

Understanding Obligations

Lease With Option to Buy

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In 2001, John Garcia entered into a lease with an option to buy a piece of property. The agreement included Garcia paying a \$7,500 down payment, with the remaining balance of the purchase price to be paid within two years. However, Garcia was unable to obtain the financing within that time and Garcia entered into an *oral agreement* with Ronald Roberts wherein Roberts purchased the property, giving Garcia an *additional* two years to purchase the property. Roberts agreed to pay the purchase price as a loan to Garcia subject to repayment *with interest* within two years. After the property transferred to Roberts, both parties signed the written agreement for the lease option.

In 2004, after Garcia was able to obtain financing, Roberts refused to sell the property. Garcia sued for breach of oral contract, fraud, and related causes of action, but did not bring up the written lease option. Roberts argued that there was no written agreement and also argued that the oral contract cause of action was not valid as a matter of law.

Garcia died prior to the trial and his wife, Omega, continued with the case. During the trial, Omega moved to add a breach of written contract

claim. The trial court granted the motion and at trial, the jury found in favor of Garcia. Roberts then argued that the court abused its power by allowing an amendment to the complaint *during trial*. He argued that this unfairly prejudiced and worked against him.

A trial court maintains its powers to allow a complaint to be amended. However, amendments *must conform to proof on the, "same general set of facts as those upon which the cause of action or defenses are originally depleted or grounded."* The other party must not be prejudiced because of this or it would be unfairly advantageous to the other party.

Here, Garcia's statement that there was only an oral contract between the parties and that he had no knowledge of any agreement in nature of a lease/option reasonably limited the focus of Roberts discovery efforts.

Roberts pointed out that a number of significant factual issues that were related to the lease option were not pursued in the discovery since it became unnecessary to do so in light of what Garcia asserted under oath in his deposition. Garcia denied knowledge of the lease option agreement.

Based on the crucial fact that at the trial, the plaintiff was deceased, and so could not be questioned further on any issues, the court concluded that the defendants were unfairly prejudiced and thereby allowed the plaintiff through his wife/successor, to assert the cause of action.

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