My Buyer Teaches Us All a Lesson About Not Taking “No” for an Answer

Last month I participated in a closing that was not supposed to happen. The story behind it should be a wake-up call for any seller who uses a relocation company to sell his home but then doesn’t relocate.

Here’s what happened, and it may well have been a first in real estate.

A client of mine fell in love with a house, and I helped him get it under contract. The seller was relocating to another state, and his future employer provided relocation benefits, including paying the cost of selling his house and paying for his moving costs. These are great benefits.

However, after the house went under contract (very quickly), the job offer fell through. No worries, the seller thought — after all, his buyer was not under contract with him but with the relocation company, and the buyer had signed the standard relocation company addendum which states that the contract to buy the home from the relocation company was contingent on the relocation company acquiring title to the home — which typically happens the day of closing. The relocation company buys the house from the “transferee” and then resells it to the buyer — standard procedure in relocation transactions.

So, upon learning that the transfer was not going to happen, the listing agent sent me a notice to terminate the contract and the earnest money release signed by the relocation company.

Now, any “normal” buyer would have accepted the termination — and I expected my client to do so. However, my buyer loved that house and wasn’t going to let the seller off the hook. I pointed to the addendum’s provision and told my client that, in my layman’s opinion, he didn’t have a case, and I’d never heard of a buyer challenging it.

Well, you need to know that this client is an attorney. He hired an attorney to represent him and pressed an interesting legal point that had never occurred to me. He maintained that the relocation company was functioning as an agent for the seller and that the seller couldn’t get out of the sale even though his name was not on the contract itself.

Well, the case never got to the point of litigation. The seller, who did not want to sell, agreed to sell rather than press his case in court at what would probably be great expense.

Since it didn’t go to trial, no precedent was set, but nevertheless this should be an interesting lesson for other sellers who find themselves in a similar situation — and, of course, a great lesson for the disappointed buyer!