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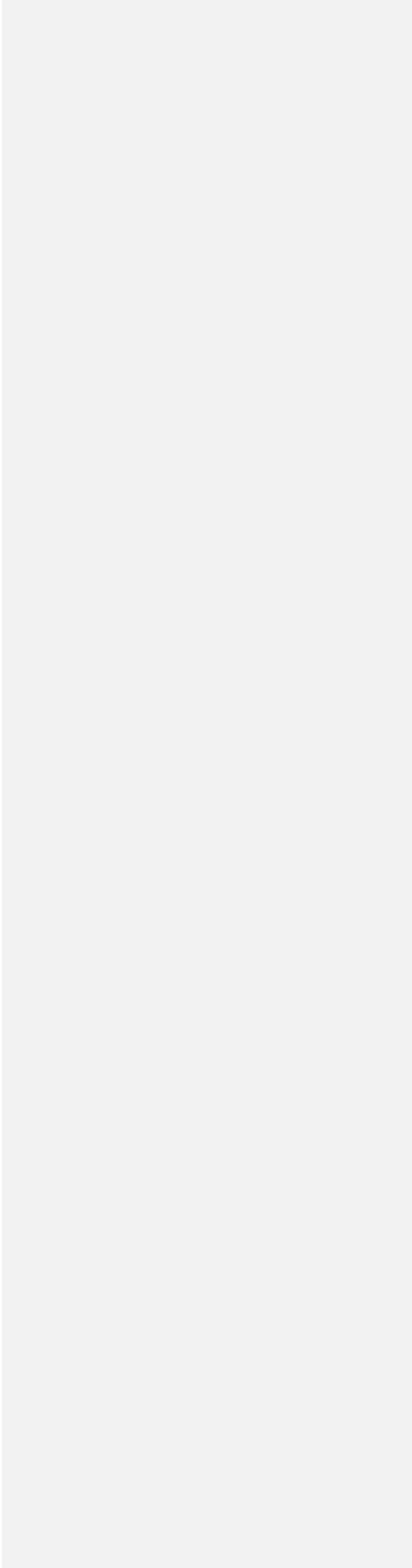
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Contracts

Definition

A contract is a binding legal agreement that is enforceable in a court of law.

Elements of a contract

There are four basic elements of a contract: agreement, consideration, lawful object, and contractual capacity. All four elements have to be met for a contract to be enforceable.

Contractual Capacity

To enter into a contract, a party must be legally competent. Parties that cannot generally enter into contracts include minors and persons adjudged to be insane. Contracts entered into with either of these types of parties may be void and unenforceable.

Breach of Contract

A valid contract is “breached,” or broken, when one of the parties fails to fulfill the terms of the contract. The party harmed by the failure of the other party to comply with the contract may sue for breach of contract. Most states require that the injured party file a breach of contract lawsuit within a specified period of time, referred to as the statute of limitations. A sample court filing related to a breach of contract can be seen in Example A.

Comment [STU1]: Should you mention that to act for another person or a company, a person must have authorization to do so?

Comment [O2]: Same as void?

Example A

IN THE CIRCUIT COURT OF GWINNETT COUNTY
STATE OF GEORGIA

PATRICIA MARIE DAUPHIN)	
)	
Plaintiff,)	
vs.)	Case No. GA401-LL44
A & Z PAINTING)	
)	
Defendant.)	

Statement of Facts

On July 17, 2012, PATRICIA MARIE DAUPHIN (“Dauphin”) entered into a contract with A & Z PAINTING (“A & Z”) to have the exterior and interior of 1502 Peachtree Blvd, Unit 9B, Atlanta, GA, painted. At the time of the contract, Dauphin paid A & Z a deposit of \$1,500 towards the balance that would be due at the completion of the work. At the end of the contract period, none of the unit had been painted (see Figure 1). Dauphin contacted the painting contractor, but was told that the company was unable to complete the project at this time. Dauphin tried in good faith to resolve the issue with A & Z, but they refused to cooperate with her.

May it please the court:

Dauphin is claiming negligence on the part of A & Z for not completing any of the work within the time period specified in the contract. Dauphin is seeking punitive damages on the order of \$1,500, the amount of the deposit paid upon signing the contract.ⁱ

Discussion

At issue here is whether or not the defendant should refund the entire amount of the deposit. According to GA Code § 30.220a, it is reasonable for parties in a contract to expect that

all contract obligations be met with the terms set forth in the contract. It was determined in *Luring v. Hunter*, 744 S.W.1st 8080 (GA. App.1978),ⁱⁱ that if the party at fault does not perform any of the contracted work, any deposit should be refunded.



Figure 1

Works Cited

Cheeseman, Henry R. Business Law 7E. Upper Saddle River, NJ: Prentice Hall, 2010.

Mariotti, Steve and Caroline Glackin. Entrepreneurship 2E. Upper Saddle River, NJ: Prentice Hall, 2010.

Wilson, Ron. Contract. n.d. <www.contractinfo.net>.

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ⁱ See attached receipt.

ⁱⁱ See also *Taylor v. Basques*, 553 S.W. 2d 5490 (GA. App.1986)