

Chapter 5 - How Contracts Arise

Nov 6-7:54 AM

DO NOW:

2. A firm advertises that it is seeking to sell 2,000 items of equipment for \$230 each. Josephine Kidwel orders the entire lot at the stated price, but delivery is refused. Does Kidwel have a claim against the company? Explain your answer.

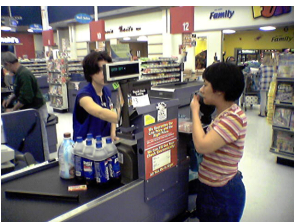
3. Noel Howard offers to sell Frank Chepstow a piano for \$570 and agrees orally to keep the offer open for five days. Later a neighbor tells Chepstow that she just bought the piano. Does Chepstow have a claim against Howard to force him to sell HIM the piano? Explain your answer.

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Have you ever entered into a contract?
If so, what was it?

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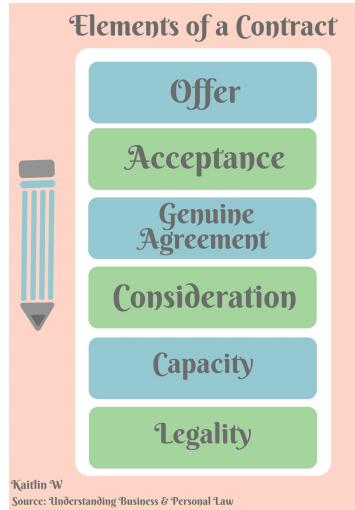
Which person(s) below have entered into a contract?



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A **contract** is any agreement enforceable at law.

In order to be legally complete, a contract must include six elements:



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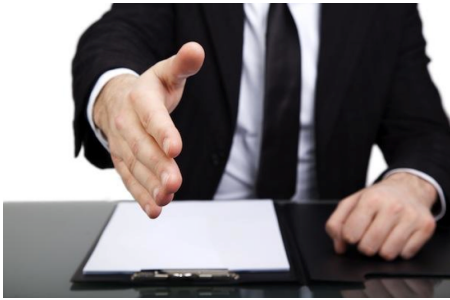
1. Offer: A proposal by one party (offeror) to another (offeree) indicating a **willingness** to enter a contract.



Does the seller have to accept our "Best Offer"?

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2. Acceptance: Willingness of the offeree to be bound by the terms of the offer.



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3. Genuine Agreement: When a valid offer is met by a valid acceptance;
it can be destroyed by:
fraud, misrepresentation, mistake, duress, or undue influence.



More on all of these come later!

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4. Consideration: Something of value promised by one party in exchange for something else of value promised by the other party.

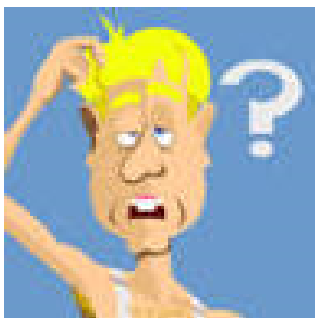


What is the **consideration** in this picture?

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Capacity

Which of these people can legally enter into a contract?



The dumb adult

or



the boy genius?

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5. Capacity: The law presumes that anyone entering into a contract has the legal capacity to do so; exceptions are:

minors, the mentally incompetent, and drugged/drunken individuals.



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6. Legality: The terms of the contract must be legal; cannot commit a crime or a tort. (i.e. [murder for hire](#))

Murder-for-Hire Plot Suspects Plead Guilty

June Pickard, 57, and her son Francis Noble, 32, pleaded guilty to attempted murder in hired a hitman to kill Noble's wife

By Monica Garske



Francis Noble (L) and his mother June Pickard (M) pleaded guilty Thursday to the attempted murder of Noble's wife, Rita Magsour (R).

Thug gets 9 years in death plot

Gang member wanted cash to move out of mom's house

BY NATASHA KORECKI

Federal Courts Reporter
nkorecki@suntimes.com

Byron Lane really wanted to move out of his mother's home.

So when an "opportunity" came up to murder someone for \$1,200, he took it, Lane told a federal judge on Thursday.

Even though Lane, of south

suburban Broadview, pleaded guilty to agreeing to take part in a murder-for-hire plot, he said he never was going to carry out the killing. He just wanted the money.

"I am not a diabolical person," he said just before he was sentenced to nine years in federal prison. "I was letting him in because I had to move out of my mother's house."

Lane, a 26-year-old Gangster Disciple who described himself as an "enforcer" in the gang to court officials, didn't know he was negotiating — at

times on video — with an undercover federal agent. The agent asked him to kill a fictitious rival gang member.

U.S. District Judge Harry Leinenweber told Lane at sentencing he was lucky it was a set-up.

"You were lucky because you'd be in far more serious trouble if this were not a ruse," he said.

Assistant U.S. Attorney Erika Csicsila showed a video in court where Lane is overheard talking about carrying out the killing for the cash.

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Characteristics of a Contract

1. *Valid, void, voidable, or unenforceable*

- **Valid** means legally good.
- **Void** means having no legal force
- **Voidable** means that the contract is not void in itself, but may be voided by one (or both) of the parties.
- A contract may be **unenforceable** because of some rule of law that cannot be enforced in court (a legal time limit).



