

**Contracts II**  
**Professor Keith A. Rowley**  
**William S. Boyd School of Law**  
**University of Nevada Las Vegas**  
**Spring 2003**

**Sample Exam Question #11**

In early July 2001, the Dean of Missy's College of Law, located in the state of Magnolia, telephoned Hilda Rodriguez, a resident of Mesquite (several hundred miles away from Magnolia), and offered her a two-year appointment as a visiting professor of law, commencing September 1, 2001 at an annual salary of \$60,000 plus certain expenses. One necessary condition of Rodriguez's employment with Missy's was that Rodriguez move to Magnolia in time to begin the Fall semester. Rodriguez (who had long desired to try her hand at law teaching) accepted, quit her lucrative private practice in South Mesquite, sold her home in South Mesquite, and moved herself, her hubby, Biff, and their adorable child, Lars, to Magnolia.

At the time she left private practice, Rodriguez was earning an annual salary of \$120,000 plus certain expenses. She and her husband sold their house for \$175,000. They had paid \$150,000 for the house three years earlier. Immediately before its sale, the house appraised for \$200,000. However, due to the urgency of the move to Magnolia, the Rodriguezes accepted the best offer they received within the time available. At the time they sold the house, the Rodriguezes owed \$125,000 on the mortgage loan. After realtors' commissions, closing costs, etc., the Rodriguezes received \$160,000 on the sale which, after paying off their mortgage loan, "netted" them \$35,000. Concerned about a negative tax outcome if they did not roll the \$35,000 into the purchase of a new home within 12 months (alas, she's not too solid on her tax law either), the Rodriguezes purchased a home in Magnolia for \$135,000 (\$35,000 cash down + \$100,000 mortgage loan). And, while Missy's did contribute \$2,500 to their moving expenses, the Rodriguezes paid another \$5,000 out of their own pockets.

During the Spring 2002 semester, the Dean informed Rodriguez that the Spring semester would be her last at Missy's. The Dean had been approached by former Supreme Court Justice Brilliant Foote about teaching at Missy's, and the school decided to use the funds set aside for Rodriguez's salary to pay Foote.

Despite the fact that her appointment from the Dean is for two years, Hilda's written employment agreement with Missy's is for the current academic year only. The employment agreement provide, in its entirety:

Subject to the approval of the Board of Trustees, Missy's College of Law hereby agrees to employ Hilda Rodriguez as a Visiting Assistant Professor of Law, for the nine-month academic year beginning on or about September 1, 2001 and ending on or about May 31, 2002, at a salary of \$60,000 for said nine-month term. Said person shall be afforded all of the benefits and privileges of a permanent faculty member of the same rank (Assistant Professor of Law), and will be

expected to perform his/her teaching, administrative, and other job functions in accordance with the Policy & Procedures Manual in effect at all relevant times.

The written agreement is signed by both Hilda and by the Dean, on behalf of Missy's. The written agreement says nothing, one way or the other, about whether it will, will not, may, or may not be renewed for the next academic year. The only apparently applicable provision of the Policy & Procedures Manual states:

15.5. Reappointment of Visiting Faculty. Reappointment of visiting faculty for an additional academic semester or year, up to a total appointment of two full academic years, shall be at the discretion of the Dean of the Law School, subject to approval by the School's Board of Trustees. If the Dean wishes to reappoint a visiting faculty member for an academic semester or year, the completion of which would give the visiting faculty member more than two full academic years of service at the Law School, the Dean must first seek and receive consent from a two-thirds majority of the tenured and tenure-track faculty.

That notwithstanding, Hilda reemphasizes that the Dean offered her a two-year appointment when he called, and states that she would never have quit her practice, sold her house, and moved her family to Magnolia had she known it would only be for a one-year visitorship.

Immediately upon learning of her impending termination, Hilda began searching for a new job. She has uncovered three prospects.

The only other law teaching job she has been able to find on such short notice is at the Mickey Mouse Night Law School and Barber Shop ("MMNLS"), located in the state of Orange. MMNLS is a start-up law school, not yet accredited by the American Bar Association. The Dean of MMNLS offered Hilda a one-year contract, teaching the same courses she is currently teaching at Missy's, at a salary of \$65,000 per year. The cost of living in Orange is approximately 10 percent higher than in Magnolia, so the salary is roughly comparable. Because they are offering her only a one-year contract, MMNLS will only pay \$1,000 toward Hilda's relocation expenses. She estimates that it will cost another \$8,000 to pack up her, Biff, Lars, and all their stuff and move it to Orange. She also anticipates that she would lose about \$10,000 on the sale of the house in Magnolia once all commissions, fees, etc. are paid. Given the relatively higher cost of living, Hilda suspects that a house comparable to the one she now owns in Magnolia will cost about \$150,000 in Orange.

Hilda has also received an offer from the Valet Rain law firm in Magnolia to pay her \$70,000 per year to serve as "of counsel" to the firm. (Because Hilda is not (yet) licensed in Magnolia, the firm will not hire her as a partner, despite her experience and presumed expertise.)

Finally, Hilda has been invited to return to South Mesquite and join a newly-formed firm, Spit & Polish, L.L.P. ("S&P") that split from her old firm, Lock, Stock, Block & Barrell, P.C. ("LSBB"). The new firm (S&P) would pay her an annual salary of \$90,000, with the understanding that, as the firm got on better financial footing, and she reestablished herself with

clients, her salary would be adjusted accordingly. S&P is not in a position to pay Hilda's relocation expenses. Hilda's old firm (LSBB) is unable to offer her a position at this time.

While the offers from both law firms are more financially lucrative than either her current teaching position or the offered position at MMNLS, Hilda derives tremendous satisfaction from teaching. Moreover, she obviously did not accept the job at Missy's for financial reasons, given that she took a 50% gross pay cut to enter the teaching profession. Hilda, Biff, and Lars have made many new friends in Magnolia and enjoy the somewhat slower pace of life here, and their "quality of life" would suffer some if they had to move either to Orange or back to South Mesquite.

Hilda has come to talk to you shortly before the end of the Spring semester. As far as Hilda knows, Missy's has not yet finalized any employment agreement with Justice Foote, and there still exists the possibility that he will not join the faculty. The Vice Dean, concerned that, if the Foote appointment falls through, there will be no one to teach first-year Civil Procedure, has hinted to other faculty members, some of whom have relayed it to Hilda, that it wouldn't be a terrible thing for the School if Hilda didn't take a job elsewhere just yet. Other than her initial expression of surprise and disappointment when the Dean first notified her of her impending termination, Hilda has not spoken with either the Dean or the Vice Dean about her future plans.

Does Hilda have one or more viable claim(s) against Missy's? If so, under what theory or theories? And, assuming she does have one or more viable claim(s) against Missy's, to what remedy or remedies might she be entitled? Please explain your answer as completely and precisely as possible. Also, be sure to discuss any obligation Hilda might have to mitigate her damages in any way.