

A buyer and a seller entered into a written contract for the sale of land. The contract satisfied the requirements of the statute of frauds. Because the buyer needed time to obtain financing, the buyer and the seller did not agree upon a closing date, and the written contract did not contain a stated closing date. Ten days after signing the contract, the buyer and the seller orally agreed to rescind the contract. The next day, the seller sold the land to a third party.

Two days after that sale, the original buyer told the seller that she had changed her mind and wanted to complete their contract. When the seller told her that he had sold the land to a third party, she sued him for breach of the written contract.

For whom will the court find?

- A. For the buyer, because she informed the seller within a reasonable time that she desired to close the transaction.
- B. For the buyer, because the agreement to rescind the contract was not in a writing signed by the buyer and the seller.
- C. For the seller, because the contract failed to contain a stated closing date.
- D. For the seller, because the oral rescission was valid.

Explanation:

Statute of frauds requirements for real estate contracts

Writing	Physical or electronic document(s) containing reasonable basis to believe contract was formed
	eg, receipt, check, emails
Signature	Handwritten signature from, or other mark identifying, party to be charged
	eg, letterhead, electronic signature, initials
Essential terms	Typically includes: identity of parties words of intent to buy or sell property description sales price

The **statute of frauds** requires a **writing to create or modify** an enforceable contract for the sale of land, but a writing is **not required to rescind** (ie, cancel) the contract. Therefore, the buyer and the seller's oral agreement to rescind the contract was valid **(Choice B)**.

(Choice A) The contract had already been rescinded when the buyer told the seller that she desired to close the transaction. As a result, the seller was no longer required to close the transaction.

(Choice C) A writing memorializing a land-sale contract must contain all **essential terms** to be enforceable under the statute of frauds. However, a closing date is not an essential term.

Educational objective:

Under the statute of frauds, a writing is needed to *create* or *modify* an enforceable contract for the sale of land but is not needed to *rescind* the contract.

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