<http://education-portal.com/academy/lesson/valid-void-voidable-and-unenforceable-contracts.html#lesson>



T-Mobile
Unlimited Talk. Unlimited Text. No contract.

	500 MB	2.5GB	Unlimited
Individual	\$50/mon	\$60/mon	\$70/mon
2 Lines	\$80/mon (\$40 each)	\$100/mon (\$50 each)	\$120/mon (\$60 each)
3 Lines	\$90/mon (\$30 each)	\$120/mon (\$40 each)	\$150/mon (\$50 each)
4 Lines	\$100/mon (\$25 each)	\$140/mon (\$35 each)	\$180/mon (\$45 each)
5 Lines	\$110/mon (\$22 each)	\$160/mon (\$32 each)	\$210/mon (\$42 each)

All plans include unlimited T-Mobile calling, unlimited nights and weekends, and Mobile Hotspot (limited to only 500MB of tethering on Unlimited plans)

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2. *Express, Implied*

- An **express contract** is stated in words and may be either oral or written.
- An **implied contract** is one that comes about from the actions of the parties.

<http://education-portal.com/academy/lesson/expressed-vs-implied-contracts-differences-examples.html#lesson>



Has this guy entered into a contract?



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3. *Bilateral, Unilateral*

- A **bilateral contract** contains two promises--one by each person.
- A **unilateral contract** contains one promise only.

BILATERAL CONTRACTS

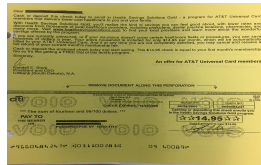


Painting House subject matter of Contract

I will pay you \$3,00, if you agree to paint my house



I agree to paint your house



**\$5,000 REWARD
LOST DOG**



"HEMI"
NEEDS MEDICATION FOR HIPS
Male French Bulldog | Tan with black face | 25 lbs
Neutered | Last seen with collar

(310) 954-9126

www.facebook.com/hemimissingfrenchie



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4. *Oral, Written*

- An oral contract is by word of mouth and is legally binding.
- Putting a contract in writing provides proof of the contract.

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"These are tough times to be a contract law attorney.
Everything's written in stone."



"No, Jimmy. I distinctly said that you can halve your allowance if you mow the lawn. That's why we ask for things in writing."

(From SNAPSHOTS by Jason Love)

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Requirements of an Offer

An **offer** is a proposal by one party to another party to enter into a contract.

1. *Serious intent:*
2. *Definiteness and Certainty:* must be definite (not vague) and certain.
3. *Communication to the Offeree:* by telephone, letter, fax, email, text, etc.

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Requirements of an Acceptance

Acceptance is the unqualified willingness to go along with the offer.

1. *Unconditional Acceptance:* no change to the terms of the original offer.
- o Any change in terms is a **counteroffer**; this new offer can be accepted/declined.

<http://www.youtube.com/watch?v=KNQRqAoT-2c>



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2. *Methods of Acceptance*: time of acceptance determines when the contract comes into existence.



"The Mailbox Rule"
5 min video

- When the offeree uses the *same* method of communication as the offeror, the contract exists when the acceptance is sent.

M T W Th F

If the offeree uses a method of communication that is *different* from that used by the offeror, the contract exists when the acceptance is received.

M T W Th F

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Termination of an Offer

1. Revocation: taking back of the offer before it is accepted (must be communicated to the offeree).



2. Rejection: refusal of an offer by the offeree



3. Counteroffer: ends the first offer (rejects original offer)



4. Expiration of Time: offer must be complied with in the time limit (if one exists)

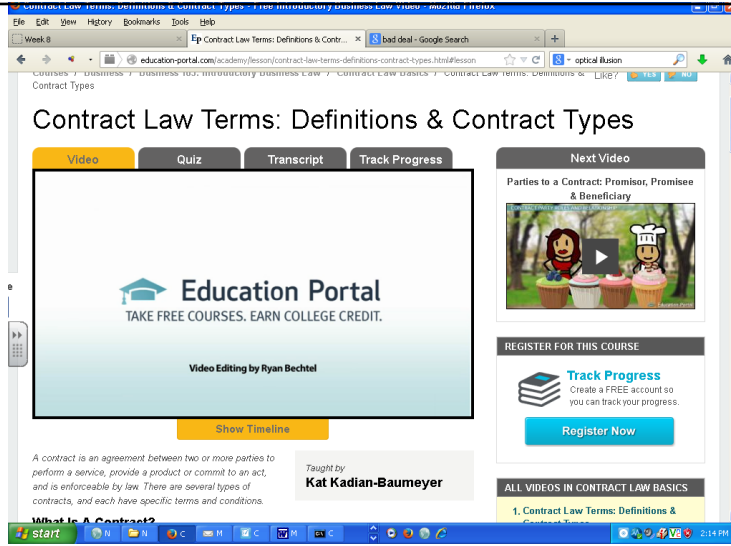


5. Death or Insanity: if the offeror dies or becomes insane before it is accepted, the offer comes to an end.



Insanity Alert

Nov 6-9:00 AM



take quiz at end

<http://education-portal.com/academy/lesson/contract-law-terms-definitions-contract-types.html#lesson>



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Attachments

Ch5_Undercover video shows murder-for-hire plot unfold.wmv



Ch5_Undercover video shows murder-for-hire plot unfold.wmv