Final Exam – Fall 2008

Please write all your answers in the spaces provided on the exam.

Question 1: 3.333 points each = 20 points

Hilda Howard was a professor of mathematics at Football University. She went to Octopus National Bank to apply for a loan to finance a new porch for her home. At the time of the application, she was eight months pregnant. The loan officer, Michael Misogynist, asked her the following questions. Decide which, if any, violate Reg. B of the ECOA.

a. “Why have you come here? We’ll take your application, because the law says we must, but it’s a useless gesture since we never loan money to pregnant women.”

ANS:

b. “Are you pregnant?”

ANS:

c. “Do you plan to quit your job when the baby is born?”

ANS:

d. “Are you married?”

ANS:

e. “What is your husband’s income? Will your husband be willing to lend his name as a co-signer?”

ANS:

f. “Do you own a telephone? In what name is the phone listed?”

ANS:
Question 2 5 points each = 25 points

Mighty Motor Company manufactures snowmobiles and sells them through dealerships throughout the United States. You are its corporate counsel and it has a list of questions for you about the proposed warranty for the snowmobiles.

a. Can it give a full one-year warranty on the engine and no warranty at all on the rest of the snowmobile?

ANS:

b. If Mighty Motor Company gives no warranty but offers the consumer a written maintenance agreement, will that trigger Magnuson-Moss?

ANS:

c. The company’s dealerships will sell the snowmobiles and repair them when necessary, but the dealerships do not want to be liable in any way under the written warranty. Is this possible?

ANS:

d. Mighty Motor Company wants to have complete control over its liability, so it would like to disclaim the implied warranties of merchantability and fitness for a particular purpose that would otherwise arise under the Uniform Commercial Code. Tell the company how to do this.

ANS:

e. Mighty Motor Company doesn’t like going to court, so it wants to arbitrate any disputes with consumers and make the arbitration binding on both parties. Can it set up its own arbitration panel (staffed by paid employees of Mighty Motors) and make the consumers bring all of their disputes to the panel for resolution?

ANS:
Question 3  5 Points = 20 points

Mr. and Mrs. Consumer went to the showroom of Giant Motors, where the salesman, Howard Glad, sold them a new 1999 automobile. Before he did so he told them that the car that they looked at on the lot was the same as the one they ordered, except that their car would be blue, not red. In answer to a question Mrs. Consumer asked, the salesman told her that the car would get at least 30 miles to the gallon in city driving. He also mentioned that Giant Motors had a complete service department and that if anything went wrong with the car, Giant Motors could fix it. All these statements were oral. The contract they signed contained none of these statements, but did have a merger clause stating that the contract contained all the essential terms of the agreement. It also disclaimed any warranties not contained therein.

a. Decide whether the consumers can get in the evidence of their conversation with Mr. Glad.

ANS:

b. Decide whether there was an express warranty created by the statement that the car delivered would be blue. What about the statement regarding mileage? The statement that the car was a “1999” model? The repair facilities?

ANS:

c. If the Consumers had seen a TV advertisement for Giant Motors that had featured the car they bought and stated it was “wonderful” and “the best car on the road” and “maintenance free,” would this ad create express warranties or would this merely be “ puffing”?

ANS:

d. Is it a defense to the car dealer that it did not intend to create any warranties in the sales pitch, nor did it use any formal words such as “warranty” or “guarantee”?

ANS:
Question 4  3.33 each = 20 points

Out of work, Bruce Wayne applied for a job with the Gotham City Detective Agency. The agency, without telling Wayne, secretly ordered the Big Eye Credit Bureau to conduct an in-depth investigation of Wayne by interviewing his friends and neighbors. One of them, John Joker, lied to the credit bureau and told them Wayne was a swinger. The agency then refused to hire Wayne and wouldn't tell him why. He investigated on his own and found out about the Big Eye report. When he went to the Big Eye office they refused even to talk to him. He went home and put on a disguise and then went back to Big Eye pretending to be a microchropterist intent on hiring Bruce Wayne. For a fee they gave him a credit report on that individual.

Answer these questions:

a. Did the agency or the bureau, or both, violate The Fair Credit Reporting Act?

ANS:

b. May Wayne sue Joker?

ANS:

c. Did the detective agency violate the Act when it refused to tell him why he was not hired? What is it required to tell him?

ANS:

d. May the credit bureau charge him a fee for the credit report on himself?

ANS:

e. What damages may he recover against the credit bureau? The detective agency?

ANS:

f. Did Wayne himself violate the act?

ANS:
Question 5  
5 points each = 15 points

a. On her eighteenth birthday, Portia Moot was delighted to learn that her father planned to give her his two-year old automobile. If he does so, must he give her an odometer mileage statement? If he does not do so because he was unaware of this requirement, can she sue him for at least $1,500?

ANS:

b. Detroit Motor Company manufactures automobiles. Must it give odometer statements on each of them to the retailers to whom it sells the cars?

ANS:

c. At an automobile show, John Visor sold his 1967 Mustang convertible to an eager buyer but failed to give an odometer mileage statement. Is he liable to suit? Use Massachusetts law and Federal where applicable.

ANS: