



**STUDENTS OFFERING SUPPORT**  
Wilfrid Laurier University

# **BU231 - Business Law Exam-AID Review Package**

**Course Coordinator:** Rachel Mahal  
**Coordinator E-mail:** maha9440@mylaurier.ca

**Tutor:** Prasana Devanand  
**Tutor:** deva2790@mylaurier.ca

Students Offering Support is Sponsored by:



Laurier SOS is Sponsored by:



The Embassy is an upscale pub located on King Street North. They offer a wide variety of delicious fare that won't hurt your pocket book. Thursday - Saturday they offer a wide selection of live entertainment starting at 10pm.

"Come as you are, stay for a while!"

## **About Students Offering Support**

Students Offering Support is a multi-national charitable sustainable social venture that develops and supports chapters in post-secondary schools across North America. Each University chapter raises money to raise roofs through raising marks during our 'Exam-AID' group review sessions, taught and coordinated by student volunteers for university and high school students. Each year, the money raised is spent on sustainable education projects in developing nations on volunteer outreach trips. Since 2005, over 2,000 Students Offering Support volunteers have tutored over 25,000 students and raised more than \$700,000 for various rural communities across Latin America.

To learn more about Students Offering Support, please visit our website at: [www.studentsofferingsupport.ca](http://www.studentsofferingsupport.ca)

### Follow Us!



[@SOSheadoffice](https://twitter.com/SOSheadoffice)



[www.facebook.com/StudentsOfferingSupport](http://www.facebook.com/StudentsOfferingSupport)



[www.youtube.com/user/StudsOfferingSupport](http://www.youtube.com/user/StudsOfferingSupport)

Sample Question:

Bill Baxter owns a successful commercial real estate development and property management company. The company develops strip malls and other retail buildings, then leases them out to retailers. Bill recently bought undeveloped land in Waterloo, Ontario with plans to build a brand new strip mall with 20 units for lease. However, the expansion plan was delayed as the company did not have the money to build yet.

To fund the expansion project, Bill Baxter decided to sell one of his existing properties. The property was located at 2132 Waterloo Road, on the south side of the road. As it was a fairly rundown property, it was initially listed at \$220,000. This was considered a high asking price for the aging building.

Bill was pleasantly surprised when he received an offer for \$200,000 only two days later. Thinking this was a fair price for the property, Bill quickly responded and indicated his acceptance.

A week later when everything was finalized, Bill was reviewing the contract. He was immediately alarmed when he saw the address of the property sold listed at 2312 Waterloo Road. This was another property that Bill owned that was also located on the south side of the street. However this property was much nicer, being valued at \$340,000. What's more, this property was only listed for lease not for sale.

At this point, Bill had realized his mistake. He had misread the property details of the contract and accidentally sold the nice property to the buyer at a greatly reduced price.

What remedies are available to Bill and why?

Answer:

This case involves mistakes in assumption. More specifically, this case refers to mistake in assumption as to the value of the subject-matter.

Bill should sue to have the contract set aside or rescinded on the grounds that he made a mistake as to the value of the subject-matter.

Leaving the parties as is (not rescinding the contract) would leave the buyer paying far too little for what he will receive. While Bill Baxter will receive much too little for the property, considering its actual value.

Since the difference in value between the two properties is so vast, Bill's mistake was obvious. No person would reasonably accept such a low offer for a property they did not even intend to sell.

Even though both parties were honest, and the mistake was inadvertent, the court affords relief in any case where it considers that it would be unfair, unjust or unconscionable not to correct the mistake. (see page 173)

Had Bill understood that the buyer was making an offer on the nicer property, and accepted that offer anyway, there would be no grounds for rescission. The court does not allow rescission on the basis of inadequate consideration. The fact that a contract is in retrospect, a bad deal does not prevent the court from enforcing it.

\*\*It is recommended that students explore all cases within chapters. Think about the important broad concepts you have learned. Ex. Formation of a contract, mistake about terms, ways out of a contract, negligence, etc.