**Business Law Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Ch. 10 Consideration Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

I. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 A. Def. - Exchange of \_\_\_\_\_\_\_\_\_\_\_\_ &\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_by

the parties to an agreement.

 1. \_\_\_\_\_\_\_\_\_\_\_ - something that a party was \_\_\_\_\_\_\_

previously entitled to receive.

 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - any suffered loss.

 B. 3 Types of Detriment

 1. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_ (or promising to) something that

you have the \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_ to keep.

(Example: Promising to sell something.)

 2. \_\_\_\_\_\_\_\_\_\_\_\_\_ something that you have a legal

\_\_\_\_\_\_\_\_\_\_\_\_not to do. (Example: Promising to

paint someone else's house.)

 3. \_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ something that you have the legal

\_\_\_\_\_\_\_\_\_\_ to do.

a. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

b. Example: Promise not to void a contract or

promise not to bring a lawsuit.

 4. Example 1 - pg. 130

 1) *Your Benefit* - Your \_\_\_\_\_\_\_\_\_\_\_ to receive

$\_\_\_\_\_\_.00 for the CD player.

 2) *Your Detriment* - Your \_\_\_\_\_\_\_\_\_\_\_\_ to give up

the CD Player.

 3) *Adam's Benefit* - His \_\_\_\_\_\_\_\_\_\_\_\_ to receive

the CD player.

 4) *Adam's Detriment* - His \_\_\_\_\_\_\_\_\_\_\_\_\_ to give

up $50.00 for the CD player.

II. Agreements \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Consideration

 A. Promise to Make a Gift

 1. \_\_\_\_\_\_\_\_\_\_\_\_ - Something given freely, for no

consideration.

 2. Once given, the gift has the status of an

"\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_ " and the

giver cannot \_\_\_\_\_\_\_\_\_ the return.

 3. The promise to make a gift is \_\_\_\_\_\_\_\_ enforceable

and does not constitute a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

 4. Example 2 - pg. 131

 a. No consideration because Pete gave-up

\_\_\_\_\_\_\_\_\_\_\_\_\_ (promised nothing) therefore

Pete \_\_\_\_\_\_\_\_\_\_\_\_\_ no detriment.

 b. Steve \_\_\_\_\_\_\_\_\_\_\_\_ no benefit.

 c. If Steve refuses to make the gift Pete

\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_ for Breach of Contract.

 d. If the gift were made, it would become Pete's

\_\_\_\_\_\_\_\_\_\_\_\_\_.

 B. Promise to \_\_\_\_\_\_\_ the Law

 1. Everyone is \_\_\_\_\_\_\_\_\_\_\_\_\_ to obey the law,

therefore a promise to do so is \_\_\_\_ detriment.

 2. Example 3 - pg. 132

 a. There was \_\_\_\_\_ valid \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

 b. She suffered no legal detriment because she was

doing something she had no \_\_\_\_\_\_\_ right to do.

 C. Preexisting \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 1. If already under a \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ to do

something, a \_\_\_\_\_\_\_\_\_\_\_\_\_ to do the same thing

does \_\_\_\_\_\_\_ furnish consideration (Ex. 4 - pg. 132).

 2. If you \_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_ a duty under a

contract to do something, a promise to do the

\_\_\_\_\_\_\_\_\_\_thing doesn't furnish consideration.

(Ex. 5 pg. 132)

 D. \_\_\_\_\_\_\_\_\_\_\_ Consideration

 1. Giving or exchanging benefits and detriments must

take place \_\_\_\_\_\_\_\_\_\_\_ the contract is \_\_\_\_\_\_\_\_\_\_.

 2. The courts will not regard the consideration as legal:

 a. If it \_\_\_\_\_\_\_\_\_ place in the \_\_\_\_\_\_\_\_\_.

 b. If it is given for something that has \_\_\_\_\_\_\_\_\_

been \_\_\_\_\_\_\_\_\_\_\_.

 3. Court will not enforce any contract \_\_\_\_\_\_\_\_\_\_ on

\_\_\_\_\_\_\_\_\_\_ consideration.

 4. Example 6 - pg. 132

 E. \_\_\_\_\_\_\_\_\_\_\_\_ Promise

 1. Both parties must be under obligation to \_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for a binding contract to be formed,

otherwise \_\_\_\_\_\_\_\_\_\_\_\_ is bound to do anything.

 2. \_\_\_\_\_\_\_\_\_\_\_\_\_ - A \_\_\_\_\_\_\_\_ appearance.

 3. At first they \_\_\_\_\_\_\_\_\_\_\_\_\_ to bind both parties,

however, upon further examination it is clear that they \_\_\_\_ \_\_\_\_\_\_\_!

