

**18 GCA BUSINESS STRUCTURE & FUNCTION
CH. 89 EXTINCTION OF CONTRACTS**

**CHAPTER 89
EXTINCTION OF CONTRACTS**

Article 1. How Contracts are Extinguished.

Article 2. Rescission.

Article 3. Alteration & Cancellation.

**ARTICLE 1
HOW CONTRACTS ARE EXTINGUISHED**

§ 89101. Contracts, How Extinguished.

A contract may be extinguished in like manner with any other obligation, and also in the manner prescribed in this Chapter.

SOURCE: CC § 1682.

NOTE: No 1970 Civil Code §§ 1683-1687 existed.

**ARTICLE 2
RESCISSION**

§ 89201. Rescission Extinguishes Contract.

§ 89202. When may Rescind.

§ 89203. When Stipulations do not Defeat.

§ 89204. How Rescission Effected.

§ 89201. Rescission Extinguishes Contract.

A contract is extinguished by its rescission.

SOURCE: CC § 1688.

§ 89202. When may Rescind.

A party to a contract may rescind the same in the following cases only:

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1. If the consent of the party rescinding, or of any party jointly contracting with him, was given by mistake, or obtained through duress, menace, fraud or undue influence, exercised by or with the connivance of the party as to whom he rescinds, or of any other party to the contract jointly interested with such party;

2. If, through the fault of the party as to whom he rescinds, the consideration of his obligation fails, in whole or in part;

3. If such consideration becomes entirely void from any cause;

4. If such consideration, before it is rendered to him, fails in a material respect, from any cause; or,

5. By consent of all other parties.

SOURCE: CC § 1689.

§ 89203. When Stipulations do not Defeat.

A stipulation that errors of description shall not avoid a contract, or shall be the subject of compensation, or both, does not take away the right of rescission for fraud, nor for mistake, where such mistake is a matter essential to the inducement of the contract, and is not capable of exact and entire compensation.

SOURCE: CC § 1690.

§ 89204. How Rescission Effected.

Rescission, when not effected by consent, can be accomplished only by the use, on the part of the party rescinding, of reasonable diligence to comply with the following rules:

1. He must rescind promptly, upon discovering the facts which entitle him to rescind, if he is free from duress, menace, undue influence, or disability, and is aware of his right to rescind; and,

2. He must restore to the other party everything of value which he has received from him under the contract; or must offer to restore the same, upon condition that such party shall do likewise, unless the latter is unable or positively refuses to do so.

SOURCE: CC § 1691.

COURT CASES: Where vehicle was driven 5 or 6 months, and 7,100 miles, after purchase, buyer made timely rescission where vehicle never worked properly and was in dealer's shop for much of that time; and court found that buyer would not have

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entered into the deal had he been aware of the problems with the car. *Quitugua v. Atkins Kroll*, 1 Guam R. 190 (D.C. Guam App.Div. 1970).

NOTE: No 1970 Civil Code §§ 1992-1996 existed.

ARTICLE 3
ALTERATION & CANCELLATION

- § 89301. Alteration of Verbal Contract.
- § 89302. Alteration of Written Contract.
- § 89303. Extinction, Cancellation.
- § 89304. Extinction; Unauthorized Alteration.
- § 89305. Alteration, Duplicate, not to Prejudice.

§ 89301. Alteration of Verbal Contract.

A contract not in writing may be altered in any respect by consent of the parties, in writing, without a new consideration, and is extinguished thereby to the extent of the new alteration.

SOURCE: CC § 1697.

§ 89302. Alteration of Written Contract.

A contract in writing may be altered by a contract, in writing, or by an executed oral agreement, and not otherwise.

SOURCE: CC § 1698.

§ 89303. Extinction, Cancellation.

The destruction or cancellation of a written contract, or of the signature of the parties liable thereon, with intent to extinguish the obligation thereof, extinguishes it as to all the parties consenting to the act.

SOURCE: CC § 1699.

§ 89304. Extinction; Unauthorized Alteration.

The intentional destruction, cancellation, or material alteration of a written contract, by a party entitled to any benefit under it, or with his

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consent, extinguishes all the executory obligations of the contract in his favor, against parties who do not consent to the act.

SOURCE: CC § 1700.

§ 89305. Alteration, Duplicate, not to Prejudice.

Where a contract is executed in duplicate, an alteration or destruction of one copy, while the other exists, is not within the provisions of the last section.

SOURCE: CC § 1701.

NOTE: No 1970 Civil Code §§ 1702-1707 existed.

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