What is a contract? A contract is any agreement between two or more people from which each receives some benefit.

Can I make a contract before turning 18? Yes, but as a minor you could have terminated most contracts. Once you reach the age of 18 you can reaffirm a contract made as a minor either expressly or by failure to disaffirm it. Adults cannot usually enforce contracts against minors. That is why your parents, or some adult, probably had to co-sign any contracts you made as a minor. You may be liable for the fair market value of necessary items purchased as a minor. In Texas, if married and under the age of 18 you are considered an adult.

What are some likely contracts I may soon be part of?

- Employment contract
- Loan for education or to buy a car or to make another large purchase
- Installment purchase of some product
- Apartment rental
- Insurance
- Marriage
- Medical care
Do all contracts have to be in writing? No. Many contracts (employment, some apartment leases, a promise to pay for medical care) are rarely in writing.

However, some contracts must be in writing:

- Any purchase of an item costing more than $500
- Any contract to buy or sell land
- An agreement that cannot be fully performed within one year

What are some of the advantages of written contracts?

- Protection against dishonesty — against lies by the other person as to what you had agreed
- Protection against poor memories — after a time people will usually have different recollections of their agreement even if there is no dishonesty

What are some of the disadvantages of written contracts? Consumers are often forced to sign printed form contracts that are written to favor the seller; for example, attempting to limit warranties and saying that the consumer must pay the business’s legal fees if there is a lawsuit to enforce the contract. Some words contained in written contracts have technical legal meanings, which are unknown to most people.

What are some general rules to follow when I am asked to sign a contract?
• Do not sign anything until you are sure you understand the agreement.

• Read the entire contract before signing it.

• Ask questions about anything in the contract you do not understand.

• Cross out parts of the contract that conflict with your agreement. If you do this, initial the cancellations and have the other party do so as well.

• Write in parts of your agreement that are not in the contract and have the other party initial the additions.

• Do not sign a contract if it contains any blank spaces; either fill them in or cross them out if they do not apply.

• Do not be intimidated by sales people.

• Do not be taken in by friendly sales people.

• Do not think that a printed form contract is O.K.

• Never sign anything unless you understand why you are being asked to sign and what you are agreeing to do.

• Be sure that you get a complete, accurate, signed copy of the contract.

**What can happen if I do not honor a contract — miss payments or other obligations?** You can be sued. You, as a “defendant,” can be required to appear against the other person’s (plaintiff) claim
against you. The judge or jury decides what the facts are and the judge decides who wins. If you do not defend, you will lose by default. If you lose, a “judgment” will exist against you. Interest is added to the amount of the judgment until it is paid.

**What can I do if I owe more money than I can pay?** Some options include working out agreements to pay your debts back over a period of time, taking out a new loan to pay back existing debts, and bankruptcy, which is a formal court proceeding and quite complicated. Bankruptcy can have a bad effect on your credit rating, making it harder for you to obtain a loan in the future.