

A contractor agreed to remodel a homeowner's garage for \$5,000. Just before the parties signed the one-page written contract, the homeowner called to the contractor's attention the fact that the contract did not specify a time of completion. The parties orally agreed but did not specify in the contract that the contractor would complete the work in 60 days, and then they both signed the contract. The contract did not contain a merger clause. The contractor failed to finish the work in 60 days. The homeowner has sued the contractor for breach of contract.

Is the court likely to admit evidence concerning the parties' oral agreement that the work would be completed in 60 days?

- A. No, because the court must ascertain the meaning of the agreement from the terms of the written contract.
- B. No, because the oral agreement was merely part of the parties' negotiations.
- C. Yes, because the contract is ambiguous.
- D. Yes, because the time limit is an additional term that does not contradict the partially integrated written contract.

## Explanation:

### Integration

Type	Definition	Effect
<b>Complete integration</b>	Writing that sets forth parties' final agreement about <i>all</i> terms	<ul style="list-style-type: none"><li>• Excludes parol evidence within scope of agreement</li><li>• Parol evidence <i>inadmissible</i> to supplement (ie, add to) or contradict contract</li></ul>
<b>Partial integration</b>	Writing that sets forth parties' final agreement about <i>some</i> terms	<ul style="list-style-type: none"><li>• Excludes parol evidence inconsistent with agreement</li><li>• Parol evidence <i>admissible</i> to supplement (not contradict) contract</li></ul>

The **parol evidence rule** generally bars evidence of prior or contemporaneous agreements to modify or contradict the unambiguous terms of an integrated writing. But if the writing is **partially integrated**—ie, sets forth the parties' final agreement about some, but not all, terms—the parties can introduce **supplemental evidence** (oral or written) that is **consistent with** the writing and **does not contradict its terms**.

Here, just before the parties signed the written contract, they orally agreed that the remodeling of the garage was to be completed within 60 days. The contract was partially integrated because it did not specify a time to complete the remodeling and did not contain a merger clause. As a result, evidence of the parties' oral agreement is likely admissible because the time limit is an additional term that does not contradict the written contract **(Choice B)**.

**(Choices A & C)** Evidence used to clarify the meaning of an ambiguous contract term is **excepted** from the parol evidence rule. But here, the terms of the written contract are *not* ambiguous. Instead, the parties' oral agreement is admissible because it is being used to supplement (and does not contradict) the terms of the written contract.

### Educational objective:

The parol evidence rule does not bar evidence of prior or contemporaneous agreements to supplement (ie, add to) the terms of a partially integrated writing, provided that the evidence is consistent with and does not contradict the written terms.

### References

- Restatement (Second) of Contracts § 216 (Am. Law Inst. 1981) (parol evidence is admissible to explain or supplement a term when agreement is partially integrated).

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