

# Korean Contract Law I

23 June 2019

- The duration of the examination is 75 minutes (from 16:00 am to 17:15 am).
- During the course of the examination, you may freely consult materials in your possession as well as on-line resources.
- On each Answer sheet, you must write your **student number only**. Please do **not** write your name.
- You must attempt the following **two (2)** Questions.

## [1] Question 1

Mr Kim sold his old house with a garden to Ms Lee at the contract price of 2 billion KRW. The completion date (when the property must be transferred in exchange for payment of the balance) was agreed to be 1 June 2018. Ms Lee paid 0.2 billion KRW as the contract deposit on 1 March 2018 when the contract was signed. Ms Lee further paid 0.8 billion on 1 May 2018 as the agreed partial payment. For the remaining balance, instead of paying cash, Ms Lee undertook to take care of Mr Kim's outstanding loan in the amount of 1 billion KRW from M Bank on 1 June 2018.

In late May 2018, however, Ms Lee discovered that there is an urban road planning which would affect a portion of the garden. Ms Lee sent a letter entitled, "Notice of Termination" to Mr Kim on 25 May 2018 and stated that "The contract is cancelled due to your fraudulent behaviour. You must immediately return all the monies I paid you so far. You must also pay damage to me."

Mr Kim replied,

Dear Ms Lee,

It is unfortunate that you are making unreasonable and groundless allegations in an effort to renege from a deal which you willingly agreed to. I stand ready and willing to transfer the property as we agreed on 1 June 2018 and you must take care of the loan from that date. If you fail to do so, you are solely to blame for all consequences.

Yours truly,

Ms Lee refused to take care of Mr Kim's loan. On 1 September 2018, M Bank foreclosed and auctioned the property. Mr X was the successful bidder and became the owner of the property.

On 15 September 2018, Ms Lee sent another notice entitled "Notice of Termination" to Mr Kim and stated that "The contract is now terminated due to your impossibility of performance."

Mr Kim denies. Mr Kim demands damage from Ms Lee arguing that Ms Lee committed a breach.

Discuss how the dispute must be resolved.

**[2] Question 2**

X sold a property to Y at the contract price of 1 billion KRW which was fully paid on 1 January 2015, on which date the property was transferred to Y. However, Z showed up in 2016 and claimed the property from Y. Y contested but Z prevailed. Y lost the property and was evicted from the property on 1 January 2018.

The property was worth 1.1 billion KRW on 1 January 2015, 1.4 billion KRW on 1 January 2018 and it is now worth 1 billion KRW.

Discuss what remedies are available to Y and what types and amount of damages (if any) are claimable by Y. Discuss also whether X may have any defence against Y.

[End of questions. You must answer **both questions**.]