

Contracts practice exam



**ASSIGN
BUSTER**

Bob v. Alex Was there an Offer from Alex to Bob on February 1st ? An offer is an outward manifestation of intent to be bound by contractual agreement requiring definite and certain terms that are communicated to the offeree.

Bob will assert that when Alex mailed him a letter offering him “

Oceanhaven” for the May-June season that Alex did this act with a present contractual intent in mind. Further, the facts stipulate that Alex identified the terms as “ same terms as last year” which implies both parties are aware of the terms.

Lastly, given that Alex asked Bob to respond within a week, implies that he sent Bob an offer to lease Oceanhaven for the season. Was there an indirect revocation of the offer on February 4th? The knowledge by an offeree from a reliable source that offeror can not perform. It requires acts inconsistent with the contract. The facts assert that Bob learned about Oceanhaven no longer being available on February 4th. Further, Bob heard this information from his real estate agent. Since his real estate agent is probably in the business of knowing what properties are available for season rentals, this appears to be a reliable source.

Moreover, the news the real estate person shared was that Oceanhaven was rented to someone else for 6 months, effective March 1st. Accordingly, Oceanhaven would no longer be available from May through June. Because of this, the offeror can no longer perform. Lastly, since the person who is renting Oceanhave is not affiliated with Bob, it is reasonable to say that the acts are inconsistent with the terms of the offer. Did Bob accept Alex’s offer on February 5th? An acceptance is an unequivocal assent to the terms of the

offer. A bilateral contract requires a return promise while a unilateral contract requires complete performance.

According to the facts, Bob wrote Alex on February 5th stating “ I’ll take Oceanhaven per your letter of February 1st. Being that Bob accepted Alex’s terms as-is, Bob unequivocally assented. Further, given that to the terms of the offer were “ same as last year”, it is reasonable that Bob was aware of the terms of the agreement. Should the court determine that Alex did not have an indirect revocation on February 4th, Bob’s acceptance is valid because he wrote back within a week, as per the terms of the offer. Bob v. Tom Was there an offer from Tom to Bob on February 2nd?

See supra Here, the facts show that Bob visited the Shores to inquire about homes for rent for one season. Further, Tom, the caretaker of the Shores, showed Bob both the Yellowhouse and Greenhouse as homes that would be available for Bob to select from. Lastly, Tom mailed Bob a letter stating he had confirmed all terms with the owner of the home, Dave. Because of Bob’s actions of touring the Shores and because of Tom’s actions of confirming the terms of contract with the homeowner before mailing the letter, both parties had a clear and present intent to form a contract.

Next, Bob will assert that the terms were definite because Tom had stated he already confirmed them with Dave and that the terms were Yellowhouse at \$5, 000, or Greenhouse at \$2, 000 for the May through June season, all services included, payable in equal monthly installments. Since the price was specified, the length of the contract was identified, and the item being considered for rent was specified; either the yellowhouse or the Greenhouse.

Accordingly, the terms were definite for both parties. Lastly, Tom mailed the letter to Bob, who received it on February 2nd.

Thus, the offer was communicated to the offeree by mail. Was there a counter-offer for Yellowhouse on February 4th? Words of conduct that a reasonable person would understand as a rejection of the terms of the offer. Here, the facts show that Bob wrote to Tom on February 4th regarding the yellowhouse and stated, I believe your prices are high. Will you take \$4, 000 for Yellowhouse? Because Bob was trying to affirmatively change the terms as specified by Tom for yellowhouse, Bob rejected Tom's offer of the yellowhouse for \$5, 000 a month.

Did Bob accept Tom's offer on February 4th for Greenhouse? See Supra – Acceptance is effective upon dispatch. The minority rule is acceptance effective upon receipt. Further, in his response to Tom, Bob's letter stated " If not, then I'll have to settle for Greenhouse, and I agree to the \$2, 000 you ask. " Because Bob unequivocally assented to the terms of the contract, and since the terms were definite, \$2, 000 a month for the months of May through June, Bob accepted the offer. Finally, Bob mailed the acceptance letter on February 4th, just two days after he received the offer from Tom.

Since Tom initiated the offer via the mail, the acceptance now falls under the mailbox rule. The majority views acceptance upon dispatch while the minority views acceptance upon receipt. Was there valid consideration for the Greenhouse contract? That which is bargained for and given in exchange for a specified returned promise. Here, the facts show that Tom, an employee of The Shores, had confirmed the prices for both Greenhouse and Yellowhouse. For \$5k a month, Bob would be able to rent Yellowhouse

between the months of May through June or, Greenhouse for \$2k a month between the months of May through June.

Since money is a valid item used for bargaining, there was a bargained for exchange. Further, Bob promised to rent Greenhouse between the months of May through June and since he was not already obligated to this promise, he was privileged to enter into the consideration. Was there a valid revocation of the contract for Greenhouse on February 5th? An offeror may expressly revoke an offer as long as it is communicated to an offeree prior to a timely acceptance. It is effective upon receipt.

Here, the facts state that Bob received a letter from Tom on February 5th stating, “our deal is off”. Since the terms are clear that Alex no longer wishes to engage in the contract, it is decisively determined upon the mailbox rule. Given that Bob mailed his acceptance on February 4th, the majority has the acceptance effective upon dispatch. Thus, if Bob is in a jurisdiction that follows the majority, there was not a valid revocation because the revocation was received after the acceptance. However, in jurisdictions following the minority, acceptance is valid upon receipt.

Given that Tom received Bob’s acceptance in the mail on February 5th, in the minority, Bob’s acceptance did not occur until February 5th. Accordingly, in the minority, in order for Tom’s revocation to be effective, it must be received by Bob before Tom received Bob’s acceptance letter. Since Bob received the revocation on February 5th, it can be inferred that Tom mailed the revocation before that date, as such, in the minority, Tom’s revocation was valid since he had not yet received Bob’s acceptance.