

Business/Marketing Virtual Learning

10-12 grade Business Law

April 15, 2020



**Date must
correlate with
when it would
be on ISD
website**

Lesson: [April 15, 2020]



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Objective/Learning Target:

List and Analyze the Elements Required to Form a Contract

Let's Get Started

Watch this Video:

[Elements of a Contract](#)



Requirements of a Legally Enforceable Contract

There are six major requirements that must be satisfied before courts will treat a transaction as a legally enforceable contract:

- 1) **Offer and Acceptance** - There must be an agreement composed of an offer and an acceptance upon which to base the contract. The person who makes the offer is termed the offeror. The person to whom it is made is the offeree. The terms of the offer must be definite and accepted without change by the party to whom it was intended to be offered.
- 2) **Genuine Assent** - The agreement must not be based on one party's deceiving another, on an important mistake, or on the use of unfair pressure exerted to obtain the offer or acceptance.
- 3) **Legality** - What the parties agree to must be legal. An agreement to commit a crime or tort cannot be a legally enforceable contract.

- 4) **Consideration** - What the promisor demands and generally must receive in order to make his or her promise legally enforceable against him or her is termed consideration.
- 5) **Capacity** - To have a completely enforceable agreement, the parties must have the legal ability to contract for themselves. Age of the parties is one aspect of capacity. In most states, parties to a contract must be 18 in order to form a legally binding contract.
- 6) **Proper Form** - Some agreements must be placed in writing to be fully enforceable in court.

ACTIVITY #8

Study the situations, answer the questions, and support your answers in your Journal.

- 1) Diaz, 16, contracted to sell his full drum set to his classmate Martin, also 16, for \$450. They concluded their contract with a handshake in front of a couple of friends. If one of them later decides he does not want to go through with the deal, can the contract nonetheless be enforced in court against him? Why or why not?
- 2) What elements are required to form a legally enforceable contract?