

**QUESTION 3 THE ANSWER TO THIS QUESTION SHOULD GO IN BLUEBOOK I
OR IN SOFTEST ANSWER SCREEN 3**

Jenny Grande was in the market to buy her first home in Gardenvue, Michigan. She called a real estate agent, Chris Grimes, who represented local property owners.

On April 23, 2015, Chris showed Jenny a house on the waterfront, owned by Randy Lake. For a couple of days, Jenny considered the prospect of owning that house, and finally asked Chris to tell Randy that she wanted to make the purchase.

Unbeknownst to Jenny, Randy had already sold the house to Freda Filmore on April 24th. Chris knew of the sale, but he and Randy saw the chance to make some easy money. In the early morning hours of April 27th, Randy agreed to sell Jenny the house with a closing set for the following week. Meanwhile, having heard rumors that Chris lacked integrity, Freda recorded her deed on May 1st. Chris agreed to check the register of deeds, but never did, and the closing with Jenny was completed on May 4th. Randy also gave Jenny a disclosure statement as required under the Seller Disclosure Act, which did not reflect any serious defects in the property. Chris told Jenny that he would record her property interest, but never did.

On May 10th, both Freda and Jenny appeared at the home to take possession. Jenny arrived first, and was already moving in when Freda pulled into the driveway. Jenny told Freda to leave and padlocked the door. Shortly afterwards, Freda filed a lawsuit against Jenny to quiet title. Jenny answered the complaint alleging that Freda had notice of Jenny's interest before recording because of the negative rumors Freda had heard about Chris.

Applying Michigan law, discuss the following:

(1) Identify which party has superior title to the house, Freda or Jenny, and why.

(2) Assume that Jenny wins title to the house. When she moves in, she discovers a plumbing problem that frequently floods the basement when it rains. Jenny wants to consider either: (a) a lawsuit for damages and remain in the property, or (b) rescind the purchase. What is the likelihood of success for each of these options?

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