

What is Contract Law?

Worksheet

Contract law is the body of rules defining how contracts form, what they require, what happens when they are broken, and how disputes are resolved. A valid contract needs offer, acceptance, consideration and intent to be legally bound.

Questions

1. Which is NOT required for a valid contract?

- A) Offer and acceptance
- B) Consideration
- C) Written signature from a lawyer
- D) Mutual intent to be bound

2. A counter-offer

- A) Accepts the original offer
- B) Rejects the original and creates a new offer
- C) Creates a binding contract
- D) Requires written consent

3. Consideration means

- A) Thinking carefully about the deal
- B) Exchange of value (something of worth)
- C) Having a lawyer review it
- D) Waiting for approval

4. If a party breaks a contract, the other can claim

- A) Criminal penalties
- B) Damages (money compensation)
- C) Jail time
- D) Public apology

5. Alice offers to sell her car to Bob for \$5,000 by email. Bob replies 'I'll buy it for \$4,500.' Is this a contract?

6. A plumber agrees to fix a leak for \$200. After the work, the owner refuses to pay. Can the plumber sue?

7. A store puts a sign 'Milk - \$3' but refuses to sell at that price. Is there a contract?

8. Define: What are the four elements of a valid contract?

9. Define: What is consideration?

10. Define: Is a verbal agreement a valid contract?

Answer Key

1. C) Written signature from a lawyer - Contracts do not require a lawyer's signature. Offer, acceptance, consideration and intent are essential - not legal formality.
2. B) Rejects the original and creates a new offer - A counter-offer rejects the original terms and proposes new ones. The original offeror may accept or reject it.
3. B) Exchange of value (something of worth) - Consideration is the mutual exchange of value - both parties must give up something of worth.
4. B) Damages (money compensation) - Civil contract law awards damages (money) not criminal punishment. Specific performance or rescission are other remedies.
5. Bob's reply is a counter-offer, not acceptance. A counter-offer rejects the original and makes a new offer. No contract exists until one party accepts the exact terms.
6. Yes - there is a binding contract. Offer: plumber's quote; Acceptance: owner's agreement; Consideration: work for money. Owner's breach entitles plumber to damages.
7. No - displays are offers to negotiate, not binding offers. The store can refuse; only when the customer pays is there acceptance. Courts treat retail displays as invitations, not firm offers.
8. Offer, acceptance, consideration and mutual intent to be legally bound by the terms.
9. The exchange of value between parties - each gets something of worth (money, goods, services, promises).
10. Usually yes, if both parties agree to all material terms and there is consideration - with exceptions for real estate and year-long agreements.

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