**Objectives**

Know the three requirements of a valid offer

Understand the objective theory of contracts

Describe how offers are terminated by the operation of law or by the conduct of the parties

Recognize the requirements for a valid acceptance

Explain when offers, revocations, counteroffers, rejections, and acceptances are effective

**Chapter 12: The Agreement**

Offer

-Intent: Reasonable Person in Offeree’s Position, Opinion, Jest or Anger, Invitations to Negotiate

-Definiteness: Incorporation by Reference, Implied Terms, Requirements and Output Contracts

-Communication

-Effective when received by the offeree

Termination of Offers

By Operation of Law: Lapse of Time, Illegality, Death or Disability of a Party

By Actions of the Parties

-Revocation by Offeror

-terminates the offer

-may revoke any time prior to acceptance

-effective when received by the offeree

-unilateral offers: the power to revoke is suspended once the offeree begins to perform

-indirect communication is effective: trustworthy source, notice to category of offerees

-Irrevocable Offers: Option Contracts, Firm Offers, Promissory Estoppel (page 314)

-Counteroffer by Offeree

-terminates the offer, acts as a rejection

-an inquiry alone is not a counteroffer

-effective when received by the offeror

-Rejection by the Offeree

-terminates the offer

-an inquiry alone is not a rejection

-effective when received by the offeror

Acceptance

-Only an offeree or the offeree’s agent has the power to accept

-May accept in any reasonable manner and time unless the offeror specifies the manner and time

-Generally, silence is not acceptance

-Effective when out of the offeree’s control: Mailbox (Dispatch) Rule

Exceptions to the mailbox rule (acceptance effective on receipt by the offeror)

-Offeror negates the mailbox rule in the offer

-Offeree counteroffers or rejects first then accepts: creates a race to see which arrives first