

Hospitality Law (HFT3603) –Contracts Chapter 4 and 5

Law is broken into 3 components:

- **Contracts** are promises two parties make to each other
- **Negligence**- rights and duties parties have to each other in absence of contractual rights.
- **Regulations/statutes**- government impositions.

In many parts of the world, contracts need to have formality, requiring a notary (official seal of approval who witness a document and approves its legal content. In the US system, **contracts** are not formally required.

Elements of contracts in the US:

- Consideration for both parties (both parties need to have some benefit from the contract)
- Breach
- Meeting of the minds (mutual agreement)
- Damages

Some contracts must be in writing (others can be verbal). The problem with verbal contracts however, is verbal contracts provide insufficient proof.

Contracts that MUST be in writing:

- Sale of real estate (not rental)
- Probate (processing state of a person who has died)
- Agreement to pay someone else's debts
- Contracts that take longer than a year (ex: lease for a year)
- Sale of goods that are over \$500

Problems with written contract & can't be enforced:

- Illegal act (ex:sale of illegal drugs, gambling, prostitution, etc.)
- Minority (under age 18)
- Incapable of making a good decision (ex: mental illness)
- Intoxicated, under the influence, held hostage.