



## CLASSROOM LESSON

### Contracts: Introduction to Contracts

**Time: at least 50 minutes, can go longer as needed**

#### Outcomes

As a result of this lesson students will be able to:

- List the elements of a contract
- Describe good negotiation techniques
- Identify problems in a simple contract and resolve them

#### Skills Outcomes

As a result of this lesson students will be able to:

- Identify potential problems that could arise in an agreement
- Listen and compromise in order to solve a problem

**Before teaching:** Make several copies of the Each One Teach One definitions and cut them apart into strips. Make sure you will have enough strips to give one to each student. Write out the facts in step 12. Keep them covered on a flip chart or poster until you reach step 12. Post the lesson outcomes.

#### Negotiations (15 minutes)

1. Introduce the volunteers.
2. Ask for a volunteer student to read the posted outcomes aloud.
3. Ask for a student to volunteer for a short role-play. Tell the student who volunteers that they are role-playing himself or herself, that it's Saturday morning, and they want to go out with their friends that evening. Tell the student that you are playing their parent. Ask the student to [insert chore – mow the lawn, do laundry, paint a bedroom...] today. Negotiate with the student – offer to pay them, or let them go out with friends, etc., in return for completing the chore.
4. Ask the class to describe what they saw in the role play.
  - Did both parties get something they wanted? Why?

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- What might have happened if the student refused to do the chore?
  - What about if the parent refused to let them go out, or offer another incentive?
5. Ask the students to think of some examples of negotiations that businesses undertake. Provide some examples that students may not have offered.
  6. Ask the students to work with the person next to them to come up with a list of tips for someone who is about to enter a negotiation. Allow 2-3 minutes to work. Ask a few students to share tips from their list. If students don't offer them, make sure to discuss the concepts of win-win, being reasonable, and starting and fallback positions.

### Legal Content (20 minutes)

7. Next, ask students to brainstorm a list of activities, events, or purchases that involve contracts. Write the list up on the board or a chart as they call things out. Examples include: buying a house, renting an apartment, buying a cell phone, getting a credit card, a movie store rental agreement or Netflix, creating a Facebook or Myspace page...
8. Write the definition of a contract on the board: an agreement between two or more persons to exchange something of value. Explain that it's a legal document that binds people to do what they promise and every contract must have three elements to be legally binding. Under the definition of contract, write the three elements of a contract: 1) offer, 2) acceptance, and 3) consideration.
9. Tell students that they're going to learn about parts of a contract through an Each One Teach One activity. Distribute **one definition strip** to each student (There are 8 different strips, so if you have a class of 24, 3 students will get each strip). Students should read their strip carefully and make sure they understand their definition. Tell students that they should walk around the room and teach their definition to people with a different strip. They should continue until they have learned all 7 other terms.
10. Once each student has learned all the terms, distribute **Handout I** and discuss it with regards to the terms they just learned.
  - Ask whether this is an oral or written contract.
  - Ask for student volunteers to identify the components of the contract – the offer, acceptance, and consideration. Write these terms on the board. Then ask for student volunteers to define and record the definitions.
  - Ask another volunteer whether this is a legally enforceable contract.
11. Ask the students if they see any potential problems with this contract. They might suggest:
  - Oral contracts are difficult to enforce.

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- They didn't set the exact parameters for the exchange – how often will Bill mow Jessie's lawn? How big is the lawn? How long will the lessons last? How frequently will they have lessons?
- They didn't talk about how to terminate the contract.

### **Activity: Practice Negotiating Contract (15 minutes)**

12. Tell students that they'll go back in time a bit. Assume that Jessie saw the ad and was interested, but realized this contract will be more enforceable if it is written, and wants a clearer definition of the terms. Rather than agreeing to the offer, she suggested that they negotiate the terms and put it in writing.
13. Have the students work in pairs to negotiate the agreement. Explain that an important part of negotiation is the ability to listen carefully and compromise when necessary. One student should represent Bill, and one student should represent Jessie. Post the following facts:
  - Jessie's other guitar lessons are usually 60 minutes long.
  - Jessie's lawn is a fairly flat, .5 acre. It typically takes about 45 minutes to mow.
  - Jessie does not own a lawn mower. Bill does have one.
  - Bill doesn't own a guitar.
14. Give the students about 6-8 minutes to negotiate their agreement. Call on a few groups to stand up and announce their decisions. Compare and contrast the different agreements. Did the students discuss:
  - How often will the lessons be?
  - How often will the lawn be mowed?
  - Who will provide the mower?
  - Who will provide the guitar?
  - Who will pay for gas for the mower?
  - How long will the agreement last?
  - How can a party end the agreement?

### **Debrief**

15. Conclude the lesson by revisiting and reviewing the posted outcomes.
16. Final Thoughts: Ask the students what advice they would give to a friend who is about to negotiate and sign a contract. Thank the students for their work on this lesson.

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### **Each One Teach One Handout – Definitions**

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**Breach of contract** – violation of the contract by one of the parties

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**Oral contract** – a spoken contract made between parties. Oral contracts are usually enforceable, but there are some instances where the agreement must be in writing – including sale of land or real estate, and agreements for services that will not be performed within a year of the agreement.

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**Written contract** – a contract that is in writing. In general, it is better to have a written contract. It can be difficult to prove to a court that one party promised to do something in an oral contract.

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**Offer** – a specific proposal by one person to another to make a deal or contract. There must be an offer for a contract to exist.

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**Acceptance** – the act of agreeing to an offer and becoming bound to the terms of the contract. There must be acceptance for a contract to exist.

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**Consideration** – something of value offered or received in the contract. There must be consideration for a contract to exist.

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**Minor** – someone under the age of legal majority, which is 18 in most states. Generally, minors cannot enter into legally enforceable contracts.

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**Enforceable** – a legally binding contract is enforceable. This means that a court can order the parties to live up to the terms of the contract. Contracts made by minors, mentally ill, or intoxicated people are not usually enforceable. Contracts that make an agreement to do something illegal are also not enforceable.

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### **Handout I: The Guitar Lessons**

Bill decides that he wants to learn to play the guitar. He's not good with instruments, so he wants someone to teach him. He's also low on cash, so he's hoping to get guitar lessons in exchange for a service. He puts signs up all around town that say:

“Wanted: Guitar Lessons. Beginning guitar student will mow your lawn in exchange for lessons. Prefer experienced teacher. Call Bill – 555-5555.”

Jessie sees Bill's ad. She teaches guitar lessons to a few other students as well. She is currently paying a lawn service to mow her lawn and thinks this arrangement sounds like a good plan – she could drop the lawn service. She calls Bill and says, “sounds like a good plan. I'm in. Let's start on Monday at 5 pm.”

**Is this contract oral or written?**

**Identify the offer, acceptance and consideration.**

**Is this contract enforceable?**

**Do you see any potential problems with this contract?**