**Physical Education and Sports**

**Grade 13**

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**Memorandum of understanding (MOU or MoU)**

A memorandum of understanding (MOU or MoU) is a formal agreement between two or more parties. Companies and organizations can use MOUs to establish official partnerships.

MOUs are not legally binding but they carry a degree of seriousness and mutual respect, stronger than a gentlemen’s agreement. Often, MOUs are the first steps towards a legal contract. In US law, a memorandum of understanding is synonymous with a letter of intent (LOI), which is a non-binding written agreement that implies a binding contract is to follow.

MOUs are popular in multinational international relations because, unlike treaties, they take a short time to ratify and can be kept confidential. MOUs may also be used to modify existing legal treaties.

## What is a Contract?

An agreement between two private parties that creates mutual legal obligations. A contract can be either oral or written. However, [oral contracts](https://www.legalmatch.com/law-library/article/oral-contracts.html) are more challenging to enforce and should be avoided, if possible.

Some contracts must be written in order to be valid, such as contracts that involve a significant amount of money (over $500). Contracts are part of everyday dealings in all aspects of life. Therefore, it is crucial to understand the rules governing them to ensure you have a valid contract.

All valid contracts must include the following elements to be enforced:

* An offer (I will pay you $1,000 for 1,000 cupcakes);
* And acceptance of the offer presented with (Other person accepts $1,000 for 1,000 cupcakes);
* A promise to perform (Other person says they will perform);
* A valuable consideration ($1,000);
* A time or an event of when the performance must be made (1,000 cupcakes exactly 2 weeks from now);
* Terms and conditions for the performance (The cupcakes must be chocolate and have vanilla frosting); and
* Performance (The 1,000 cupcakes are delivered and the person is paid $1,000).

On top of that, the courts will not enforce certain contracts unless they are in writing. These contracts fall under the [Statute of Frauds](https://www.legalmatch.com/law-library/article/statute-of-frauds-lawyers.html) and must be in writing. They include marriage contracts, contracts not to be performed within one year, interest in land contracts, paying decedent’s debt guarantees, and sale of goods contracts over a specific amount.

Most contracts are governed by the state statues and therefore it is important to consider the local laws when dealing with a contract issue.

### What are the Required Elements for a Contract?

There are five elements that are required for any contract. First, the contract must have a legal purpose and cannot be used for illegal purposes. For example, contracting to commit a crime (like hiring a hit man). Second, there must be a mutual agreement between the parties. This is also known as “the meeting of the minds,” one party must have offered an offer to another party for acceptance. For example, a signing of a contract shows that there is a mutual agreement among the parties and everyone is on the same page.

Some offers may not have an [expiration period](https://www.legalmatch.com/law-library/article/length-of-contract-offer.html), if so then the offer remains open for a “reasonable” time. Offers can also be revoked until the acceptance occurs. [Acceptance](https://www.legalmatch.com/law-library/article/accepting-an-offer.html)usually means agreeing to the terms of the offer and if there is any change to the terms in the acceptance, then it would be considered a counteroffer. States differ on this and it would be ideal to consider the regulations in your local jurisdiction.

Third, [consideration](https://www.legalmatch.com/law-library/article/contract-consideration.html) is key in order for the contract to be valid. Consideration is when both parties agree to provide something of value in exchange for a benefit. Consideration can be something like a car, money, or even manual labor. It has to be something of actual value.

There is also a distinct difference between gifts and promises. For example, if someone gifted you a handbag it is not considered a contract or even if they promised to give you a handbag and they did not, there is still no contract. However, a contract exists when the handbag is being exchanged for completing a task promised to you by a friend. Like, if you clean my gutters then I will buy you a handbag.

Fourth, the parties must be [legally competent](https://www.legalmatch.com/law-library/article/competency-and-capacity-in-a-contract.html). Minors and mentally impaired cannot validly contract. Additionally, the party must be of a sound mind while contracting and without the influence of drugs or alcohol. Lastly, all parties must come to an agreement based on their own will. [Contracts will be void](https://www.legalmatch.com/law-library/article/what-is-an-unconscionable-contract.html) if there is a mistake, duress or fraud by one or more parties.

### What is Considered a Breach of a Contract?

If either party fails to fulfill the legal obligations under the contract that party has breached the contract. If one party violates the contract, then the other party will suffer economic losses. For example, if you hired a construction company to complete a project according to a certain deadline and that company failed to do so, then you will most likely suffer financial losses because they failed to keep their end of the deal.

There are several options available to compensate for those losses. You can either sue for damages, demand [specific performance](https://www.legalmatch.com/law-library/article/specific-performance-lawyers.html) or terminate the contract. In the end, the court will decide the outcome and the amount of compensation.

### What are There Different Types of Contracts?

A unilateral contract has to do with a promise in exchange for a specific performance. A bilateral contract is a promise in exchange for a promise. The following include some other common types of contracts:

* Express contracts usually specify orally or in writing the exact terms of the contract;
* Conditional contracts are based upon a completion of a condition;
* Joint and several contracts has multiple parties involved;
* Implied contracts where courts finds that a contract exists based on the situation;
* Unconscionable contracts put one party at a greater advantage than another one and are considered unjust;
* Adhesion contracts are considered to give one party more bargaining power than another and therefore result in a “take it or leave it” situation;
* Option contracts allow you to enter to another contract with another party at a later time; and
* Fixed prices contracts involve a buyer and a seller that agree to pay a fixed price for a project.

Keep in mind that contracts can come in all forms and are something we deal with every day. If you are unsure of what sort of contract you are in, then you need to reach out to a local lawyer to find out more.

### When Do I Need to Contact a Contract Lawyer?

Contracts can easily get misunderstood and can get complicated quickly. Therefore, if you are struggling with a contract issue it would be recommended to seek out a [contract lawyer](https://www.legalmatch.com/law-library/article/contract-lawyers.html) to help resolve that issue. It is easy for the issue to get out of hand, especially if it involves a large amount of money or if you have evidence that the contract is invalid.