

PART A — QUESTIONS ON LESSONS 5-8

The answers provided below are considered to be a guide only. Assignment answers resembling these below would have received passing grades.

Marks:

- 2 1. (a) The type of agency relationship created by a power of attorney sets out express authority of Bob to act as an agent. A power of attorney can set out a very limited, specific authority, or it can give general authority over all affairs. Bob needs to ensure he has sufficient authority to complete the sale of a condo for his mother.
- 7 (b) Here Mark is acting with apparent authority and, as a result, Cushioned Comfort is bound to the contract. Mark has apparent authority due to his actions and appearances — he has business cards and contracts for Cushioned Comfort, which would lead a third party to believe he had authority to act on behalf of Cushioned Comfort. Cushioned Comfort will be bound to the contract entered into by Mark.
- 6 (c) Wunder will be liable for the negligent misrepresentation he has committed. Here there was a special relationship between the parties, so a duty of care was owed; there was a breach of the standard of care, and reliance on Wunder's advice led to a loss.
- 7 (d) Bob's mother can attempt to have the sale set aside on the basis of it being an unconscionable transaction. There was an inequality of bargaining power between the two parties to the transaction — she was much older, had difficulty hearing and seeing, and was not as familiar with current real estate values as Mr. Walker was. The end result was an unfair bargain, so the courts may well set aside the contract if Mr. Walker cannot show the contract was fair and reasonable. She should also make a complaint to the Real Estate Board.
- 8 (e) A residential tenancy is governed by what is usually referred to as a tenancy agreement, which must contain certain mandatory covenants, such as the Tenant's obligations and the Landlord's obligations. These include the legal names of the parties, the address of the unit, the date of the agreement, and the date of the tenancy. Commercial tenancies are regulated under the common law, while residential tenancies use statute law such as the Residential Tenancy Act. The contract for a commercial tenancy is usually referred to as a lease, which must contain details such as a description of the premises, when they are being rented, the rent being charged, a description of the parties, and all other material terms of the contract.

Bob may have several reasons for terminating the tenancy, most of which require adequate notice. These include landlord use, cause, and non-payment.

