

## 1. Third Party Beneficiary Contracts

1. Agreements in which the original intent of one of the contracting parties, when entering into the contractual agreement, is to have the promised--for consideration pass not to her, but to some outside person
2. Two types
  1. Third party creditor beneficiary contract
    1. The purpose is to extinguish a debt or obligation owed to some third party
    2. Wage garnishments, child support, etc.
  2. Third party donee beneficiary contract
    1. The purpose is to confer a gift on a third person
      1. Beer and trees

## 2. Assignment

1. The transfer of a promisee's rights under an existing contract
  1. Assignments come into existence after the original contract is created
  2. A promisee may not assign his rights without the consent, express or implied, of the promisor

## 3. Delegation

1. Does NOT involve a transfer of rights, unlike third party beneficiary contracts and assignments
  1. The focus is instead on the OBLIGATIONS. The promisor delegates her obligations to someone else, fulfilling her contractual obligations
2. The delegatee has absolutely no rights under the original contract, unlike third party beneficiaries or assignees, nor does she have any obligations under the contract
3. The delegatee's only obligation is to the promisor under their separate contract

## 1. Uniform Commercial Code

1. Major statutory basis of important areas of contract law. The UCC was created to promote commerce and to establish certain basic guidelines for those parties involved in commercial transactions

## 2. Definition of a Merchant

1. Any person who regularly deals in the kind of goods covered by the contract, or, any person who, by his occupation, holds himself out as having knowledge or skill peculiar to the practice of dealing with the goods in question
2. Not only will a business person be deemed a merchant, but a hobbyist is considered a merchant as well.

## 3. Basic Guidelines of Article I

1. Intent: to regulate and facilitate commercial transactions
2. The law of the state applies unless otherwise superseded by the UCC
3. The parties to a contract may, by their agreement, vary the provisions of the Code
4. The UCC is to be liberally construed

## 1. Obligations Imposed by Article I

1. To perform in "good faith" --honesty in fact
2. To perform in a "reasonable time," "reasonableness" to be determined by the facts and circumstances of each situation
3. To perform according to past business dealings and practices (custom and usage)

## 1. Basic Guidelines of Article II, Sales

1. The type of contracts that are covered
2. Types of contracts covered by Article II
  1. Contracts for the sale of goods
  2. Contracts for the lease of goods
3. Article II-A Leases
  1. Many jurisdictions have added a new subsection to Article II to deal with the lease of goods
4. Warranties
  1. A warranty with respect to the goods covered by the sale

2. The manufacturer of the goods warrants (guarantees) that the product is exactly what has been ordered, that the product is exactly what has been ordered, that it is fit as sold for its intended use, and that the seller has title sufficient to pass the goods to the buyer
  3. A warranty can be created either by the express representations of the seller or be implied by the operation of law
5. Remedies Available under Article II
1. Available to the seller
    1. Withhold delivery
    2. Stop delivery
    3. Reclaim goods from **insolvent** (filed for bankruptcy) buyer
  2. Remedies available to Buyer
    1. Cover
      1. Buy substitute goods from someone else and sue for the difference
    2. Replevin
      1. Retake rejected goods if no reasonable substitute is available
    3. Revocation
      1. After initial acceptance, decide it is non-conforming and revoke the earlier acceptance
    4. Claim goods from **insolvent** (filed for bankruptcy) seller
2. Article IX: Secured Transactions
1. Any transaction, regardless of form, that is intended to create a security interest in personal property or fixtures, including tangibles goods, intangibles, and documents
    1. Glorified "repo" statute
    2. Note that LAND is not on this list; not regulated by Article IX
    3. Three requirements
      1. A security agreement
      2. There must be attachment
        1. The buyer takes possession of the object that is given as the interest
      3. There must be perfection

1. Process by which a creditor officially takes his place in line should there be a default
2. Files a "financing statement"