

Chapter 12: The Agreement-Offers and Acceptances

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Lack of clarity in agreements means that disputes are likely and lawsuits are possible.

Parties form a contract only if they have a meeting of the minds.

- Offer- an act or statement that proposes definite terms and permits the other party to create a contract by accepting these terms
- Offeror- the person who makes an offer
- Offeree- the person to whom an offer is made

Two questions determine whether a statement is an offer:

- Do the offeror's words and actions indicate an intention to make a bargain?
- Are the terms of the offer reasonably definite?

Ex. Zachary says to Sharon, "Come work for me as a teacher. I'll pay you \$800 per week for a 35 hour week, for the six months starting Monday."

This is a valid offer because it shows intent to make a bargain and his offer is definite.

There are two statements that usually do not amount to offers:

- Invitations to Bargain
- Price Quotes

Invitations to Bargain:

Ex. Martha telephones Joe and leaves a message asking if Joe would consider selling his vacation condo on Lake Michigan. Joe faxed Martha saying, "I won't sell my house for less than \$150,000." Martha sends Joe a cashier's check for \$150,000 immediately.

Joe is indicating he might be happy to negotiate with Martha, but he is not promising to sell her the condo.

Price Quotes:

Ex. If Imperial Textile sends a list of fabric prices for the new year to its regular customers, the list is not an offer. Suppose Ralph orders 1,000 yards of fabric, quoted in the list at \$40 per yard. Ralph is making the offer, and Imperial may decline to sell at \$40, or at any price, for that matter.