

Chapter 6 How Contracts Come to an End

Section 6.1 Transferring and Ending 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.

| Cues | Note Taking |
|---------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> Discharged: when a contract comes to an end | <p>ENDING A CONTRACT</p> <ul style="list-style-type: none"> Contracts may be ended by performance or by agreement. <p>DISCHARGE BY PERFORMANCE</p> <ul style="list-style-type: none"> Performance is a series of activities that fulfill a contract. <p>DISCHARGE BY AGREEMENT</p> <ul style="list-style-type: none"> Can be by mutual release or by accord and satisfaction <p>DISCHARGE BY IMPOSSIBILITY OF PERFORMANCE</p> <ul style="list-style-type: none"> Three situations can prevent performance of a contract: <p>DISCHARGE BY OPERATION OF LAW</p> <ul style="list-style-type: none"> Contracts may end in the best interest of society. <p>TRANSFER OF RIGHTS AND DUTIES</p> <ul style="list-style-type: none"> Contract rights can be transferred as long as contract does not say they cannot. |
| <p>Summary</p> <p>Contracts may be discharged if the duties have been fulfilled or if the agreement has been broken.</p> | |

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Social Studies Ending Contracts

Directions Study the list below of ways to end contracts. Match each with one of the examples of discharged contracts that follow. Write the letter next to the matching example. Not all terms will be used.

WAYS TO END CONTRACTS

- a. satisfactory performance
- b. substantial performance
- c. tender of performance
- d. mutual release
- e. accord and satisfaction
- f. impossibility of performance
- g. wrongful alteration
- h. statute of limitations

EXAMPLES OF DISCHARGED CONTRACTS

- _____ 1. A contractor agreed to use a certain type of sealer specified by the owner to resurface a driveway. When the contractor performed the work, he used a different sealer. The owner sued to be discharged from the contract.
- _____ 2. A builder agreed to construct an addition onto an existing home. The builder completed the project satisfactorily but forgot to install a porch light. The owner of the home refused to pay the builder for any work done. The builder offered to deduct the amount for installing the porch light from his final bill. The owner agreed.
- _____ 3. A person signed up for ten dance lessons and paid the dance instructor in advance. The dance instructor injured her ankle and was not able to provide the lessons. She refunded the person's money.
- _____ 4. A contractor installed replacement windows in a home. The homeowner was unhappy with the molding around the new windows and refused to pay for the work. The contractor offered to replace the molding with one satisfactory to the homeowner. The homeowner refused the offer and paid only part of the total amount owed. A court ordered the homeowner to pay the full amount.
- _____ 5. An artist agreed to create a painting for a buyer for \$1,000. Upon completion of the painting, the artist sent it to the buyer. The buyer received it and asked the artist when the frame would be delivered. The artist was not aware that the price included a frame. The buyer was so happy with the painting, however, that she agreed to accept it without a frame.

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Study Skills Memorizing

Directions Read the tips below. Then answer the questions that follow.

| TECHNIQUES FOR MEMORIZING |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">• Make a link. Associate an unfamiliar idea or word with something you already know.• Make an acronym. Create a word or words using the first letter of each word you want to remember.• Be creative. Think of a catchy saying related to the idea or word that creates a mental picture of it in your mind.• Be humorous. Take the first letter of each word or phrase you want to remember. Create words from the letters and put them together into funny phrases or sentences.• Make a rhyme or song. Set long lists of facts to a rhyme or to the tune of a familiar song. |

1. What memory technique could you use to remember the difference between satisfactory performance and substantial performance?

2. What memory technique could you use to understand the concept of tender of performance?

3. What memory technique could you use to remember the three situations of impossibility of performance?

4. What memory technique could you use to list all the ways a contract can be discharged?

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Test Taking Short-Answer Questions

Directions Read the tips below. Then answer the practice test questions that follow.

TIPS FOR SHORT-ANSWER TESTS

- Reread the question several times.
- Look for context clues in the question.
- Check the verb in the question. If it is singular, the answer must be singular. If it is plural, the answer must be plural.

