

Know When To Get An Agreement In Writing

Article by: Philipp Kostins

Although most people believe that it is always necessary to get any agreement in writing, there are cases where a verbal agreement is legal and valid. However, since there are just as many instances where a written agreement is necessary or, at the very least helpful, it is a good idea to know which situations call for which types of agreements.

The general rule of thumb for deciding if a contract needs to be in writing is determined by the nature of the contract. For example, any agreement that is related to your business, large personal assets such as your home and contract work that will take over a year to complete should be written down in a contract and made binding. However, an agreement that involves a low amount of financial risk, is between family members or is not necessary as part of your daily business can be verbally contracted.

The disadvantage to any verbal agreement, however, is the fact that they can be hard to enforce. For example, if you loan your brother fifty dollars and he verbally agrees to pay you back in three weeks but three weeks come and go without repayment, it could be difficult to get your money back. Without a signed, written agreement, your brother could claim that he said he would repay you in four weeks, or worse, he could claim the money wasn't a loan but rather a gift. In this type of situation, aside from stopping all communication with your brother, there are really no legal actions you could take. You could attempt to sue your brother, but the lawsuit could end up costing you more than your original fifty dollars, or you could win the lawsuit only to have the judgment dismissed because he cannot afford to pay you back.

Another drawback to a verbal agreement is that many times they do not encompass all of the details necessary to a contract. For example, you may make and agree to sell woodcarvings from your home part-time to a friend. Without a written agreement you may end up facing problems down the road. For instance, he may decide that the items are not selling and refuse to pay you for the items you have already made. On the other hand, you may agree verbally on a price and then find out after delivery that your friend expects to pay a lesser amount. In either case, having a written contract that spells out every conceivable option for the agreement will protect both party's rights and interests.

Just as some agreements do not call for a written contract, some agreements must be written down to be legally binding and to fully protect you and your assets from harm. These types of agreements usually involve the sell of real estate or other expensive material possessions, the loaning of substantial amounts of money any agreement that outlines the delivery of services.

While individuals can generally write up most contracts it is usually best to hire an attorney to draft any contracts that are related to your business or that concern large money amounts or contracted services. Although you may wish to write the contract up yourself to avoid any legal fees, paying an attorney now could save you hundreds of dollars later. If another party draws up the contract it is best to hire an attorney to look the contract over before you sign it. When searching for a lawyer, it is recommended that you contact one that has experience in business contracts or that specializes in legal business issues. © 2005 Lawyer Vista - a website where you can find a lawyer in your city or state, including California contract lawyers and Nevada contract lawyer. You may reprint this article as long as you don't alter or edit it in any way and include the author's credits and this copyright notice including a working link to us