

CONTRACT VS. PROMISE

- **Promise:** A person's declaration that something will or will not happen in the future.
 - **Promisor:** The person making the promise.
 - **Promisee:** The person to whom the promisor made the promise.
- **Contract:** An agreement between two or more competent parties, for valuable consideration, to perform or to refrain from performing some act now or in the future.
 - **Offeror:** The person proposing an agreement.
 - **Offeree:** The person to whom the offeror proposes the agreement.

CONTRACT FORMATION

- **Agreement:** The offeror must **offer** to enter into an agreement, and the offeree must **accept** the terms of the offeror's offer.
- **Consideration:** Something of value given or promised to convince a party to agree to the deal.
- **Contractual Capacity:** Both parties must be legally competent to enter into the agreement.
- **Legality:** The contract's purpose must be to accomplish some goal that is legal and not against public policy.
- **Genuineness of Assent:** The apparent consent of both parties must be genuine.
 - **Objective Theory of Contract:** The parties' assent is judged not by the subjective intent of each party, but by the objective intent that a similarly situated reasonable person would understand the parties to have.
- **Form:** The agreement must be in whatever form (*e.g.*, written, under seal) the law requires.

BILATERAL AND UNILATERAL CONTRACTS

- **Bilateral Contract:** A bilateral contract arises when the offeror gives her promise in exchange for the offeree's return promise (*e.g.*, X promises to deliver a car to Y, and Y promises to pay X an agreed price).
- **Unilateral Contract:** A unilateral contract arises when the offeree can only accept the offer by performance (*e.g.*, X offers Y \$25 to mow X's yard).
 - Once the offeree of a unilateral contract begins to perform, the offeror loses the ability to *revoke* her offer (*e.g.*, if X offered Y \$25 to mow X's yard, on Y had substantially begun to perform, X could not revoke her offer to pay Y for mowing her yard).