1. A series of activities that fulfill the purpose of a contract is called _____.
2. _____ is determined by what is suitable, fair, and proper to the goal of the contract.
3. _____ is a situation in which a party has, in good faith, completed the major requirements of a contract, leaving only a few minor details unfinished.
4. Accord and satisfaction occurs when one party agrees to _____ one contract for another.
5. The two primary ways contracts are discharged involuntarily are by impossibility of performance and by _____.
6. _____ means that people can create contracts by mutual agreement, and they can end contracts the same way.
7. If the means or subject matter that is needed to perform the contract is destroyed through no fault of either party, the contract is _____.
8. A _____ establishes a time limit for suing in a civil case, based on the date when the breach occurred or was discovered.

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Section 6.2 Voidable Contracts and Remedies



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"> Remedy: legal means of enforcing a right or correcting a wrong | <p>DEFECTIVE AGREEMENTS</p> <ul style="list-style-type: none"> Several circumstances might lead to a defective agreement. Five elements must be shown to prove fraud: Duress: destroying somebody's free will by force, threat of force, or bodily harm Undue influence: inappropriate use of one person's power over another to create a favorable agreement to the more powerful person <p>REMEDIES AND DAMAGES</p> <ul style="list-style-type: none"> Money damages should put you in the position you would have been in had the contract been carried out. |
| <p style="text-align: center;">Summary</p> <p>There are several ways that a contract may be breached: fraud, mistake, duress, and undue influence.</p> | |

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Study Skills Learning Styles

Directions Read the information in the box below. Then answer the questions that follow.

KNOW YOUR LEARNING STYLES

People learn in different ways. It is important to know which ways are easier or harder for you. Once you determine them, you will know your strengths and weaknesses. Capitalize on your strengths and work on improving your weaknesses.

- Auditory learners: people who learn best by listening, such as to a teacher's lecture
- Visual learners: people who learn best by seeing, such as reading or viewing a demonstration
- Tactile learners: people who learn best by touching or doing, such as writing or performing an action

1. If you are a tactile learner, how could you become better organized?

2. If you are an auditory learner, how could you better prepare for a test?

3. If you are a visual learner, how could you remember what you hear while listening to a class lecture?

4. If you are a tactile learner, how could you remember what you hear while listening to a class lecture?

5. If you are a visual learner, how could you remember what you hear while listening to a class lecture?

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Test Prep **Open-Book Tests**

Directions Read the tips below. Then answer the questions that follow.

PREPARING FOR AN OPEN-BOOK TEST

- Stay up-to-date by reading the text and reviewing your notes every day. You may use both the text and your notes in an open-book test.
- Use sticky notes in the margins of your text to mark important points to remember. Write key words on the sticky notes.
- Use different color highlighters to mark your notes. For example, use orange for important dates, yellow for key words and definitions, pink for major ideas. When you scan your notes, you can identify the information quickly by color.
- Organize and edit the notes that you want to take with you to the test. Do not overburden yourself with too many notes. Remember, time is limited on the test, so get organized! Make sure you can find everything you need quickly.

1. What materials can you use in an open-book test?

2. How can you use sticky notes to help you?

3. How will it help to highlight your notes in different colors?

4. Why is organization important prior to the test?

5. Would you say that an open-book test is easier or harder than a closed-book test?
Explain your answer.

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Chapter Content Vocabulary



English Language Arts Writing

Directions Use at least eight of the words below in a short essay. The essay should show that you understand the meaning of each word.

| | |
|------------------------------|------------------|
| substantial performance | fraud |
| tender | duress |
| discharge by agreement | undue influence |
| impossibility of performance | remedy |
| statute of limitations | damages |
| assignment | punitive damages |
| delegation | injunction |
| breach of contract | |

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Chapter Academic Vocabulary



English Language Arts Reading Skills

Directions Use the words in the box below to complete each sentence that follows. Write the word on the line provided.

| | |
|-------------|------------|
| substituted | intent |
| expire | exaggerate |
| affected | mutual |

1. One contract that is replaced by another is said to be _____.
2. Debts for taxes, alimony, child support, and maintenance are not _____ by a general discharge of debts of bankruptcy.
3. When the obligations of a contract end despite what the parties intended, the contract may also _____.
4. The law allows sellers to _____ their claims as long as the claims are obviously a statement of the seller's opinion.
5. A bilateral mistake, also called a(n) _____ mistake, is an error made by both parties to a contract.
6. For fraud, a lie must be made with the _____ that it will be relied on.