

# Week 12 real estate cd

Law



The case under discussion is the 1991 case involving Ackley, against Stambosky. In this case, Stambosky bought a house from Ackley, but she failed to disclose to him that the house was haunted. On realizing the story behind the house, Stambosky sought a legal action against Ackley and the agents who sold that house to him. He was demanding for a rescission of the sale contract, and an award for damages because of fraudulent misrepresentation of facts concerning the stature of the house (Warda, 2001).

The magistrate's court ruled against Stambosky, denoting that it was not the duty of the selling agent to disclose information about the existence of ghosts in the house. Stambosky appealed against the ruling, and by majority, the appellant court denoted that the rumors about the existence of ghosts in the house greatly affected its value.

However, the appeal court did not grant any damages to Stambosky in relation to misrepresentation of facts concerning the stature of the house. The court ruled that, it was not the duty of the real estate agent to disclose such information because of the principles of caveat emptor. New York at the time enacted the principles of caveat emptor in its laws (Emanuel, 2006).

I agree with this ruling, because the customer should have sought information about the house, before deciding to buy. It was not the duty of the seller to give him such information. However the court ruled in favor of Stambosky regarding the rescinding of the contract (Emanuel, 2006).

According to the appeal court, searching the house by the buyer could not reveal the existence of a ghost, and according to the principles of equity, it was prudent to rescind the contract.

I agree with this decision because under the principles of caveat emptor, the <https://assignbuster.com/week-12-real-estate-cd/>

buyer should have sought information regarding the quality and value of the house. However, it is difficult to identify the existence of ghosts by searching the house and therefore through equity, it is prudent to rescind the house. On this not therefore, the matter of non-disclosure did not sway the court in any manner.

References:

Emanuel, S. (2006). *Contracts* (8th ed.). New York: Aspen Publishers.

Warda, M. (2001). *Essential guide to real estate contracts*. Naperville, Ill.: Sphinx Pub..