

BREACH OF CONTRACT

III. Restitution / Rescission (§30-12)

- a) One day before the closing (and transfer of title), seller of the Fayetteville house calls Betty Buyer, and says, "I'm rescinding the contract. The closing is cancelled. Here is your \$1,000."

- b) One day before the closing, the buyer calls the seller and says, "I am rescinding and will not be at the closing tomorrow."

- c) by Innocent grantee: Suppose the buyer acquires title, moves into the Fayetteville house and discovers a month later major defects in the heating and plumbing systems, despite warranties against "major defects". Rescission? How would the rescission remedy work? §17-3, §30-12

- d) by Innocent grantor: Suppose Betty buyer moves into the house, but as of a month later has failed to comply with her written agreement to clear 40 acres of the seller's land. Rescission?
 - (i) Rule:

 - (ii) Exception (see The Family Care Contracts, page 105-106):

e) Relief for a defaulting buyer -

- (1) Can the buyer of the Fayetteville house (for \$190,000) recover her \$5000 if she breaches because she is transferred to Oregon and no longer needs the house in Fayetteville? Review Uzan, page 473. Read 454-455.
- (2) Buyer puts down \$7800 on a condominium priced at \$78,000. The contract designates the \$7800 as liquidated damages. Buyer is transferred to Florida. Can he recover his \$7800? Read Vines, page 479.

IV. Equitable remedies for a defaulting buyer under an installment land contract.

The contract provides that upon default, the seller can terminate all of the buyer's rights under the contract and retain all payments made. On the selling price of \$90,000, the buyer pays \$10,000, takes possession, makes five annual payments of \$10,000, but then defaults, still owing \$30,000 (over the next 3 years).

1. Can the buyer obtain judicial assistance to make belated payments and in effect reinstate the contract?
§30-12.
2. Can Betty now obtain specific performance?
3. If the buyer sues in equity, can she recover any money?