

Business law assignment

[Business](#), [Management](#)



Chapter End Questions Chapter 12-12. 1, 12. 3 Chapter 13-13. 4, 13. 5, 13. 7
Chapter 14-14. 3, 14. 5 Chapter 15-15. 2, 15. 3, 15. 4 12. 1 Jerome is an elderly man who lives with his nephew, Philip. Jerome is totally dependent on Philip's support. Philip tells Jerome that unless Jerome transfers a tract of land he owns to Philip for a price 30 percent below market value, Philip will no longer support and take care of him. Jerome enters into the contract. Discuss fully whether Jerome can set aside this contract. Yes, I believe Jerome can set aside the contract because it was formed under undue influence and duress.

Since Jerome is totally dependent on Philip for his support and the contract benefits the guardian by being able to purchase the land for below market price ??? this makes Jerome feel obligated because he has no other recourse.

12. 3 Larry offered to sell Stanley his car and told Stanley that the car had been driven only 25, 000 miles and had never been in an accident. Stanley hired Cohen, a mechanic, to appraise the condition of the car, and Cohen said that the car probably had at least 50, 000 miles on it and probably had been in an accident.

In spite of this information, Stanley still thought the car would be a good buy for the price, so he purchased it. Later, when the car developed numerous mechanical problems, Stanley sought to rescind the contract on the basis of Larry's fraudulent misrepresentation of the auto's condition. Will Stanley be able to rescind his contract? Discuss. No and Yes, Stanley cannot rescind the contract because he's obtained a professional opinion on the condition of the vehicle who advised him of what could be wrong with the vehicle. Stanley still purchased the vehicle so he accepted the terms.

Yes he can rescind because Larry may not know Stanley acquired a professional opinion so in theory he did not accept the terms. 13. 4 On January 1, Damon, for consideration, orally promised to pay Gary \$300 a month for as long as Gary lived, with the payments to be made on the first day of every month. Damon made the payments regularly for nine months and then made no further payments. Gary claimed that Damon had breached the oral contract and sued Damon for damages. Damon contended that the contract was unenforceable because, under the Statute of Frauds, contracts that cannot be performed within one year must be in writing.

Discuss whether Damon will succeed in this defense. I don't think Damon will succeed in this defense because the oral contract falls outside the Statute of Frauds and is enforceable because this is a contract "for life" and this type of contract is seen as being able to perform within one year because Gary could die within the year. 13. 5 Sierra Bravo, Inc. , and Shelby's, Inc. , entered into a written "Waste Disposal Agreement" under which Shelby's allowed Sierra to deposit on Shelby's land waste products, deleterious (harmful) materials, and debris removed by Sierra in the construction of a highway.

Later, Shelby's asked Sierra why it had not constructed a waterway and a building pad suitable for a commercial building on the property, as they had orally agreed. Sierra denied any such agreement. Shelby's filed a suit in a Missouri state court against Sierra, alleging breach of contract. Sierra contended that any oral agreement was unenforceable under the Statute of Frauds. Sierra argued that because the right to remove minerals from land is

considered a contract for the sale of an interest in land to which the Statute of Frauds applies, the Statute of Frauds should apply to the right to deposit soil on another person's property.

How should the court rule, and why? [Shelby's, Inc. v. Sierra Bravo, Inc. , 68 S. W. 3d 604 (Mo. App. S. D. 2002)] Legally, the court should rule in favor of Sierra because this was not in the written contract. The oral agreement part of the contract cannot be proven, although I am not sure if there was any consideration, it just sounded as if Sierra was allowed to use the property but not sure of any payments. If there is no consideration then the court should have a compromise to be fair and rule in favor of Shelby. 13. 7 Carlin Krieg owned a dairy farm in St.

Joe, Indiana, that was appraised at \$154, 000 in December 1997. In August 1999, Krieg told Donald Hieber that he intended to sell the farm for \$106, 000. Hieber offered to buy it. Krieg also told Hieber that he wanted to retain a " right of residency" for life in the farm. In October, Krieg and Hieber executed a " Purchase Agreement" that provided that Krieg " shall transfer full and complete possession" of the farm " subject to [his] right of residency. " The agreement also contained an integration clause that stated " there are no conditions, representations, warranties, or agreements not stated in this instrument. In November 2000, the house was burned in a fire, rendering it unlivable. Hieber filed an insurance claim for the damage and received the proceeds, but he did not fix the house. Krieg filed a suit in an Indiana state court against Hieber, alleging breach of contract. Is there any basis on which the court can consider evidence regarding the parties'

negotiations prior to their agreement for the sale of the farm? Explain. [Krieg v. Hieber, 802 N. E. 2d 938 (Ind. App. 2004)] Yes, because the contract did not represent the complete and final statements of the parties' agreement.

Since there is a “right of residency”, additional testimony and evidence needs to be shown to the court by way of the Parol Evidence Rule. Since Krieg resides at the farm, and it is possibly uninhabitable due to the circumstances, it should be fixed back to livable condition. 14. 3 Millie contracted to sell Frank 1, 000 bushels of corn to be grown on Millie's farm. Owing to a drought during the growing season, Millie's yield was much less than anticipated, and she could deliver only 250 bushels to Frank. Frank accepted the lesser amount but sued Millie for breach of contract.

