



WEEK 32

ASSIGNMENT PACKET

This week we'll start to look at contract law. Contracts are agreements between two parties that courts will enforce. They are the basis for all economic activity in a market economy and are the legal links between the companies/individuals that make/consuming goods. There are five elements that are required to make a contract valid:

Five Elements Required to Form a Contract

1. **Offer & Acceptance** – a serious, definite offer to contract; accepted by person offered to
2. **Genuine Assent** – offer and acceptance not based on deceit, an important mistake or unfair pressure
3. **Legality** – must be legal (can't pay someone to commit crime or tort)
4. **Consideration** – both sides must receive something of value
5. **Capacity** – must be able to contract legally (can't be a minor, insane, or intoxicated)

This week, we'll focus on the first element – Offer & Acceptance.

RESOURCE: BLAW 2 Chapter (on class website) ... specifically, sections 2-1, 2-2, 2-3.

There are two projects this week ... (1) read an article about contract law and prepare 5 Google Slides; and (2) terms that relate to contractual offers, acceptances, and terminations. You will definitely need to refer to the BLAW 2 chapter on the class website to answer the questions about terms this week!

Please reach out to me with questions!

Is This Contract Valid?

Negotiating your way through the maze of contract law

By Jeffrey Steinberger

Entrepreneur.com

Have you ever considered suing someone for not holding up their end of a bargain? Or were you the one being sued? Whether you're in business or not, you probably encounter contracts almost every day. However, few people understand what it takes to make a contract valid.

A contract is basically an agreement to do or not to do something. Saying a contract is valid means it's legally binding and enforceable. The point of a contract is to clearly outline an agreement so the "object" is accomplished while preventing disputes or litigation. Any lawyer will tell you that a lawsuit is a very inefficient and expensive way to resolve contract disputes, and it also means you lose control over the issue being disputed since a judge or jury will be making the decisions instead.

It's important to know not all certain agreements can be oral way, a contract must include the contracting, consent of the parties, and consideration.

Anyone can enter into a contract, people of unsound mind. The are; usually names are sufficient, may be used. In sales to names, "seller" and "buyer" are sometimes used to further describe the parties.

USE GOOGLE SLIDES TO SUMMARIZE THE MAIN POINTS OF THE ARTICLE IN 5 SLIDES. SHARE THE FINISHED SLIDES.

contracts have to be in writing; and still be legally enforceable. Either following: parties capable of offer and acceptance, a lawful object,

except minors, certain felons and contract must identify who the parties but sometimes addresses or titles agreements, for example, in addition

A valid contract also requires the parties' consent, which must be free, mutual and communicated to each other. Consent is not free when obtained through duress, menace, fraud, undue influence or mistake. Books have been written about the complexities of those factors. Obviously, a person who signs a contract because there's a gun pointed at his head hasn't consented to the agreement and can rescind it. All cases, of course, are not that clear-cut, and the law must applied to each individual case.

Also, consent isn't mutual unless the parties agree on the same thing in the same sense. This is often referred to as a "meeting of the minds." Generally, there's an offer and an acceptance communicated by the parties.

The thing being agreed to is also known as the object or subject. It must be lawful, possible and definite. A court, for example, will not enforce a contract to perform an illegal act. Drug deals often go wrong, but a person who pays for drugs that aren't delivered can't seek the help of a court in getting the money back.

All contracts require consideration, meaning each party must gain something. It may be something that is or isn't done or given. When a party agrees to do something (paint your house) or to not do something (not sell their house to anyone else for 30 days) they must gain something. Generally, if I say I'll paint your house, and you haven't promised me anything in return, you can't sue me for not showing up because I haven't received any consideration. Volumes have been written about this aspect of contracts as well.

Certain contracts aren't valid unless in writing. Generally, they deal with real property, certain debts, money exceeding a certain amount, or objects that won't be performed within one year or within the promisor's lifetime. Naturally, the exceptions can be as broad as the rules. When the agreement doesn't have to be in writing, all the other elements of a valid contract still have to be fulfilled. The bottom line is that while parties generally come to transactions in good faith, a well written contract is the best protection should a dispute arise.

OFFER AND ACCEPTANCE REVIEW

Refer to the BLAW2 Chapter on the class website to complete the statements below. You can email the responses or share a Google Doc.

OFFERS

In order for an offer to be valid the offeror must:

- (1) make an _____;
- (2) the offer must be _____; and
- (3) the offer must be _____.

TERMINATIONS

Of course, offers do not last forever. There are several ways for an offer to be terminated. An

offeror can end an offer by:

- (1) making a _____; or (2) the offer can just expire as a result of the _____.

An **offeree** can end an offer by: (1) _____; or by making a _____.

Lastly, an offer can end because of external circumstances: either because (1) a _____ has passed; or (2) due to _____ of one of the parties.

KEEPING OFFERS OPEN

There are two ways to keep an offer open for a certain period of time:

- (1) a business can make a _____ (otherwise known as a rain check) ... which must be in writing, but does not require any consideration (\$); or
- (2) a person can make a(n) _____ by paying money to keep the offer open ... this does not need to be in writing, but does require a money payment.

ACCEPTANCES

In order for an acceptance to be valid, the acceptance must be:

- (1) _____; it must
- (2) _____; and it must be
- (3) _____.