

FINAL EXAMINATION  
CONTRACTS II  
PROFESSOR G. FLINT

ESSAY  
PLEASE READ CAREFULLY

**ALL ANSWERS ARE TO BE WRITTEN ON THE BLUE BOOKS PROVIDED WITH THIS EXAM. BE SURE TO NUMBER EACH RESPONSE.**

There are three questions (time and percent indicated). The Time for completing the examination is three hours.

1. This examination is "closed book". You may not use any materials other than the blue books and writing implements. Use of cleansed laptops only is permitted.
2. **Be sure to answer the specific question that is asked. No question asks for a general recitation about a topic from your notes.** Information supplied relating to general material from you notes or some unasked question will not increase your score and consumes your time needed to answer the asked questions.
3. If additional facts are necessary to resolve an issue, specify what additional facts you believe to be necessary and why they are significant. You may not make an assumption that changes or contradicts the stated facts.
4. Quality, not quantity, is desired. Think through and briefly outline your answer before you begin to write.
5. Write legibly. Be sure to formulate your answers in complete sentences and paragraphs with proper grammar. Failure to do so will result in an appropriately lower score.
6. Do not seek an interpretation of language in the question from anyone. If you sense ambiguity or typographical error, correct the shortcoming by shaping the question in a reasonable way and by recording your editorial correction in your answer.

**Under the Honor Code, when you turn in this examination, you affirm that you have neither given, received, nor obtained aid in connection with this examination, nor have you known of any one so doing. If you cannot make this affirmation, you shall note such fact on your examination and must immediately advise the Dean of the reason therefore.**

I. (50 %--1 hour)

Davis Flint, five years before his death, hired Arunah Hubbell, a San Antonio lawyer to revise the will that Arunah Hubbell had prepared years before. That original will provided for a charitable contribution of \$5,000,000 to be divided equally between five Catholic universities. The codicil to the will would provide an additional charitable contribution of \$1,000,000 to the Jean Baptiste Pelletier University, another Catholic institution, in order to encourage the hiring of professors of the Catholic faith. Arunah Hubbell kept good notes on the conversations he had with Davis Flint. Remembering the original will, rather than reading it, Arunah Hubbell directed his legal associate, Chauncy Hubbell, to draft a codicil increasing the charitable contribution from \$5,000,000 to \$6,000,000, provided the recipients adopted policies to encourage hiring of professors of the Catholic faith. Since Chauncy Hubbell did not have access to Arunah Hubbell's personal notes, he merely drafted a codicil that increased the amount of the charitable contribution going to the five Catholic institutions provided they had a policy of hiring a certain percentage of Catholic professors. Davis Flint signed the codicil without reading it since he trusted Arunah Hubbell's legal abilities. Davis Flint then told Maria Lucia Pelletier, President of Jean Baptiste Pelletier University, about the bequest. Subsequently, Maria Lucia Pelletier has moved Jean Baptiste Pelletier University to recruit professors of all faiths to provide cultural diversity which has resulted in a percentage of Catholic professors below the amount specified in the will.

Later Davis Flint, after examining the will and noticing there was a first codicil, directed Arunah Hubbell to prepare a second codicil to leave a bequest to his new grandson, Isaac Horatio Flint. Again Arunah Hubbell had his associate, Chauncy Hubbell, prepare this second codicil.

After the death of Davis Flint, the executor of Davis Flint's will, Roswell Flint, distributed \$600,000 from the estate of Davis Flint to the five Catholic institutions. Maria Lucia Pelletier has learned of the death of Davis Flint and the distributions to the five Catholic institutions. Maria Lucia Pelletier has entered your associate's office at Suem and Stickem, P.C., to determine whether Jean Baptiste Pelletier University has any recourse in attempting to recover the legacy Davis Flint promised the university. What is your advice? Be sure to provide support.

II. (50 %--1 hour)

Otha Gasaway bought an automobile from George Christian Motor Car Company under an installment contract. George Christian, President of George Christian Motor Car Company, assured Otha Gasaway the automobile would “run like a charm.” Under the installment contract, Otha Gasaway would pay \$1000 upon delivery of the automobile and \$500 per month thereafter for 36 months. At the time Otha Gasaway was age seventeen and eleven months. In order to raise money to buy a replacement automobile to sell to the next customer, George Christian Motor Car Company sold Otha Gasaway’s installment contract to Franz Josef Stainer State Bank at face value discounted for an interest rate of 7% and a selling fee of 3% under the omnibus installment contract sales agreement that George Christian Motor Car Company has with Franz Josef Stainer State Bank. Under the omnibus installment contract sales agreement, George Christian Motor Car Company continues to collect the installment payments from Otha Gasaway and remits the moneys to Franz Josef Stainer State Bank. In the event that Otha Gasaway defaults in making his payments, under the omnibus installment contract sales agreement George Christian Motor Car Company agrees to repurchase Otha Gasaway’s installment contract at the remaining balance due on the installment contract less a refund of the proportional amount of the discount for the 7% interest.

The automobile purchased by Otha Gasaway did not function well. Various items operated improperly. Each time, Otha Gasaway would take the automobile to George Christian Motor Car Company and George Christian Motor Car Company would fix it. In the first six months after the purchase, this occurred six times. On the seventh time, George Christian Motor Car Company failed to correct the item for the automobile since they had declared bankruptcy. Consequently, Otha Gasaway refused to make further payments on the installment contract. When Franz Josef Stainer State Bank did not receive their monthly payment on Otha Gasaway’s installment contract, Franz Josef Stainer State Bank brought suit against Otha Gasaway for the amount due on the installment contract.

Otha Gasaway has entered your associate’s office at Grabem and Keepem, P.C., to ascertain his potential liability under the installment contract. What is your advice? Be sure to include support.