Can Millie defend successfully on the basis of objective impossibility of performance? Explain. Yes, think Millie can defend successfully on the basis of objective impossibility of performance because performance could not be carried out due to unforeseen circumstances. However I believe it would be better to defend under the temporary impossibility because at a later date (next growing season) performance could be completed. 14. 5 Substantial Performance. Adolf and Ida Krueger contracted with Pisani Construction, Inc. , to erect a metal building as an addition to an existing structure.

The two structures were to share a common wall, and the frames and panel heights of the new building were to match those of the existing structure. Shortly before completion of the project, however, it was apparent that the roofline of the new building was approximately three inches higher than that of the existing structure. Pisani modified the ridge caps of the buildings to

blend the rooflines. The discrepancy had other consequences, however, including misalignment of the gutters and windows of the two buildings, which resulted in an icing problem in the winter.

The Kruegers occupied the new structure but refused to make the last payment under the contract. Pisani filed a suit in a Connecticut state court to collect. Did Pisani substantially perform its obligations? Should the Kruegers be ordered to pay? Why or why not? [Pisani Construction, Inc. v. Krueger, 68 Conn. App. 361, 791 A. 2d 634 (2002)] No, Pisani did not substantially perform its obligations because the Kruegers were not satisfied. Substantial performance would satisfy a reasonable person, since there were too many discrepancies the Kruegers should not be ordered to pay because they did not get what they contracted or.

15. 2 Hypothetical Question with Sample Answer. In which of the following situations might a court grant specific performance as a remedy for the breach of the contract? 1 Tarrington contracts to sell her house and lot to Rainier. Then, on finding another buyer willing to pay a higher purchase price, she refuses to deed the property to Rainier. 2 Marita contracts to sing and dance in Horace's nightclub for one month, beginning June 1. She then refuses to perform. 3 Juan contracts to purchase a rare coin from Edmund, who is breaking up his coin collection.

At the last minute, Edmund decides to keep his coin collection intact and refuses to deliver the coin to Juan. 4 Astro Computer Corp. has three shareholders: Coase, who owns 48 percent of the stock; De Valle, who owns 48 percent; and Cary, who owns 4 percent. Cary contracts to sell his 4 percent to De Valle but later refuses to transfer the shares to him. I think the

court would grant specific performance in the case of Maria singing and dancing in the nightclub. 15. 4 Johnson contracted to lease a house to Fox for \$700 a month, beginning October 1.

Fox stipulated in the contract that before he moved in, the interior of the house had to be completely repainted. On September 9, Johnson hired Kever to do the required painting for \$1, 000. He told Kever that the painting had to be finished by October 1 but did not explain why. On September 28, Kever quit for no reason, having completed approximately 80 percent of the work. Johnson then paid Sam \$300 to finish the painting, but Sam did not finish until October 4. When Fox found that the painting had not been completed as stipulated in his contract with Johnson, he leased another home.

Johnson found another tenant who would lease the property at \$700 a month, beginning October 15. Johnson then sued Kever for breach of contract, claiming damages of \$650. This amount included the \$300 Johnson paid Sam to finish the painting and \$350 for rent for the first half of October, which Johnson had lost as a result of Kever's breach. Johnson had not yet paid Kever anything for Kever's work. Can Johnson collect the \$650 from Kever? Explain. No, I don't believe Johnson can collect \$650 because the contract is void since the house was not ready by the stipulated date of October 1.

Also the painting of the house is useful for the new tenant and Kever would not reap the benefits of the painting done since Kever is residing somewhere else. Maybe Johnson would have a better chance pursuing the

painter that walked off the job for some of the expenses. 15. 4 In May 1998, RDP Royal Palm Hotel, L. P. , contracted with Clark Construction Group, Inc. , to build the Royal Palms Crowne Plaza Resort in Miami Beach, Florida. The deadline for “ substantial completion” was February 28, 2000, but RDP could ask for changes, and the date would be adjusted accordingly.

During construction, Clark faced many setbacks, including a buried seawall, contaminated soil, the unforeseen deterioration of the existing hotel, and RDP’s issue of hundreds of change orders. Clark requested extensions of the deadline, and RDP agreed, but the parties never specified a date. After the original deadline passed, RDP continued to issue change orders, Clark continued to perform, and RDP accepted the work. In March 2002, when the resort was substantially complete, RDP stopped paying Clark. Clark stopped working.

RDP hired another contractor to finish the resort, which opened in May. RDP filed a suit in a federal district court against Clark, alleging, among other things, breach of contract for the two-year delay in the resort’s completion. In whose favor should the court rule, and why? Discuss. [RDP Royal Palm Hotel, L. P. v. Clark Construction Group, Inc. , __ F. 3d __ (11th Cir. 2006)] The court should rule in favor of Clark because RDP accepted the extensions of delay, since it wasn’t an issue at the time it should not be an issue later.