

8 Parts to a Lawful Contract

1. Parties Competent to Contract

The parties to a contract should be competent, being of the age of majority/consent, of sound mind, and not disqualified from contracting by any law to which s/he is subject. A flaw in capacity may be due to minority, lunacy, idiocy, drunkenness or status. The status of the parties should be of like kind, being artificial Legal Person and artificial Legal Person, or living Man/Woman and living Man/Woman, allowing two or more parties but never a mixture of these kinds.

2. Free and genuine consent

The consent of the parties to the agreement must be free and genuine. The consent of the parties should not be obtained by misrepresentation, fraud, undue influence, coercion or mistake. If the consent is obtained by any of these flaws, then the contract is not valid.

3. Full disclosure

When negotiating a contract, full disclosure is the act of providing all material information, or telling the "whole truth", about any matter which may influence the decision-making of the other party or parties before they decide to enter into a contract.

4. Sufficient mutual consideration

The consideration is something of value possessed by the parties that is brought to the contract table. This something of value is bargained for and given in exchange for a promise or a performance. The parties must each receive a benefit and each suffer a detriment. To be enforceable, a contract must have sufficient consideration. A contract is unenforceable if it has insufficient or unequal consideration without agreement.

5. Certainty of terms

The Terms and Conditions of the contract must be fully disclosed and agreed upon, and must be certain and fixed, i.e. not variable as with interest rates.

6. Meeting of the minds

A meeting of the minds 'consensus ad idem', occurs between the parties when they recognize each other, understand their mutual obligations, and agree. This meeting of minds can only occur between like kinds in status, Man/Woman with Man/Woman, or when these are "acting" as Legal Person with Legal Person. A corporation and another corporation may enter into contract by way of 'accommodation parties', and a sentient being and another sentient being may enter into a contract directly, but a corporation and a sentient being together cannot enter into a contract as they are not of equal status.

7. Signatures or autographs

Written contracts between artificial Legal Persons must carry the wet ink signatures of the parties, because a wet ink signature is an "accommodation" from a living Man/Woman, declared or not. Written contracts between sentient beings must carry the wet ink autographs of the parties, and/or living identification such as a thumbprint. Living status is recognized by a thumbprint, or more often by an unambiguous declaration with the autograph, such as "authorized agent" written below.

8. Privity of contract

A contract exists only between the parties. No third-party can obtain rights contained within a contract, or buy or sell a contract, without the express permission of the original parties.