

Contracts — Contractual Capacity

1. Harold, a minor, decided to trade his 1980 truck on a new car at the local dealership. One week after driving the new car, Harold decides that he cannot afford the payments. Harold now wishes to disaffirm his purchase and get his old truck back. The dealer informs Harold that the truck has been sold. Can Harold get the old truck back and disaffirm his contract with the dealer? Explain.
2. Cheryl is a 17-year-old high school student who was elected homecoming queen and does part-time modeling to earn money for college. She has an important interview with a modeling agency and wants to make a good impression, so she withdraws \$5,000 from her savings and buys a designer outfit and a fur coat for the interview. A week later, she returns the coat to the department store and says she would like her money back. The store is reluctant to take the items. What are Cheryl's rights? Explain.
3. Trina, while 17, purchases a laptop computer. Discuss the implications of her actions as to whether she can disaffirm the contract of purchase if she: (a) tries to sell the computer one year later; (b) continues to use the computer for eighteen months; or (c) has not yet made all of the payments when she turns 18, but continues to make monthly payments.
4. Compare the liability of an intoxicated person to that of a person who is mentally ill. How are their situations similar? How are they different with regard to contractual capacity?
5. Discuss the concept of ratification and the ways in which a minor may ratify a contract. Give an example.
6. What are the ways in which a minor may disaffirm a contract? What is the effect of a minor's misrepresenting age in order to enter into a contract? Explain.
7. Discuss the effect of a court's declaring someone incompetent and appointing a guardian.
8. Discuss a minor's duty to a seller upon disaffirmance of a contract for the sale of goods.
9. What is the doctrine of liability for a tort connected with a contract?
10. What are the two tests for mental competency?