

Chapter 4 What Is a Contract?

Section 4.1 Agreements and Contracts



Note Taking

Directions As you read, write notes, facts, and main ideas in the Note Taking column. Write key words and short phrases in the Cues column. Then summarize the section in the Summary box.

<p style="text-align: center;">Cues</p> <ul style="list-style-type: none"> • Offer: proposal by one party to another to create a legal agreement 	<p style="text-align: center;">Note Taking</p> <p>CONTRACT LAW</p> <ul style="list-style-type: none"> • A contract is any agreement enforceable by law.
<p>Summary</p> <p>Contracts are created wherever people exchange things of value. They are not always written documents.</p>	

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Reading Comprehension Drawing Conclusions

Directions Study the list of types of contracts below. Read the situations that follow. Decide what type of contract each situation describes. Write the type on the line provided. Some situations can be more than one type of contract.

TYPES OF CONTRACTS	
bilateral	unilateral
express	valid
implied	void
oral	written
unenforceable	

- _____ 1. A man went to a ski resort and paid \$50 for a lift ticket. The cashier took the money and gave him a lift ticket. The man skied at the resort all day.

- _____ 2. A woman asks a contractor to replace her driveway. The contractor gives her an estimate and contract. The terms include payment in full to the contractor when the job is completed. The woman agrees to hire the contractor and signs the contract.

- _____ 3. An art gallery owner calls a local artist on the phone. The owner asks the artist if she would be willing to sell her paintings through the gallery. The artist says yes and agrees to supply the gallery with two paintings to sell.

- _____ 4. Two months later, the same artist calls the gallery. She asks the owner if her two paintings have sold. The owner tells her no. The artist becomes upset and asks for the paintings back. The gallery owner agrees and sends them back to the artist.

- _____ 5. A local government agency needs to purchase 35 new road signs. The agency is required by law to get three bids for contracts. A sign manufacturer guarantees the agency that it will match or beat any price given by its competitors. The agency buys the signs from this manufacturer without getting other bids.

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Study Skills Categorizing

Directions When you study, it is helpful to categorize information. This helps you organize terms and facts into distinct main ideas. Complete the chart that follows by placing each term under its appropriate category below.

acceptance	offer
bilateral	oral
capacity	unenforceable
consideration	unilateral
express	valid
genuine agreement	void
implied	voidable
legality	written

Contract Elements	Contract Characteristics

Chapter 4 What Is a Contract?

Section 4.2 How a Contract Begins



Note Taking

Directions As you read, write notes, facts, and main ideas in the Note Taking column. Write key words and short phrases in the Cues column. Then summarize the section in the Summary box.

Cues	Note Taking
<ul style="list-style-type: none"> • Offeror: person making an offer 	<p>OFFER</p> <ul style="list-style-type: none"> • An offer has three requirements: serious intent, definiteness and certainty, communication to offeree. <p>ACCEPTANCE</p> <ul style="list-style-type: none"> • An acceptance must be unconditional and follow the rules regarding the method of acceptance. <p>TERMINATION</p> <ul style="list-style-type: none"> • Five ways to terminate an offer: revocation, rejection, counteroffer, expiration of time, death, or insanity • Two important rules for revocation:
<p>Summary</p>	
<p>An offer is a proposal from one party to another.</p>	

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Chapter 4 What Is a Contract?

Section 4.2 How a Contract Begins



Reading Comprehension Compare and Contrast

Directions Entering into a contract in the United States is different from entering into a contract in China. Complete the chart below to explain the similarities and differences. Then write a paragraph or two explaining the advantages and disadvantages of the two systems.

CONTRACTS IN THE UNITED STATES AND CHINA	
United States	China
Contracts are signed by all parties.	
All parties know who will do what, with what level of quality, and by what deadline.	
	Once contract is signed, parties know that activities may not happen as planned.

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Chapter 4 What Is a Contract?

