BREACH OF CONTRACT FOR THE SALE OF LAND

I. Damages

Betty Buyer and Sam Seller enter into a contract on October 1 for the transfer of a private residence in Fayetteville for $90,000. Betty puts down $1000 as "earnest money". Betty is to pay the balance of $89,000 on November 1, and take possession. She is moving from Little Rock.

a) If Sam refuses to convey on November 1, what is the measure of general damages? Read 453-455, 462-468. §30-10

(a) Consider the following variations on general damages: Suppose Sam sells the house to an eager buyer next week for $103,000?

(b) Suppose Betty purchases another (comparable) home in February for $109,000?

In addition to the general damages, what else can Betty recover? Be imaginative.

1.

2.

3.

4.

5. Suppose Betty was planning to sell the house next month to a third party from Dallas for $100,000?

6. Assume you represent the defendant-seller. What defenses do you assert to the special damages?

7.. Suppose the seller wished to convey, but was unable to do so because of a deficiency of title. Would the damages be computed differently?

b) Betty breaches. What is the measure of general damages? Read #2, page 467. §30-11

In addition to the general measure of damages, what else may Sam claim? Be imaginative.

1.

2.

3.

4.

5.

6. Suppose Sam sold the residence to a third party two months later for $86,000?

7. Suppose Sam sold the residence to a third party four months later for $95,000? See Mady, #2, page 467.

8. Suppose Betty (with permission) painted the interior and exterior of the house in late October. May the breaching buyer claim any offsets?

c) If Betty breaches, may Sam keep the $1000? Read Uzan, page 455.

d) Suppose the contract contained this language: "If the buyer fails to fulfill his obligations under this contract or fails to close this transaction, the earnest money may, at the option of the seller, become liquidated damages to the Seller. Alternatively, Seller may assert legal or equitable rights which he may have because of the breach of this contract." Read pages 436-437. § 8-1 What options would you consider for Sam?

e) Suppose the contract contained the language of (d), but the amount was $25,000. What action would you take for Betty?

f) If you had represented Betty at the time of the original negotiations, would you have revised the language in (d)? How?

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