 4. Example 7 - pg. 133

 F. Promise to \_\_\_\_\_\_\_\_\_\_\_\_\_ a Social Engagement

 1. All contracts consist of \_\_\_\_\_\_\_\_\_\_\_\_\_ but \_\_\_\_\_\_

all agreements consist of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

 2. An agreement to \_\_\_\_\_\_\_\_\_\_ a friend for lunch is not

\_\_\_\_\_\_\_\_\_\_\_\_ enforceable.

a. The friend has given nothing for \_\_\_\_\_\_\_\_\_\_ for

the promise.

 b. The agreement lacks \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

 3. Courts \_\_\_\_\_\_\_ ever enforce social agreements such

a date, dinner, etc.

III. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of Consideration

 A. The Courts \_\_\_\_\_\_\_\_\_ look into the adequacy of

consideration.

 1. Courts don't look to see if the value of consideration

was \_\_\_\_\_\_\_\_\_\_ to both parties.

 2. Parties usually make their \_\_\_\_\_ valid agreement and

 usually \_\_\_\_\_\_\_\_\_\_\_ that agreement.

 3. Example 8 - pg. 133

 a. Turner will pay as \_\_\_\_\_\_\_\_\_\_\_\_\_.

 b. Court will \_\_\_\_\_\_\_ consider the inadequacy of

the consideration.

B. The Court \_\_\_\_\_ \_\_\_\_\_\_\_\_\_ to endorse a contract or a portion of it.

 1. The exception occurs when the consideration is so

\_\_\_\_\_\_\_\_\_\_\_\_ it shocks the \_\_\_\_\_\_\_\_\_\_\_\_\_\_ of the

contract, it is deemed to be unconscionable.

 2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ - Contract is so \_\_\_\_\_\_-sided

that it unfairly \_\_\_\_\_\_\_\_\_\_ one party and

unreasonably \_\_\_\_\_\_\_\_\_\_ the other party.

 a. Usually occurs when there is a vast difference in

bargaining \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

 b. If the \_\_\_\_\_\_\_\_\_ finds a contract or any part of it

unconscionable at the time it was made they

may:

1) \_\_\_\_\_\_\_\_\_\_\_\_\_ to enforce the contract.

2) \_\_\_\_\_\_\_\_\_\_\_\_\_ the contract \_\_\_\_\_\_\_\_\_\_

the unconscionable clause.

 3) \_\_\_\_\_\_\_\_\_\_\_ the application of any

unconscionable \_\_\_\_\_\_\_\_ to avoid any

unconscionable result.

 2. Example 9 - pg. 134

IV. Special \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of Consideration

 A. \_\_\_\_\_\_\_\_\_\_\_\_ Payment of a Debt

 1. Example 10 - pg. 134

 a. Bolton will have to \_\_\_\_\_\_ $100.00

 b. Racine's promise to forgive the balance is not

\_\_\_\_\_\_\_\_\_\_\_ on her - \_\_\_\_\_\_ consideration.

 2. Example 11 - pg. 134 - 135

 B. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of Disputed Claims

 1. Parties often \_\_\_\_\_\_\_\_\_\_\_\_\_\_ on the amount owed

particularly in contracts for \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

 2. Example 12 - pg 135

 3. When you visit the doctor or take your car to the

garage for repairs, unless the price is \_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_ before the job is done you are implying that you \_\_\_\_\_\_\_\_\_\_ to pay for the reasonable balance of a service.

 a. The bill you receive for services may be

\_\_\_\_\_\_\_\_\_than this.

 b. Sometimes a person will send a \_\_\_\_\_\_\_\_ for

what they \_\_\_\_\_\_\_\_\_\_\_\_\_ to be a reasonable

amount. They will write "In Full Payment of the

Amount I Owe You" on the back of the check.

 c. If amount is in \_\_\_\_\_\_\_\_\_ or not agreed upon,

the cashing of the check is treated as the

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of the smaller amount and the

balance \_\_\_\_\_\_\_\_\_\_\_\_\_ be recovered.

 4. Failure to \_\_\_\_\_\_\_\_\_\_ a document that makes up a

contract will \_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_ a party from

performing according to the terms in writing.

 5. If a price is \_\_\_\_\_\_\_\_\_ in \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_ the

price can never be in dispute.

 C. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of Time for Payment

 1. At a restaurant the bill you run up is \_\_\_\_\_

and\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at the time you

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ your drink or food.

 2. (pg. 136 Scenario) Waitress agreed to accept \_\_\_\_\_\_

the amount in \_\_\_\_\_\_\_\_\_\_ for Tony's \_\_\_\_\_\_\_\_\_\_\_

to pay the next time he is in the Deli and Tony\_\_\_\_\_\_\_\_\_\_\_\_.

 3. If Mr. Kowalski \_\_\_\_\_\_\_\_ Tony before he \_\_\_\_\_\_\_\_

the Deli and \_\_\_\_\_\_\_\_\_\_\_\_\_ immediate payment,

Tony would be \_\_\_\_\_\_\_\_\_ to pay the amount

remaining or suffer the consequences.

