CONSTRUCTION CONTRACTS

Read pages 373-378

Rogers contractor agrees to build a house in Fayetteville according to architectural plans and specifications for a price of cost, plus 10%, not to exceed a total of $300,000. The house is to be constructed on a lot owned by the home owner.

A. Action by Owner

1. The contractor completes the house. Twelve months later after occupying the house, the owner discovers that the drainage system surrounding the house was improperly constructed and water gathers around the house. Does the owner have a remedy? § 17-3

2. Will a court grant rescission?

3. The contractor finishes the house, but uses the wrong wallpaper, installs carpeted (rather than oak) stairs, and builds a "mirror" house by putting the garage at the wrong end of the house. What remedy does the owner have?

4. The contractor completes 80% of the house, is paid for that work and then breaches.

   a) May the owner obtain a decree of specific performance to compel the contractor to finish the house? See pages 108-110; 118-119.

   b) What general and special damages may the owner claim?

B. Action by Contractor

5. The contractor completes the house and is not paid.

a) Suppose he sues on the contract?

b) Suppose he sues in restitution?

6. The contractor finishes 75% of the house, but the owner breaches because of a pending divorce.

a) What advice do you give the contractor? See pages 658-663.

b) What is the remedy for the contractor?

c) Suppose the contractor finishes the house and sells it a month later to a third party?

C. Action by Breaching Contractor

7. Contractor finishes 95% of the house, and then breaches. Any recovery for the contractor?

8. Same as (7), but the contractor has only laid the foundation and put up the frame of the house (approximately 50%). Any recovery for the breaching contractor? Does the breaching contractor have a theory to rely on? How would the recovery be measured?