

**QUESTION 3 THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK I
OR IN SOFTEST ANSWER SCREEN 3**

Holly owns a home in a subdivision governed by several covenants that apply to all homeowners. One covenant requires homeowners to obtain the approval of the subdivision's homeowners association before making certain changes to their homes. The covenant provides that the association may deny approval for any changes it determines are inconsistent with the character of the subdivision.

Holly sought association approval to replace her roof and paint her house. Before receiving a reply from the association, Holly and a contractor signed an agreement in which Holly agreed to pay the contractor a specified price to do the work. The agreement stated that neither party was obligated to perform unless the association approved both the new roof and the painting, and that this condition could not be waived by either party.

Reasonably anticipating that both projects would be approved, the contractor began replacing the roof.

Shortly afterward, Holly was notified that the association approved the new roof but rejected the painting project based on the proposed paint color. Holly had her heart set on the color, which was identical to many other houses in the subdivision that had recently been painted with association approval. Holly did not inform the contractor of the association's decision until the contractor finished replacing the roof.

The contractor sought payment from Holly for replacing the roof, but Holly refused to pay. The contractor sued Holly for breach of contract and breach of the covenant of good faith and fair dealing. Holly sued the association for breach of contract based on its denial of approval for the paint project.

Evaluate each of these claims under Michigan law. Does the contractor have any other remedy he can seek? If so, explain.

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