

# LEX 150 Commercial Law

## COURSE DESCRIPTION:

Prerequisites: ENG 090 or DRE 098 or satisfactory score on placement test Corequisites: None

This course covers legally enforceable agreements, forms of organization, and selected portions of the Uniform Commercial Code. Topics include drafting and enforcement of contracts, leases, and related documents as well as selection and implementation of business organization forms, sales, and commercial papers. Upon completion, students should be able to apply the elements of a contract, prepare various business documents, and understand the role of commercial paper. Course Hours Per Week: Class, 2. Lab, 2. Semester Hours Credit, 3.

## LEARNING OUTCOMES:

Upon completion of this course, the student should be able to: Identify the elements of a valid contract

1. Understand the elements of a contract, including contractual and performance breach, defenses, and remedies to the enforcement of a contract
2. Understand the types of contracts which must be in writing
3. Demonstrate how to effectively interview clients and prepare drafts of contracts
4. Explain how to prepare various business documents and forms, as it relates to commercial transactions
5. Understand the role of commercial paper in business transactions

## OUTLINE OF INSTRUCTION:

- I. Contracts
  - A. Classification of contracts
    - i. As to formation
      - a. Bilateral or unilateral
      - b. Express, implied, or quasi-contract
      - c. Formal or informal
    - ii. As to performance
      - a. Executed or executory
    - iii. As to enforceability
      - a. Valid, void, or voidable
  - B. Elements of a valid contract
    - i. Agreement
      - a. Offer
      - b. Acceptance
    - ii. Consideration
      - a. Legal value
      - b. Bargained-for exchange
    - iii. Capacity
      - a. Minors
      - b. Mentally incompetent persons (c.) Intoxicated persons
    - iv. Legality
      - a. Contracts contrary to statute
      - b. Contracts contrary to public policy
  - C. Defenses to enforcement
    - i. Genuineness of assent
      - a. Mistakes
      - b. Misrepresentation

- c. Duress
      - d. Undue influence
    - ii. Writing and form
      - a. Types of contracts
      - b. Contracts involving interests in land
      - c. One-year rule
      - d. Collateral promises
      - e. Agents' contracts
      - f. Contracts for the sale of goods
      - g. Sufficiency of rule
      - h. Parole evidence rule
      - i. Third-party rights
    - iii. Assignment of benefits
    - iv. Delegation of duties
    - v. Third-party beneficiaries
      - a. Intended
      - b. Incidental
  - D. Discharge of contractual obligations
    - i. By performance
    - ii. By agreement
    - iii. By excuse
    - iv. By operation of law
  - E. Levels of performance
    - i. Complete
    - ii. Substantial (minor breach)
    - iii. Inferior (material breach)
  - F. Remedies
    - i. At law
      - a. Compensatory damages
      - b. Consequential damages
      - c. Liquidated damages
      - d. Nominal damages
    - ii. Equitable remedies
      - a. Specific performance
      - b. Reformation
      - c. Quasi-contract
      - d. Injunction
  - G. Torts associated with contracts
    - i. Intentional interference with contractual relations
    - ii. Breach of implied covenant of good faith and fair dealing
- II. Sales and lease contracts
- A. Formation
  - B. Title, risk, and insurable interest
  - C. Obligations
    - i. Seller/lessor
    - ii. Buyer/lessee
  - D. Remedies
  - E. Warranties

### III. Negotiable instruments

- A. Types
  - i. Drafts
  - ii. Checks
  - iii. Promissory notes
  - iv. Certificates of deposit
- B. Creation
- C. Transfer
  - i. By assignment
  - ii. By negotiation
  - iii. Endorsements
- D. Holder in due course
  - i. Liability
  - ii. Defenses
- E. Checks and the banking system

#### **REQUIRED TEXTBOOKS AND MATERIAL:**

The textbook and other instructional material will be determined by the instructor.