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## SECTION 2

# Introduction to the law of contract

Here is a brief summary of the law of contract. Complete the texts using the words in the box.

agreement breach capacity consideration damages fraud  
illegal ~~obligation~~ oral performance property signed terms

### What is a contract?

It is an agreement that creates a binding (1) obligation upon the parties. The essentials of a contract are as follows: mutual (2) \_\_\_\_\_; a legal (3) \_\_\_\_\_, which in most instances need not be financial; parties who have legal (4) \_\_\_\_\_ to make a contract; absence of (5) \_\_\_\_\_ or duress; and a subject matter that is not (6) \_\_\_\_\_ or against public policy.

### What form does a contract take?

In general, contracts may be either (7) \_\_\_\_\_ or written. Certain types of contracts, however, in order to be enforceable, must be written and (8) \_\_\_\_\_. These include contracts involving the sale and transfer of (9) \_\_\_\_\_.

### How does a contract end?

In case of a (10) \_\_\_\_\_ of contract, the injured party may go to court to sue for financial compensation (or (11) \_\_\_\_\_), or for rescission, for injunction, or for specific performance if financial compensation would not compensate for the breach. Specific (12) \_\_\_\_\_ of a contract is the right by one contracting party to have the other contracting party perform the contract according to the precise (13) \_\_\_\_\_ agreed.