

Chapter 6 – How Contracts Come to an End

I-Study

In this chapter you learned about how a contract comes to an end, or is discharged. Contracts are discharged in two ways: by performance or by agreement. A contract is discharged by performance when all of the terms of the contract have been met. A contract is discharged by agreement when the parties agree to end it even if all the terms have not been met. A breach of contract is when a person fails to perform the duties of a contract. People can transfer their rights and duties under a contract to someone else. The transfer of a right, such as the right to receive money, is called an assignment. The transfer of a duty, such as the duty to perform a service, is called delegation.

An agreement might be defective for several reasons: fraud, misrepresentation, mistake, duress, or undue influence. Fraud is a deliberate deception used for unfair and unlawful gain. Duress is using force, the threat of force, or bodily harm to make someone enter a contract. Undue influence is using one's position of power over another person to make that person enter a contract. If a contract is not fulfilled, the injured party can seek remedy, a legal means of enforcing a right or correcting a wrong. Remedy is often in the form of damages, or payment recovered in court.

I-Quiz

1. A transfer of a right under a contract is
 - A. a substitution.
 - B. a delegation.
 - C. an assignment.
2. Failure to perform the duties spelled out in a contract is called
 - A. discharge by agreement.
 - B. statute of limitations.
 - C. breach of contract.
3. Making someone enter a contract through force is
 - A. duress.
 - B. undue influence.
 - C. misrepresentation.
4. A court order to prevent a party from performing a specific act is
 - A. specific performance.
 - B. an injunction.
 - C. punitive damages.

Answer Key

1. C
2. C
3. A
4. B