

Key Terms

Acceptance	Unqualified willingness by the offeree to go along with the offer
Benefits	Something that a party was not previously entitled to receive
Bilateral	Contains two promises
Capacity	Legal ability to enter into a contract
Consideration	Exchange of benefits and detriments by the parties to an agreements
Counteroffer	Any change in the terms of the offer
Death	Offeror dies
Detriments	Any loss suffered; anything given up
Duress	Overcoming a person's free will by use of force or by threat of force or bodily harm
Economic Duress	Threats to a person's business or income
Emancipation	severing of the parent-child relationship
Express	Contract statement that may be written or oral
Firm Offer	a written offer for goods that states the period of time during which the offer will stay open
Forbearance	Not doing something that you have the right to do
Fraudulent Misrepresentation	Party to a contract deliberately makes an untrue statement of fact
Genuine Agreement (Assent)	A valid offer has been made by the offeror, and a valid acceptance has been exercised by the offeree
Illusory Promises	Clause or wording that allows party to escape from legal obligation
Implied	Contract that comes about from the actions of the parties
Insanity	Offeror is declared insane
Legality	Illegal Contracts
Mentally Incapacitated	Lacking the ability to understand the consequences of his or her contractual acts
Mirror Image Rule	Terms of the acceptance must match exactly (mirror) the terms of the offer
Mutual Mistake (Bilateral Mistake)	Both parties are mistaken about an important fact
Nominal Consideration	Token amount in a written contract where either the parties cannot or do not wish to state the amount
Offer	Proposal by one party to another with intent to create a legal binding agreement
Offeree	Offer made to this person
Offeror	Makes the offer
Option	the offeree gives the offeror something of value in return for a promise to keep the offer open for a set period of time
Oral	Created by two or more people speaking to each other
Past Performance	An act that has already been performed cannot be consideration in a contract.
Price Fixing	competitors agree on certain price ranges within which they will sell their products
Rejection	Refusal by the offeree
Restrictive covenant	agreement not to compete in a region for a period of time

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Revocation	Taking back of an offer by offeror
Statute of Frauds	Requires that certain contracts be in writing to be enforceable
Unconscionable	So grossly unfair or oppressive that it would shock the conscience of the court
Undue Influence	Unfair and improper persuasive pressure within a relationship of trust
Unenforceable contract	Contract that court will not uphold, usually because of some rule of law
Unilateral	Contains a promise by only one person to do something if, and when, the other party performs a certain act
Unilateral Mistake	An error on the part of one of the parties
Usury	charging too high of an interest rate
Valid contract	Includes all elements recognized by the courts
Void contract	Without legal effect
Voidable contract	One or more parties can get out of contract for some legal reason
Written	contract terms are written so that both parties know the exact terms