

Introduction
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Introduction

Most contracts are legally valid despite the fact that they are oral. However, a few types of contracts cannot be enforced unless they are put into writing. Laws requiring such contracts to be written originate from an English statute commonly referred to as the statute of frauds. It was established primarily to protect against fraudulent acts in business and other forms of contractual associations by requiring the complainant to produce a document that can legally prove that the claim existed. The statute of frauds provides that certain types of contracts be put into writing in order for them to be enforceable (Emanuel 267).

There are five main types of contracts that fall under statutes of frauds and are therefore normally put into writing. A surety agreement, which is a promise to pay a legally enforceable debt of another, has to be put into writing in order for it to be enforceable in a court of law. In addition, marriage provision and land contract have to be supported by a written

agreement in order for them to be enforced. Further, a contract which cannot be fully performed within one year of its making must also be put into writing as well as sale of goods which exceeds the price of five hundred dollars. In order for such contracts to satisfy the statute of frauds, there must be a signed document which can reasonably identify the subject of the contract, outline that a contract has been entered into by two or more parties, state with reasonable certainty the essential terms of the contract and should also be signed by actual or representatives of the parties involved (Emanuel 267). Through its provisions, the statute of frauds has played a significant role in enhancing business and contractual agreements in modern society.

Scope of Statute of Frauds

The statute of frauds was developed by the English government as an act that aimed at prevention of many fraudulent practices which were commonly perpetrated by parties involved in contracts (Browne 118). The statute aimed at providing a remedy certain abuses and mischief which often interfered with proper execution of justice in contract law. The statute of frauds contained twenty five sections and dealt with diverse subjects relating to contract law, real property, wills, and trusts, administration of deceased estates, creditors' remedy and the law of succession (Williams 2). However, not all the twenty five sections related directly to the prevention of fraud and perjury. This function was however ensured by sections which prescribed writing and other adequate evidence as a must component in contract transactions. Contracts that require written evidence include contract for the sale of land and interest in land (Emerson 131). This category covers real

estate contracts, leases and easements among other property attached more or less permanently to real estate. The statute of frauds provides that these contracts be put into writing unless the contract is executable in less than a year.

The statute further requires contracts exceeding one year in their execution to be put into writing (Williams 3). The statute requires that such contracts be presented in a written memorandum in order to be enforced in a court of law. A contract for the sale of goods for a price exceeding five hundred dollars should also be put into writing according to the statute of frauds. Consequently, ones goods have been delivered, money can be recovered under oral agreement and likewise, upon receipt of money, the seller is under legal obligation to deliver goods to the consumer. The statute has therefore played a significant role in ensuring effective business transactions in the modern world. Promises by one person to pay debt to another under contracts of guaranty should also be put into writing according to the requirement of the statutes.

These contracts are generally unenforceable if oral and hence such a requirement enable business organizations to engage in credit trade and to further raise claims against defaulters consequently avoiding losses. Statute of frauds is also applicable in social contracts such as marriage which covers issues regarding dowry, prenuptial and ante nuptial agreements, division of property upon death and separation (Emerson 132). The statute of frauds requires that the above contracts feature written evidence which must identify the essential parts of the contract rather than summarizing the

entire contract into a document and be signed by the relevant parties involved in the contract.

Positive Impact on Business and Contracts

One of the most significant issues in modern business world has to do with how signatures are presented and verified in contracts and other business documents (Miller & Jentz 224). The statute of frauds requires a written contract to be signed by the party against whom enforcement will be sought in order for such contracts to be enforced in a court of law. Writing, which constitutes of invoices, email, check, fax or sale slips bind the parties involved in the contract through the terms indicated in the writing which in turn serves to validate business transactions. Through written contracts, businesses can easily refer to past records in case issues arise in the future while consumers can make claims enforceable in the court of law upon entering into contracts with businessmen. Statute of frauds serves to provide legally recognized evidence in business and contract law (Emerson 131).

The statute of frauds requires physical evidence of a signed document or memoranda which is a necessary condition for enforceability of contracts under certain transactions. In a world economy characterized by numerous business associations requiring contractual agreement, it is necessary for agreements to be put into writing in order to keep track of all contracts in an organization and to avoid fraudulent practices. Statute of frauds is especially important in commercial transactions. In such types of contracts, injustices are likely to occur through false representation where contracts and transactions that never actually existed are fraudulently proved in absence of written contracts. The statute of frauds plays a cautionary function where

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it acts as a check against inconsiderate actions in contract relationships (Miller & Jentz 225). The statute's requirement of contract representation in written form plays a major role in the prevention of fraudulent practices in business and other forms of contracts and serves to protect ordinary individuals who may not have adequate knowledge on contract law if they find themselves subjected to liabilities at law regarding such contracts.

Consequently, the statute seeks to provide protection to such individuals by requiring that these contracts be enforceable only if they are represented in writing through which the law bases its judgment.

Negative Impact on Business and Contracts

The statute of frauds has been known to cause more injustices than it actually prevents. For instance, the act creates a provision for existence of a contract by the party to be charged in absence of compliance with the statute of frauds. Consequently, if the defendant agrees that he had entered into the contract; such a contract becomes enforceable under the statute of frauds and this may not be necessarily justified. In addition, the statute protects individuals from being bound by contracts that they never entered or entered without adequate deliberation. This often results in failure to honor contracts by some parties which may negatively impact on business.

It is argued that the statutes of frauds only renders contracts unenforceable but does not affect their validity. The statute merely renders unwritten contracts unenforceable which creates a loophole for application of alternative forms of evidence such as past performance to be used in dealing with such cases. Therefore, it does not provide adequate protection to the

contracting parties; rather they present opportunities where contracts can be used as defenses to acquire deposits paid under alleged agreements consequently promoting fraudulent practices.

Conclusion

The statute of frauds have adversely affected the way modern business is conducted . Through its extensive coverage of various contractual relationships, the statute has facilitated in the reduction of malpractices and fraudulent practices which would otherwise prevail in absence of written evidence. The statute has played an important role in governing sale of goods and contractual agreements hence promoting performance of businesses. However, its critics have argued that the statute promotes more injustices than it actually seeks to protect which calls on governments of states to address issues that raise concerns in the statute in order to promote its effectiveness.

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