CONTRACTS--ISSUE OF COMMON LAW REMEDY--DIRECT DAMAGES--
CONTRACTOR'S MEASURE OF RECOVERY FOR AN OWNER'S BREACH OF A
CONSTRUCTION, REPAIR OR SERVICES CONTRACT WHERE THE CONTRACTOR
HAS NOT BEGUN PERFORMANCE.

Direct damages are the economic losses that usually or
customarily result from a breach of contract. In this case, you
will determine direct damages, if any, by subtracting from the
price specified in the contract the amount it would have cost
the plaintiff to [construct the improvement] [perform (describe
services or repairs)] in conformity with the requirements of the
contract (less any previous payments by the defendant to the
plaintiff under the contract).²

¹ "In awarding damages, compensation is given for only those injuries
that the defendant had reason to foresee as a probable result of his breach
when the contract was made. If the injury is one that follows the breach in
the usual course of events, there is sufficient reason for the defendant to
foresee it; otherwise, it must be shown specifically that the defendant had
reason to know the facts and to foresee the injury." Stanback v. Stanback,
297 N.C. 181, 187, 254 S.E.2d 611, 616 (1979) (quoting the RESTATEMENT OF THE
LAW OF CONTRACT, § 330, p. 509). The foreseeability limitation on recovery
was first enunciated in Hadley v. Baxendale, 156 Eng. Rep. 145 (1854).

² In a suit for damages arising out of a breach of contract the party
injured by the breach is entitled to full compensation for the loss and to be
placed, to the extent possible, in the position which he would have occupied
had the contract not been breached. Harris & Harris Constr. Co. v. Crain &
Denbo, Inc., 256 N.C. 110, 123, 123 S.E.2d 590, 600 (1962) (quoting Troitino
v. Goodman, 225 N.C. 406, 412, 35 S.E.2d 277, 281 (1945)).


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