 4. The amount in question is so \_\_\_\_\_\_\_ that Tony will

likely pay-up or wash a few dozen dishes to work off

the debt.

 5. Example 13 - pg. 136 & 137

 a. The Bank is \_\_\_\_\_ bound by his promise to

\_\_\_\_\_\_\_\_\_\_\_ the time of payment.

 b. TeraForm \_\_\_\_\_\_\_\_\_\_\_ nothing \_\_\_\_\_\_\_,

therefore, \_\_\_\_ consideration for the promise

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

V. Promises Enforceable \_\_\_\_\_\_\_\_\_\_\_\_\_ Consideration

 A. Pledges & Subscriptions

 1. Often \_\_\_\_\_\_\_\_\_ by citizens and business firms.

 2. Opening Vignette: Asked to sign pledge cards for the

National Charities campaign: Tony was correct to

point out that a \_\_\_\_\_\_\_\_\_ is a \_\_\_\_\_\_\_\_\_\_\_\_\_ to

make a \_\_\_\_\_\_\_\_\_ and is \_\_\_\_\_\_ based on formal

consideration.

 3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_ of the Courts

 a. Such pledges usually involve \_\_\_\_\_\_\_\_\_\_\_\_\_

projects are, therefore, in the \_\_\_\_\_\_\_\_\_\_\_

interest, the courts usually \_\_\_\_\_\_ to find some

way to \_\_\_\_\_\_\_\_\_\_\_\_\_\_ them.

 b. \_\_\_\_\_\_\_\_\_ courts hold that the promises of other

persons who have subscribed to the same fund

amount to consideration.

 c. \_\_\_\_\_\_\_\_\_ courts hold that if the charitable

institution had made commitments to spend the

money as a result of \_\_\_\_\_\_\_\_\_\_\_ on such

subscriptions, the subscriptions \_\_\_ enforceable.

 d. Others hold that there is an \_\_\_\_\_\_\_\_\_\_ promise

on the part of the institution to \_\_\_\_\_\_ the funds

in the manner designated and that this \_\_\_\_\_\_\_\_\_\_\_ amounts to \_\_\_\_\_\_\_\_\_\_\_\_.

 4. Example 14 - pg. 137

 B. Promissory \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 1. Under the Doctrine of Promissory Estoppel - a

\_\_\_\_\_\_\_\_\_\_\_ may be enforceable \_\_\_\_\_\_\_\_\_

consideration.

 a. \_\_\_\_\_\_\_\_\_\_\_\_\_ - Containing or consisting of a

promise.

 b. \_\_\_\_\_\_\_\_\_\_\_ - Restraint on a person to

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_him/her from

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_a previous act.

 2. Used on occasion to \_\_\_\_\_\_\_\_\_ injustice when one

\_\_\_\_\_\_\_\_\_\_\_ one's position significantly in

\_\_\_\_\_\_\_\_\_\_\_\_\_on another's \_\_\_\_\_\_\_\_\_ and the

promise is \_\_\_\_\_\_ fulfilled.

 3. The court will "\_\_\_\_\_\_\_\_" the person who made the

promise from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ that there was no

consideration.

 4. Certain conditions must be \_\_\_\_\_\_ \_\_\_\_\_\_\_\_ a court

will \_\_\_\_\_\_\_\_ this principle.

 a. 1st - The \_\_\_\_\_\_\_\_\_\_ must be made to bring

about \_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_ by

another person who gave \_\_\_\_ consideration.

 b. 2nd - The one who gave \_\_\_\_ consideration must

have \_\_\_\_\_\_\_ on the promise and changed his or

her \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in a significant way.

 c. 3rd - Injustice can be \_\_\_\_\_\_\_\_\_ only by

\_\_\_\_\_\_\_\_\_\_\_\_\_ the promise.

 5. Example 15 - pg. 138

VI. Consideration in Your Everyday Life

 A. To amount to consideration, the act done or promised

\_\_\_\_\_\_\_ be \_\_\_\_\_\_\_\_\_ and not involve any

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_of the law.

 B. If a person pays a debt in\_\_\_\_\_\_\_\_\_\_\_ , it is something he

or she is \_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_ bound to do so. This would

amount to consideration for \_\_\_\_\_\_\_\_\_\_\_\_\_ the debt for a lesser amount.

 C. If a person has \_\_\_\_\_\_\_ a \_\_\_\_\_\_\_ in the past, has

performed \_\_\_\_\_\_\_\_\_ in the past as a gift, or has been

\_\_\_\_\_\_\_\_\_ for past services, he or she may not use these

\_\_\_\_\_\_\_\_\_ performances as consideration for a

\_\_\_\_\_\_\_\_\_\_ promise.

 D. To constitute consideration, an act or promise must be

\_\_\_\_\_\_\_\_\_\_\_\_ for.