

PROPERTY II QUIZ: THE LAND TRANSACTION

Prof. Bell

NOTE: Choose the one best answer to each question, applying the majority rule of property law. As on the MBE, you have 1.8 minutes/answer.

Question 1

Seller, who owned Blackacre, orally agreed to transfer title to Buyer for \$100,000. Buyer gave Seller a signed check for \$10,000 as a downpayment. As they shook on the deal, Seller said, "Don't worry about the paperwork; you can trust the handshake of an honest man." Relying on that promise, but without notifying Seller, Buyer entered into a contract to sell the property on which he had been living. Before Seller had cashed Buyer's check, one of Seller's neighbors discovered oil. Seller backed out of the deal with Buyer, and Buyer brought suit for specific performance. What result?

- (a) Buyer wins because the signed check satisfies the statute of frauds
- (b) Buyer wins because Seller induced Buyer's reliance.
- (c) Seller wins because the contract failed to satisfy the statute of frauds.
- (d) Seller wins because the discovery of oil means the parties' oral contract was premised on a mutual mistake.

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1. The statute of frauds demands a memorandum signed by the seller of real property, which Buyer lacks, here. This problem thus largely replicates the facts of *Walker v. Ireton*, discussed on p. 346. In that case, unlike the case immediately preceding it in the text, *Hickey v. Green*, the buyer's reliance was not communicated to the seller. The court thus regarded the supposed reliance as insufficient to overcome the statute of frauds.
 - (a) is wrong because the writing must be signed by the seller of real property—not the buyer.
 - (b) is wrong because mere reliance is not sufficient. As *Hickey* discussed, the part performance exception demands either completion of some contractual obligation to the buyer (which sale of another property would not constitute) or reliance plus an admission of the oral agreement (which we do not have here). This case thus looks like *Walker*.
 - (c) is the best answer because the statute of frauds bars enforcement of the agreement and no exception applies.**
 - (d) is wrong for reasons best discussed in contracts class, but basically because the risk of this sort mistake ordinarily falls on the seller.