

REQUIREMENTS OF A VALID CONTRACT

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Contracts are part of everyone's every day life. For example, when a person leases an apartment, buys a home or makes a charge purchase, a contract is involved. But what is a contract?

A contract has many definitions, but one of the simplest definitions for a contract is a "promise enforceable by law." The promise may be to do something or to refrain from doing something. The making of a contract requires the mutual assent (agreement) of two or more persons, one of them normally making an offer and the other accepting it. If one of the parties (persons) fails to keep his or her promise, the other is entitled to legal recourse against that person.

There are six requirements necessary for a contract to be valid:

1. An agreement which usually consists of an offer and an acceptance of that offer.
2. The agreement must have consideration which is something bargained for and given in exchange for a promise.
3. The parties must have the capacity, or legal ability to contract.

4. The contract must be based on the genuine assent of each party, that is, both parties must be agreeable to the terms of the contract.

5. The subject matter of the contract must be legal. An agreement to break the law would be illegal, for example.

6. Some contracts must be in proper form. Even though courts will enforce an oral contract, some categories of contracts must be in writing to be legal.

Consideration is a key to a valid contract. A more familiar term for consideration would be money. However, consideration may consist of anything deemed of "value" to the parties involved.

The law attempts to protect minors, children under age eighteen, and people who lack the mental capacity, such as insane people, from being taken advantage of. They are, therefore, usually able to get out of their contracts.

Contract law is a product of our modern commercial civilization. An in-depth study of that phase of law involves many complex legalities. This is just a general explanation of contract law. For a detailed contract to be drafted or interpreted an attorney's help is advisable.