

ESSAY III

Opal Owner owned a warehouse on the west side in Atlanta. The majority of the warehouse space was unoccupied, but she was leasing 25% of the space to Tina Tenant, who was using it for storage. Tina owned and operated a nearby clothing boutique. She was leasing the warehouse for storage because she had very little room to store inventory which was not currently on display. Since Opal and Tina were old friends, there was no written lease agreement; instead, they agreed on an amount for the monthly rent payment and Opal told Tina she would "provide plenty of notice" if she ever sold the warehouse. Tina always paid her rent on time.

Opal Owner decided it was time to begin marketing the warehouse for sale since it was not producing any substantial rental income. She mentioned her plans to Amy Agent, a commercial real estate agent, and asked for her help in finding a suitable buyer, but did not sign a listing agreement with Amy.

Nevertheless, Amy told Bella Buyer and Paula Purchaser that Opal was considering a sale of the warehouse. Bella decided to approach Opal with an offer. The offer turned out to be for a price substantially in excess of what Opal had thought the warehouse would bring, and she verbally accepted the offer. The terms of Bella's offer included promises to make a cash down payment and to deliver a promissory note for the balance of the purchase price.

Before Opal and Bella were able to reduce their agreement to writing, Paula Purchaser presented a written contract for the purchase of the warehouse to Opal for a cash price which exceeded the verbal offer Bella had made. Believing that she and Bella did not have a binding agreement, Opal executed the contract which Paula had presented and proceeded to close the sale within 30 days. A clause in the contract provided that any lessees in the warehouse would be required to vacate the premises within 10 days after closing. On the day of closing, Paula took possession of the warehouse, and Opal notified her old friend, Tina Tenant, that Tina had 10 days to remove the clothing she was storing and vacate the premises.

Opal is now facing potential liability from multiple parties and has come to you for legal advice as to how to respond.

1. Tina Tenant has told Opal Owner that she will not be able to vacate the premises within the 10 days which Opal has given her and has threatened legal action to prevent Opal from forcing her to do so. Assuming the oral lease agreement between Opal and Tina is valid under Georgia law, may Opal force Tina to vacate the premises within the desired 10 days? If not, how much notice regarding the termination of the lease is Opal required to give Tina under applicable Georgia law before Opal can force Tina to vacate the premises? Please explain your answer fully.

2. Paula Purchaser has demanded that Opal Owner force Tina Tenant to leave the warehouse within the 10-day period prescribed in the contract. If Opal is unable to do this, Paula has threatened legal action to have Opal specifically perform this key provision in the contract. If she is unable to obtain specific performance, Paula has threatened to have the contract rescinded and to have Opal return the purchase price to her. What is the likelihood under applicable Georgia law that Opal will be required to specifically perform the clause in the contract regarding Tina's having to vacate the premises within 10 days? In the alternative, what is the likelihood that the contract between Paula and Opal can be rescinded if Opal is unable to force Tina out within the required 10-day period? Please explain your answer fully.

3. Bella Buyer has also threatened a lawsuit against Opal Owner, alleging that she had a binding agreement to purchase the warehouse which preceded the contract with Paula Purchaser. Under applicable Georgia law, will Opal be required to sell the warehouse to Bella in accordance with their verbal agreement? Please explain your answer fully.

4. Finally, Amy Agent believes she is entitled to a commission on the sale of the warehouse, whether the sale is made to Bella Buyer or to Paula Purchaser. Under applicable Georgia law, is Opal Owner liable to Amy for a commission since Amy told both Bella and Paula about Opal's intention to sell the warehouse? Please explain your answer fully.

THINK ABOUT YOUR ANSWERS. YOUR TIME IS LIMITED. ANSWER THE QUESTIONS IN ORDER. DO NOT WRITE BETWEEN THE LINES, IN THE MARGINS OR ON THE BACK OF A PAGE. ANY SUCH WRITINGS WILL BE DISREGARDED IN GRADING.