



Business/Marketing Virtual Learning

10-12 grade Business Law

April 21, 2020



Lesson: [April 21, 2020]

Objective/Learning Target:

Explain How an Offeree Can Ensure an Offer Will Remain Open

Let's Get Started

Watch this Video:

[Exception to the Consideration Requirement -
Option Contract and Firm Offers](#)



How an Offer Can be Kept Open

As mentioned, an offeror is not legally obligated to keep an offer open for a specified time even if the offeror has promised to do so. This may cause the offeree not to pursue the offer or to act without proper consideration to close the deal. Such uncertainty may be eliminated in the following ways.

- 1) **Options** - If the offeree gives the offeror something of value in return for a promise to keep the offer open, this agreement is itself a binding contract. It is called an option. The offer may not be withdrawn during the period of the option.
- 2) **Firm Offers** - A special rule that works the same result as an option applies to merchants (individuals who regularly deal in the goods being bought or sold) who make offers in writing. If such a written offer contains a term stating how long it is to stay open, it is called a firm offer. The Uniform Commercial Code (UCC) makes firm offers binding for the time stated, but not more than three months. This is true even when nothing is paid by the offeree.

ACTIVITY #12

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

- 1) Gus walked into his local hardware store to buy exterior paint for his house. It was on sale for \$35 a gallon. Gus wanted to check around but didn't want to lose the chance to buy at the sale price. In response to Gus's request, the manager of the paint department wrote Gus a note stating, "Gus Anderson may buy up to 15 gallons of Old Dutch Exterior Grade paint for \$35 per gallon anytime within the next two weeks." The manager signed and dated the note. Is this offer binding?
- 2) Phil was talking with Sharon about Opie, his Springer Spaniel dog. Phil explained that Opie has a strong personality, loves to snuggle up to people, likes to eat "people food," and is a good watchdog. Sharon liked Opie a lot and needed a dog. As she knew Phil needed money at the moment, she offered him \$1,000 for Opie. Phil said, "It's a deal but I have to have him back during hunting season." Is there a contract between Phil and Sharon for the sale of Opie?