven-year contract with the university calling for an annual salary of \$200,000 a year. The president now plans to retire early and enjoy the fruits of his labors. Advise him.

END OF EXAM