



WEEK 34

ASSIGNMENT PACKET

This week we'll look at **CONSIDERATION** in a contract, which is basically giving something of value when you enter into a contract. The main purpose of consideration is to distinguish between social promises and more serious transactions where one thing is being exchanged for another ... must show you are serious about entering into a K ... not a social agreement.

1. **Act, Forbearance or Promise.** Each must give an *act, forbearance or promise* to the other.
2. **Trading.** Consideration must be *mutual* ... each party must trade what they contribute to the transaction (act, forbearance or promise) for the other party's contribution: "if you do this for me, I'll do that for you" [promisor & promisee] ... if one does not give consideration, the other has no duty.
3. **Legal Value.** What each party trades must have legal value – worth something in eyes of the law. Legal value is found in the exchange of: 2 benefits ... a benefit for a detriment ... or 2 detriments - examples: (2B) being paid to mow lawn; (B-D) being paid to quit smoking; (2D) I'll quit if you quit.

RESOURCE: BLAW 3 Chapter (on class website) ... specifically, sections 3-1, 3-2, and 3-3.

There are three projects this week ... (1) Considering Consideration, (2) You're the Judge, and (3) More Consideration More Problems. You will definitely need to refer to the BLAW 3 chapter on the class website to help with the work this week!

Please reach out to me with questions!

Considering **CONSIDERATION**

What is the definition of consideration?

What are the three elements of consideration?

(1) _____, _____, or _____.

(2) _____.

(3) _____.

If you give something of value to somebody but do not receive anything in return, is this consideration?
If not, what is it?

Does it matter how much consideration is given in a contract? What if you pay much less than something is worth ... is this OK?

If somebody does pay much less for something than the real value, what problem might this indicate?
(hint: what might a person do to “convince” somebody to sign a contract that is grossly unfair)

What is meant by “nominal” consideration?

Explain the difference between an act, a forbearance, and a promise.

Give an example of a contract where the parties exchange a benefit for a detriment.

You're the Judge

Consideration



For each of the following cases, circle Yes or No to indicate your decision. Then, in your own words, state the legal principle or legal reason that applies to the facts of the case. Your reasons should be two sentences in length.

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1. Jim Nasium promised to donate \$2 million to City College if it would build a new athletic center. The college built the new center, but then Mr. Nasium refused to give the money, claiming he received no benefit for his promise. Can the college collect the money?

Yes or No?

Legal Principle:

2. Cole Kutz wanted to start grilling out this summer. His neighbor, Barb B. Cue, was having a garage sale and had a gas grill for sale. After Cole inspected the grill, he offered to buy it for \$250. Barb accepted the offer. Later, Cole refused to perform his promise when he discovered the grill was worth only \$100, claiming inadequacy of consideration. Must Cole pay the price he bargained for?

Yes or No?

Legal Principle:

3. Sunny Day School hired Ella Mentry to work for one year at a salary of \$2000 a month. Ella worked for three months and then threatened to quit unless she was promised a year-end bonus of \$5000 to finish the job. The school promised to give Ella the bonus. Ella stayed on the job, but at the end of the year Sunny Day refused to give Ella the bonus. Can Ella collect the \$5000 bonus?

Yes or No?

Legal Principle:

4. Ollie promised to sell a custom skateboard to Grind for \$60. Grind promised to buy it for the \$60. Is this contract binding?

Yes or No?

Legal Principle:

5. Don Tiket Miccar was stopped by a state trooper for speeding. Don promised to send the trooper \$100 if he would not give him a ticket. He was allowed to go on his way, but later he failed to send the trooper the \$100. Can he be forced to pay the \$100 through court action?

Yes or No?

Legal Principle:

MORE CONSIDERATION ... MORE PROBLEMS

PROBLEMS WITH CONSIDERATION

List the 4 types of PROBLEMS that might occur with consideration in a contract and briefly explain each.

(1) _____

(2) _____

(3) _____

(4) _____

REVIEWING LEGAL TERMS (USE WORD BANK BELOW)

1. A doctrine under which no consideration is needed is called _____.
2. The act of refraining from one's legal rights is know as _____.
3. An exchange of benefits and detriments by the parties to an agreement is know as _____.
4. A _____ is something for which no consideration is received.
5. Contracts which appear at first glance to bind the parties but which actually do not are said to be _____.
6. A(n) _____ involves giving up something that one has a legal right to keep.
7. A(n) _____ is something that a party was not previously entitled to receive.
8. When one promises to do something that one is already legally bound to do, this is not valid consideration; it is considered to be a(n) _____.

WORD BANK	
BENEFIT	CONSIDERATION
DETRIMENT	EXISTING DUTY
FORBEARANCE	GIFT
ILLUSORY	PROMISSORY ESTOPPEL

