UNENFORCEABLE TRANSACTIONS

I. A seventeen year old resident of Fayetteville purchases a used motorcycle from a friend, a collection of compact discs from Wal-Mart, and clothes from Dillard's. He wrecks the motorcycle, wearies of the music, and now favors the new Christmas fashions. Can he rescind his purchases?

You represent the seller and wish to hold the minor to his contract. Make eight arguments (for some or all of the items, with additional facts if necessary). Read Ark. Code Ann. § 9-25-101, 9-26-101, 9-26-104. (§21-7)

a)

b)

c)

d)

e)

f)

g)

h)

II. The city signs a contract to do work on a city lake and dam. During the performance of the contract, the city manager asks whether the contractor is willing to do additional work for 40¢ a cubic foot. The contractor agrees, does the work, and bills the city $72,062. The city refuses to pay because the city manager lacked authority and the city had not complied with the state statutes on competitive bidding. In suing the city, what theory should the contractor assert? What is the proper measure of recovery? (§§ 17-18, 22-6, 31-2)

III. Plaintiff (seller) and defendant (buyer) have an oral agreement for the sale of Blackacre

for $35,000. Plaintiff agrees to clear the land that will be used for a home, to cut a road through the woods and to dig a well. Plaintiff performs. Now defendant refuses to carry through with the purchase. See Ark. Code Ann. § 4-2-201, 4-59-101. (§ 17-2, § 17-14)

a) What theories can plaintiff assert to avoid the Statute of Frauds defense (and thereby to recover damages on the oral contract)?

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ii-

iii-

b) If the contract remains unenforceable, what other theories can plaintiff assert?

c) How can restitution be measured?

d) Change the fact pattern: While negotiations are continuing, Seller permits buyer to take possession of the land. Buyer occupies it for 4 months and make certain improvements: renovating a house, installing a septic system, fixing a barn roof. The parties never agree on a price, and buyers vacate. Do the buyers have a claim for monetary relief? See pages 882-887.

e) Landlord and tenant agree on an 18 month oral lease of commercial building. Landlord spends $5000 remodeling the building for occupancy. Tenants refuse to take possession or pay anything.