

Oral agreement: positive and negative sides

Law



Case Study: Law

In the United States, a verbal contract is equally enforceable as a written contract. In the present case, all the three things required to make a contract, whether verbal or written, were present. First, there was an offer where Bill agreed to buy the house from Doug. Secondly, there was an acceptance of the offer because Doug agreed to sell the house to Bill. And finally, there was a consideration because they both settled on a price of \$250,000, a down payment of \$50,000 and monthly installments of \$1,400. However, there are exceptions that might make the verbal contract unenforceable. In the present case, although the sale was agreed upon verbally, it is not enforceable for several reasons.

First, under the Statute of Frauds, it is required that contracts that cannot be completed within one year be put in writing. In this case, the two parties agreed to a down payment of \$50,000 and the balance of \$200,000 to be paid in monthly installments of \$1,400. Under these circumstances, it would have taken Bill more than 142 months to clear the balance. Therefore, the contract could not be completed in one year.

Secondly, the Statute of Frauds also requires that contracts involving the sale of goods whose total worth is \$500 or more should be put in writing. In the present case, the total value of the house was \$250,000 which clearly exceeds this limit by far. Under the circumstances, the sale of the house to Bill is therefore not enforceable.

In conclusion, it is clear that the sale of Doug's house to Bill was agreed upon verbally, this agreement did not meet all the legal requirements to make it enforceable.