

CONTRACT LAW

This section discusses the basics of contract law, and addresses a few things to consider before signing a contract.

REQUIREMENTS FOR A CONTRACT

A valid contract is a legally binding agreement and is enforceable in court by and against the contracting parties. In order for a contract to be valid, there must be an offer, an acceptance of the offer, an exchange between the parties of something of value, and an agreement to the terms.

Under California law, anyone is capable of entering into a contract, except for persons deprived of civil rights (*e.g.*, prisoners) and persons of unsound mind. A party is considered “of unsound mind” if he or she is intoxicated or is suffering from a mental illness that prevents the party from understanding what he or she is doing.

Minors (persons under 18) are with some exceptions permitted to enter into a contract in the same manner as adults. However, contracts cannot always be enforced against minors by the other party or parties. As a result, it is permissible for someone to refuse to enter into a contract with a minor.

ORAL CONTRACTS

Contracts that are made orally are enforceable under certain circumstances, but are problematic even where permissible. If the parties to the contract remember the agreement differently, it can be difficult if not impossible for a party to prove what the actual agreement was. Some types of contracts can never be made orally, including contracts lasting more than one year, contracts for the sale of goods worth more than \$500, contracts for the purchase and sale of real property, and contracts to be co-signed.

BEFORE YOU SIGN A CONTRACT

Read it, read it, **READ IT!** You should read a contract as many times as required for you to be certain that you understand it. Do not sign a contract without first understanding its contents and consequences. You may want to request that an attorney review a contract with you before you sign it, especially if the rights and responsibilities of the parties to the agreement are not clear to you.

You should not sign a contract that has blank spaces left to be filled. Some contracts are forms that look like a worksheet, with blank spaces for terms relating to quantity, price, or other details. Do not sign a contract unless all spaces have been fully completed.

You should always keep a copy of any contract that you sign. This is the best way for you to provide evidence of its existence and terms.

CANCELING A CONTRACT

Most contracts are legally binding. You should assume that you will be bound by the contract and that you will not be able to simply “get out of it.”

There are some extraordinary circumstances in which it may be possible to cancel a contract. Some examples of contracts that may be cancelled include those that involve fraud or that require someone to do something illegal.

Getting Help

General Legal

Student Legal Services, 858.534.4374 or <http://sls.ucsd.edu>