

Week 3 discussion questions

[Business](#)



Formation of Contracts Question Mutual assent is one of the broad necessities underlying in forming a valid contract. This means that for a contract to be binding, the parties involved need to come to an agreement using an amalgamation of acceptance and offer. The individual making an offer needs to make an effective offer to the individual getting the offer, who in turn needs to take the offer so that the two parties could be bound by the terms of the agreement (pp. 130). When forming a valid contract, the agreement needs to be supported by consideration. The person offering the contract needs to have a serious intention that the offer will bound him and the offer's term need to be reasonable. Then, the parties having an agreement need to have capacity. Also, the performance and subject matter of the contract need to be steady with public policy and have legality (pp. 131).

A contract can be modified when both parties agree in changing the terms found in the original agreement. A contract could either be modified in part or in whole. This depends on the desires of the parties. Promissory estoppel applies when promises made earlier and are relied on, are needed to be enforced (pp. 143). This law applies when there is no use of a formal contract. For example, when an employee is promised to be paid a certain monthly amount for the duration of his work, an official contract may not be applicable unless the employer specifies that this is in exchange for a valued substance.

Question 2

A partial breach of contract is one which applies to an ancillary or minor detail of the contract (pp. 149). For example, this breach would take place if a plumber and a homeowner agreed to have the carpenter use a purple cloth

on the chairs but the carpenter ends up using a red one. It is seen to be a partial contract as it does not go to the center of the contract. On the other hand, a material breach may be seen as a serious form of breaching a contract. The value of the contract is affected negatively by the breach. For example, let's say the agreement between the homeowner and the carpenter was to use mahogany wood in making the chair as it is durable and strong. Because the carpenter wants to save some money, he does not use mahogany and instead uses a cheap wood that is not strong and durable. This is a material breach as the fault in the agreement's performance goes to the durability of the chair.

Reference

Chapter 6. Overview and Formation of Contracts (pp. 130-149).