A woman owned a large ranch, which she orally offered to sell to her stable manager for $250,000. The stable manager eagerly accepted her offer, and the woman wrote and gave him an unsigned note that read, "I agree to sell you my ranch for $250,000."

The stable manager gave the woman a small down payment to seal the deal and then took possession of the ranch with the woman's permission. Shortly thereafter, the stable manager received a letter from the woman stating that another buyer had offered to buy the ranch for $425,000 and that she would not sell it to the stable manager unless he buys it for that price.

If the stable manager sues the woman for specific performance, which of the following concepts would best support his claim?

A. Anticipatory breach.

B. Good faith and fair dealing.

C. Part performance.

D. Quantum meruit.

Explanation:

The **statute of frauds** applies to contracts for the sale of land (eg, the ranch). It requires that the contract (1) be in writing, (2) be signed by the party against whom enforcement is sought, and (3) contain all essential terms. Therefore, the woman and stable manager's *oral* agreement and the woman's *unsigned* note each violated this statute.

However, a contract for the **sale of land** that violates this statute may still be enforceable if the **part-performance exception** applies. This requires proof that the buyer has done **at least two** of the following:

- Taken **possession** of the property (as the stable manager did here)
- Made **substantial improvements** to the property (not seen here)
- **Paid** some or all of the **purchase price** (here, the stable manager made a small down payment)

The buyer can then bring an action in equity for **specific performance**. However, part performance will not support an ordinary action at law for money damages.

(Choice A) Anticipatory breach* occurs when one party communicates to the other party that it will not perform under the contract. The other party can treat this as a breach and sue immediately or demand performance. Here, although the woman told the stable manager that she would not sell him the ranch for the agreed-upon price, this would not overcome the statute of frauds.

*This is also called anticipatory repudiation.

(Choice B) The duty of good faith and fair dealing implied in every contract requires that neither party interfere with the other party's performance of the contract or right to receive the benefits thereof. But the stable manager cannot assert a breach of this duty without first proving that an enforceable contract exists.

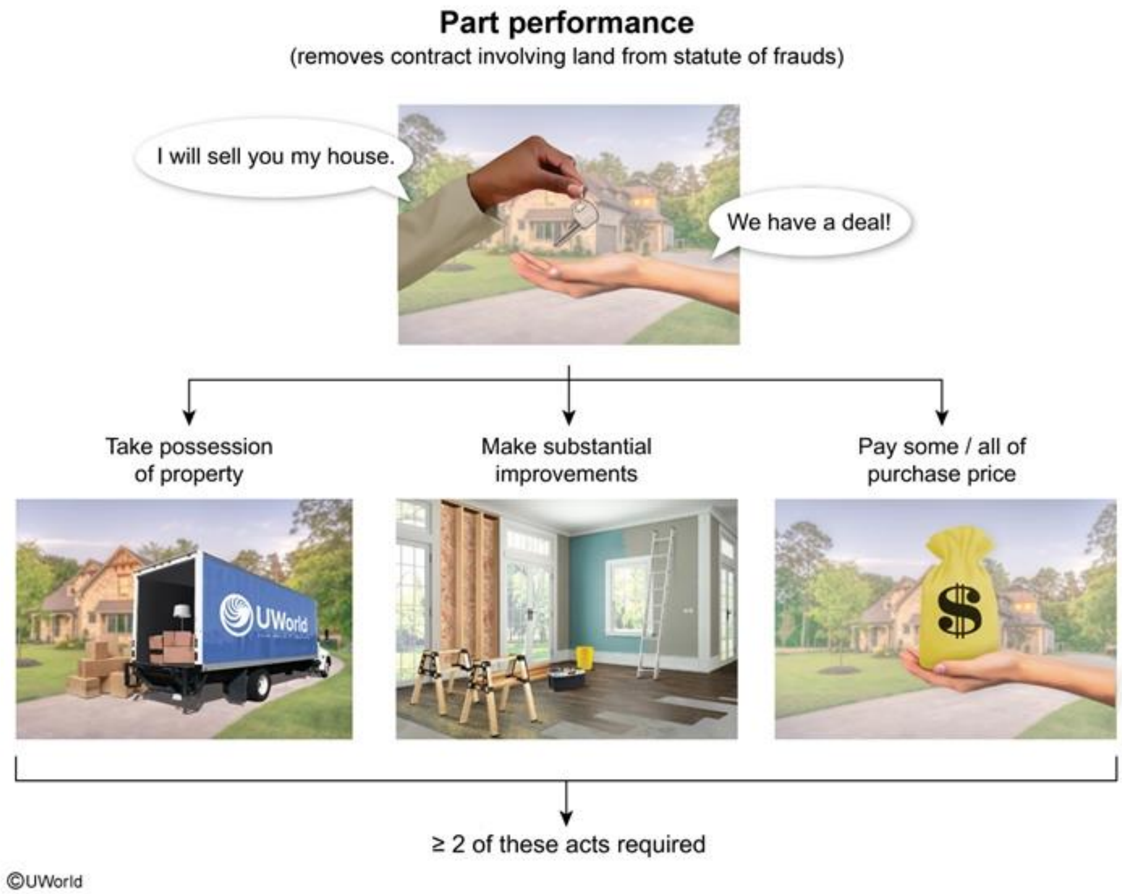
(Choice D) Quantum meruit entitles a party who has conferred a benefit on another in a quasi-contractual relationship to *damages* for the reasonable value of the benefit, but not *specific performance*.

Educational objective:

A contract involving land that violates the statute of frauds is enforceable on part-performance grounds if the buyer has done at least two of the following: taken possession of the property, substantially improved it, and/or paid any portion of the purchase price.

References

- Restatement (Second) of Contracts § 129 (Am. Law Inst. 1981) (action in reliance; specific performance).


Part performance
(removes contract involving land from statute of frauds)
I will sell you my house.
We have a deal!
Take possession of property
Make substantial improvements
Pay some / all of purchase price
UWorld
≥ 2 of these acts required
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