

Contracts II
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Sample Exam Question #6

Sally Rich told her parents that she would have their dining room wallpapered while they were on vacation. Sally Rich hired Paperer to put wallpaper on the walls in Sally's parents' house. At the time Sally hired Paperer, the walls were unpapered, but tastefully painted.

Their written contract provided:

Paperer agrees to paper the walls of Mr. & Mrs. Rich's dining room to Sally Rich's satisfaction, using any paper Sally Rich selects from Paperer's sample book, for a total price of \$1000.

In the event that the quality of Paperer's work does not meet Sally Rich's satisfaction, Paperer agrees, at its election, (i) to repair any defective paper and/or defectively installed paper at Paperer's own expense; (ii) to remove the defective paper and/or defectively installed paper and refinish and paint the walls, as they were prior to Paperer's work, at Paperer's own expense; or (iii) to refund the contract price, less the cost of all nondefective paper and other materials. Alternatively, Sally Rich may demand that Paperer pay her liquidated damages in the amount of \$500, the payment of which by Paperer will discharge Paperer of any further liability.

Rich selected wallpaper with a rustic scene with dancing nymphs and satyrs. Paperer promptly papered the dining room with paper like the sample. There were no visible defects in any of the installed wallpaper.

When the room was done, Sally Rich showed it to her father, who was shocked at the nude nymphs and satyrs. Sally Rich then wrote to Paperer, stating:

I am not satisfied with the wallpaper because it shocks my father and because some of the paper panels are out of alignment. (In fact some panels were out of alignment, but the problem could only be seen with a magnifying glass.) Therefore, I will not honor your bill unless and until you repaper the dining room to my satisfaction and at your expense.

It would cost Paperer \$500 to remove the "nymph and satyrs" wallpaper. It would cost Paperer \$1000 to install new wallpaper (which can be installed over the existing paper). It would cost Paperer \$300 to refinish and repaint the walls the way they were once the wallpaper was removed. It would cost Paperer \$250 to repair those panels that are out of alignment. Uncertain

whether Paperer will comply with her demand, Sally has solicited bids from other wallpaper companies to repaper the dining room and to remove the paper and repaint the room as it was. The lowest bids she received from reputable companies other than Paperer were from WallCo., which bid (1) \$1250 to remove the “nymph and satyrs” wallpaper and install replacement wallpaper and (2) \$900 to remove the “nymph and satyrs” wallpaper and to refinish and repaint the walls.

The market value of the house would be unchanged if the “nymph and satyrs” wallpaper remained, if it was replaced with new wallpaper, or if it was removed and the room repainted. It is clear that Mr. & Mrs. Rich’s “enjoyment value” of the house will be less with the “nymph and satyrs” wallpaper than without it; however, it is not clear whether their “enjoyment value” will be any different depending on whether the walls are refinished and repainted or covered with different wallpaper.

- A. Does Paperer have a viable breach of contract claim against Sally for refusing to pay the contract price? If so, on what ground(s)?
- B. If Paperer refuses to repaper the dining room, will Sally have a viable claim against Paperer for breach of contract? If so, on what ground(s)?