(1) 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 is a very important aesthetic consideration for Sally. 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. 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; it says the condo shall be constructed in accordance with the attached floor plan. The attached floor plan shows two options for the bedroom wall–one straight, one curved. The contract also 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.”

This clause means the written agreement is a complete integration.

(a) True

(b) False

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.” Ed does not have a detailed understanding of exactly what the contract says.

The written contract is a complete integration.

(a) True

(b) False

Assume the written contract is a complete integration. The oral agreement would be in its scope.

(a) True

(b) False

(2) Sunset Sail (Sunset) is a boat rental company that periodically needs to replace its sails. It always deals with North Sails (North). Sunset sends a letter to North asking North to quote a price on an order for 20 sails.

Sunset’s letter is an offer.

(a) True

(b) False

North writes back: "We offer to make you 20 sails at $1000 per sail.”

Sunset’s letter is an offer.

(a) True

(b) False

Sunset responds in a second letter: "We're thinking about it, but $1000 seems high."

Sunset’s response is a rejection of the offer that terminates it.

(a) True

(b) False

Then Sunset decides that the market price of sails is bound to rise soon and calls North, saying: "$1000 is OK; send your purchase order and we will sign.

Sunset’s response is a request for an offer.

(a) True

(b) False

Also, assuming we conclude our deal for the sails, can we agree now that the sails are to be delivered one every 30 days beginning June 13?" North orally agrees to the delivery date. Assume that the oral agreement meets the requirements of offer, acceptance, and consideration. After receiving Sunset's phone call, North Sails sends its standard order form filled out for 20 sails at $1000 a sail, signed by North with a note: “Sign our offer and our deal is done.” The back of the form contains an entire agreement clause (in large bold print) which reads: "This is the complete and exclusive statement of our obligations to each other." The order form contains nothing about a delivery schedule for the sails.

’s sending the form is an offer.

(a) True

(b) False

Sunset signs the form and returns it with a note which says, “North warrants that the sails shall be fit for the purpose for which such sails are ordinarily used.” North’s standard order form contains this conspicuously presented provision: “North disclaims the IMPLIED WARRANTY OF MERCHANTABILITY.”

Sunset’s returning the form with the note is an acceptance of the offer.

(a) True

(b) False

Under 2-207(2), the written contract asserts the warranty of merchantability.

(a) True

(b) False

North delivers 10 sails, one every thirty days, but then does not deliver another sail for two months. North claims the agreement to deliver every 30 days is unenforceable under the parol evidence rule.

Is North correct?

(a) Yes

(b) No

Immediately after the tenth delivery, the price of the synthetic materials used to make sails suddenly increases. The sudden increase is a consequence of unrest in the Middle East which affects the supply of chemicals used to make the materials. Unable to get the material it normally uses, North makes the sails for Sunset out of a new material. It cost North 10 times what it would normally pay to get the material, and it passes this cost on to Sunset. Sunset accepts the sail but refuses to pay any more than the contract price. North argues that the contract is unenforceable under the doctrine of impracticability and sues Sunset in restitution for the cost of making the sail.

Is North excused under impracticability doctrine?

(a) Yes

(b) No