Section 4.2 How a Contract Begins



Study Skills Making a Plan to Learn

Directions Read the tips below. Then complete the graphic organizer that follows as you reread Chapter 4.

RECORDING WHAT YOU KNOW AND LEARNED

Before you read a chapter, scan the chapter title and heads. Ask yourself, "What do I already know about this topic?" Write down your answers. Then ask, "What do I want to find out about the topic? What questions do I have about it?" Write down your answers. Read the chapter. As you read, take notes on important new information you did not think of or know about. Then write a summary combining what you knew with what you learned.

What I Know	What I Want to Find Out Questions I Have	Summary of What I Learned

Chapter 4 What Is a Contract?

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Test Prep Using the "Be Here Now!" Strategy

Directions Read the box below and answer the questions that follow.

STAYING FOCUSED DURING A TEST

The ability to concentrate during a test is one of the keys to getting consistently high scores. You will do better if you are rested, well fed, and comfortable on test day. You can improve your ability to focus and concentrate by using the "Be here now!" strategy. If you find your mind wandering, say to yourself, "Be here now!" to bring your attention back to the task at hand. Do not judge your progress as you work through a test. If you find yourself worrying that you are doing poorly, use the "Be here now!" strategy to get back on track.

1. What are the three basic requirements to an offer?

2. How is an offer different from an invitation to negotiate?

3. What is the mirror image rule?

4. What is a counteroffer?

5. What is the difference between revocation and rejection?

Chapter 4 What Is a Contract?

Chapter Content Vocabulary



English Language Arts Definitions

Directions Circle the letter of the phrase that best completes the sentence.

1. **Contract** refers to
 - a. a proposal by one party to another.
 - b. a willingness to go along with another party.
 - c. an agreement enforceable by law.
 - d. an invitation to deal or trade.

2. **Acceptance** refers to
 - a. a willingness to go along with a proposal.
 - b. a proposal by one party to another.
 - c. an invitation to deal or trade.
 - d. an agreement enforceable by law.

3. A **genuine agreement** means that
 - a. a valid acceptance is met by an invalid offer.
 - b. an invalid offer is met by a valid acceptance.
 - c. a valid offer is met by an invalid acceptance.
 - d. a valid offer is met by a valid acceptance.

4. A **bilateral contract** is one that
 - a. contains a promise by one person only.
 - b. contains two promises.
 - c. comes from the actions of the parties.
 - d. is required to be written.

5. An **invitation to negotiate** is

<ol style="list-style-type: none"> a. the same as an offer. b. the same as an acceptance. 	<ol style="list-style-type: none"> c. not an offer. d. legally binding.
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6. To **counteroffer** is to
 - a. reject all the terms of the original offer.
 - b. take back an original offer.
 - c. accept the terms of the original offer.
 - d. change the terms of the original offer.

7. **Revocation** refers to

<ol style="list-style-type: none"> a. the taking back of an offer. b. voiding an offer. 	<ol style="list-style-type: none"> c. accepting an offer. d. making another offer.
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8. The **mirror image rule** states that
 - a. the terms in an offer are void.
 - b. the terms in an acceptance must match the terms in the original offer.
 - c. a counteroffer must reflect the terms of an offer.
 - d. the terms of an acceptance must be unilateral.

Chapter 4 What Is a Contract?

Chapter Academic Vocabulary



English Language Arts Reading Skills

Directions Unscramble the letters of each term and write the correct term on the corresponding lines to the right. Then write the letter of the correct term after its definition in the list that follows.

- | | |
|--------------|----------|
| a. cifyesp | a. _____ |
| b. pimsoe | b. _____ |
| c. rirueqe | c. _____ |
| d. niftiede | d. _____ |
| e. suasem | e. _____ |
| f. retnimede | f. _____ |

1. to mention or tell in detail _____
2. to order, command, or insist on _____
3. to reach a decision after thought and investigation _____
4. to take on a certain look, form, or role _____
5. to be clear and exact in meaning _____
6. to put on as a duty, burden, or penalty _____