

# An unsigned contract is still a contract

Be careful what you agree to. Whether or not you ever sign a contract, you—and the organization—can be held accountable for fulfilling the terms of the agreement.

That doesn't seem to make sense in an age when everyone wants you to sign a written agreement in triplicate. But the fact is, very few contracts require the parties to reduce their agreement to writing.

**Recent example:** The Tennessee Court of Appeals held a restaurant to the terms of a three-year employment agreement with chef Roland Schnider, even though neither party ever signed the contract. The court said the restaurant had breached an oral contract with Schnider by firing him. (*Schnider v. Carlisle Corp.*, No. W2000-01695-COA-R3-CV, Tenn. Ct. App., 2001)

Unfortunately, courts' broad take on agreements extends well beyond employment contracts to include those with vendors and clients, as well.

**The bottom line:** In most courts' eyes, a valid contract—signed or not—must meet only these requirements:

- The parties must agree on the terms. *Example:* You agree over the phone to a computer-maintenance service offer.
- The parties must agree to exchange something. In the example above, the service is exchanged for a set price.
- The agreement's subject matter must be legal. For example, if the computer maintenance were to rely on parts bought over the black market, no contract would exist.

Most states, however, require that some contracts must be in writing, including: selling tangible goods priced at \$500 or more; leasing goods with payments totaling \$1,000 or more; selling or leasing real estate; promises to pay the debts of another (thus the term "co-signer"); and agreements that cannot be completed within one year, such as a two-year employment contract.

Although the law says you must put those types of contracts in writing, courts interpret the requirement loosely. For example, a receipt showing the price of a sofa is enough "writing" to meet the requirement.