

COMMERCIAL REAL ESTATE INSIGHT & NEWS

The Bowditch & Dewey Real Estate Blog

When is Your Word Your Bond? When it Induces Detrimental Reliance.

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Before looking to the Statute of Frauds to avoid verbal promises, take note of Barrie-Chivian v. Lepler, decided by the Appeals Court on July 31, 2015. In this case, the defendant – borrower (the former son-in-law of the plaintiff lenders) who repeatedly said he would personally guarantee loans made to his real estate business and that he would sign a personal guarantee for those loans, but never did so, was held to be liable for the nonpayment of the loans, under the theory of promissory estoppel. The Court did not accept the defendant's assertion that the Statute of Frauds barred recovery by the plaintiffs under the personal guaranties, without some writing, noting "[i]t would work a harsh injustice to permit the Statute of Frauds to bar recovery for the plaintiffs when the defendant admits he induced the plaintiffs' reliance by promising to execute a written agreement the absence of which he now seeks to use to avoid the debt."

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