Sally is negotiating the purchase of a condo. The condos are under construction; the architect and developer is Ed, and this project is his first construction project. The unit that Sally is interested in has not yet been built, and she discussing the design of that unit with Ed. They orally agree that Ed will make the wall that divides the bedroom from the rest of the unit a curved wall instead of a straight one.

This **may** raise a parol evidence rule issue.

(a) True

(b) False

This is a very important aesthetic consideration for Sally.

This is potentially relevant to measuring Sally’s possible damages for breach of contract.

(a) True

(b) False

**Sally is an artist and she plans to paint a mural on the curved wall, and the curve is essential to the overall aesthetic effect of the mural.** She explains both points to Ed in detail, and Ed acknowledges that part of the reason Sally is entering into the contract with him is to get the custom designed curved wall.

Sally’s explanation means that damages from making the wall straight would arise in the normal course of things.

(a) True

(b) False

After making this agreement, Sally and Ed sign a written contract under which Sally agrees to purchase and Ed agrees to build the condo and transfer ownership to Sally in six months. The written contract says nothing about the curved wall.

Not mentioning the curved wall means the oral agreement contradicts the written agreement.

(a) True

(b) False

Not mentioning the curved wall raises a 2-207 issue.

(a) True

(b) False

The written agreement contains the following clause: “This contract represents the complete and final statement of the party’s obligations to each other; neither party is relying on any oral or written representations that are not a part of this contract.” The contract is a standard form contract; neither Ed nor Sally is a lawyer, and neither has much experience with real estate contracts. Ed got the form from a real estate agent who is a friend of his. She told him, “This contract is the one you use.” Neither Ed nor Sally has a detailed understanding of what the contract says. In particular, neither understands the legal effect of the entire agreement clause.

 About a month later, Ed discovers that the four-story condo structure he designed and is building violates city zoning ordinances. In a completely unexpected move, the city passed an ordinance that limits condo buildings to three stories in the particular residential area in which Ed is building. The city passed this ordinance just before Ed started building, and Ed was unaware of it.

The zoning limitation was not unexpected at the time of contracting.

(a) True

(b) False

It takes Ed six months to secure a variance from the zoning regulations that allows him to construct his four-story building. There was no faster way to get it.

The zoning limitation made the performance of building the condo on time commercially impracticable.

(a) True

(b) False

As a result, he is eight months late completing Sally’s unit. In the confusion, Ed forgets to make the bedroom wall curved.

 The delay imposes a considerable loss on Sally. Sally runs an apartment decorating business (she did not mention this to Ed). She paints murals and various other sorts of paintings and decorations on the walls of apartments. She promotes this service over the Web and planned to use pictures and videos of her own apartment as samples. She lost three jobs as a direct result of the lack of samples.

Sally’s lost profits from the delay was reasonably foreseeable at the time of contracting as the probable result of the breach.

(a) True

(b) False

There is indisputable evidence that, had the condo been completed on time, Sally would have executed three contracts for apartment decoration.

If he is entitled to recover the lost profits, Sally would be able to prove her damages with reasonable certainty.

(a) True

(b) False