

AMERICAN CONTRACT LAW FINAL PROJECT

October 15, 2009

The Class will be divided into teams, Team A and Team B. Each team will have 2 people. Each Team A will negotiate a contract with a Team B. The Teams that work together will submit a Contract which will form part of the grade for each person on the teams. The Contract will be negotiated and written using the following facts:

Team A:

You own land in Prague and you want to have a house built for you. Your budget for the house is 200,000 euros. You want a house with approximately 200 square meters. In the house you want 3 bedrooms, a kitchen (including cabinets and all appliances such as a stove, an oven and a dishwasher), 2 bathrooms, a living room and a garage for your car. You already have hired an architect to design the house and you already have received all of the necessary government approvals (permits) to build the house. You need be sure the building contractor (Team B) follows the plans that have been approved and especially what the architect has specified for paint colors for the interior and exterior, the types of windows, the kind of floor covering (tile, carpets, wood, etc.). You know this contractor does very high quality work, but you have heard that the projects sometimes takes longer than expected to complete his projects. Because you and your spouse are expecting your second baby, it is very important that the house be finished when you and the contractor agree it will be finished. Therefore, you are willing to make a deposit of 20% when you sign a contract with the building contractor and then make payments as the work is done. You want to have at least 15% of the contract price due when the house is finished.

Remember, this will be your home. Be creative. What would you expect the contractor to do and when? What can go wrong? How can you be sure that you can use the house when your new baby is born. You can add any facts that you want. You can also negotiate any provisions of the contract that you think are important. The most important thing is to CLEARLY specify what you and the contractor will do and when you will do it.

Team B:

You are a building contractor and have been in business for 20 years. Team A has asked you to build a new home for them and you have agreed to do the work. You know that Team A needs to be able to live in the house before their second child is born, but you are worried that, because you have several other projects, you might not finish the work on time. Also, there is a labor shortage in Prague and this also makes you worried about completing the project on time. You also are concerned that some of the materials specified by Team A's architect might not be available or may not arrive on time. You think some substitute materials will provide the same appearance or will work the same so you want some ability to make changes due to material shortages. Normally, when you build a house, you ask for a deposit of 50% when the contract is signed, 25% when the exterior walls and roof are completed and the balance of 25% when the house is completed.

Remember, this is your business and you are proud of the reputation you have developed over 20 years. The most important thing to you is the Team A pays you for your work. You need some

flexibility for when the project will be completed and to allow for shortages in material and labor. Like Team A, you can add any facts that you want. You can also negotiate any provisions of the contract that you think are important. The most important thing is to CLEARLY specify what you and the owner will do and when you will do it.