

1 Summary of California Law (10th), Contracts

I. INTRODUCTION

A. Nature of Contract.

1. Definitions.

- (a) [§1] Contract.**
- (b) [§2] Related Terms.**

2. Elements.

- (a) [§3] In General.**
- (b) [§4] Parties.**

3. [§5] Other Transactions or Relationships Distinguished.

B. Modern Law of Contract.

1. [§6] Restatement.

2. [§7] Texts and Practice Works.

3. [§8] BAJI Instructions.

4. [§9] CACI Instructions.

5. [§10] New Theories.

C. Electronic Transactions.

1. In General.

- (a) [§11] Uniform Act.**
- (b) [§12] Construction.**
- (c) [§13] Definitions.**
- (d) [§14] Applicability.**
- (e) [§15] Attribution of Electronic Record or Signature.**
- (f) [§16] Change or Error in Electronic Record.**
- (g) [§17] Sending and Receiving Records.**

2. Agreement and Legal Effect.

- (a) [§18] Agreement To Transact Electronically.**
- (b) [§19] Legal Effect or Enforceability of Electronic Record, Signature, or Contract.**
- (c) [§20] Automated Transactions.**

3. Electronic Satisfaction.

- (a) [§21] Requirement of Writing.**
- (b) [§22] Requirement of Notarization and Signature Under Penalty of Perjury.**
- (c) [§23] Requirement To Retain Records.**

4. [§24] Notice of Right To Cancel.

II. CAPACITY OF PARTIES.

A. [§25] General Rule.

B. Minors.

1. Who Are Minors.

- (a) [§26] Age of Majority: 18 years.**
- (b) [§27] Misrepresentation of Age.**

2. Void Contracts.

- (a) [§28] Delegation of Power.**
- (b) [§29] Contract Relating to Real Property.**

(c) [§30] Other Void Contracts.

3. Voidable Contracts.

(a) Disaffirmance.

(1) [§31] Statutory Right and Methods.

(2) [§32] No Need To Restore Consideration.

(b) [§33] No Recovery From Bona Fide Purchaser.

4. Binding Contracts.

(a) Contracts Authorized by Statute.

(1) [§34] Contract for Necessaries.

(2) [§35] Contract for Attorneys' Fees.

(3) Contracts of Creative Artist, Entertainer, or Athlete.

(aa) [§36] Scope of Statute.

(bb) [§37] Court Approval.

(4) Contracts for Medical or Dental Care.

(aa) [§38] Nature of Statutes.

(bb) [§39] Unwed Pregnant Minors.

(cc) [§40] Married Minors.

(dd) [§41] Minors in Military Service.

(ee) [§42] Minors Exposed to Communicable Disease.

(ff) [§43] Minor Raped or Sexually Assaulted.

(gg) [§44] Minor With Drug or Alcohol Problem.

(hh) [§45] Minor Needing Mental Health Treatment.

(ii) [§46] Minor of 15 Living Apart.

(5) [§47] Miscellaneous Contracts.

(6) [§48] Emancipated Minors.

(b) [§49] Parent's Agreement To Arbitrate.

C. Persons of Unsound Mind.

1. [§50] In General.

2. [§51] Capacity To Contract.

3. Void Contracts.

(a) [§52] Insanity Without Adjudication.

(b) Adjudication of Insanity.

(1) [§53] In General.

(2) [§54] Conservatee.

4. [§55] Voidable Contracts.

5. Intoxication or Other Temporary Condition.

(a) [§56] Intoxication.

(b) [§57] Manic Depressive Psychosis.

D. [§58] Persons Deprived of Civil Rights.

III. CONFLICT OF LAWS.

A. In General.

1. [§59] Nature of Conflicts Rules.

2. [§60] Earlier Strict Rules.

3. [§61] Approach of Restatement 2d.

4. [§62] California Follows Restatement 2d.

5. [§63] Governmental Interest Approach.

B. Validity and Effect of Contract.

1. In General.

(a) [§64] Importance of Contacts.

(b) [§65] Rule of Validation.

2. Law Chosen by Parties.

(a) Modern View.

(1) [§66] In General.

(2) [§67] Commercial Code and Restatement 2d.

(3) [§68] Distinction: Contracts Involving Transaction of \$250,000 or Over.

(b) Illustrations.

(1) [§69] Usury.

(2) [§70] Statute of Limitations.

(3) [§71] Breach of Duties Under Contract.

(4) [§72] Deficiency Judgment.

(5) [§73] Unfair Competition or Restraint of Trade.

3. Where No Choice Made.

(a) Place of Contracting.

(1) [§74] Significance of Factor.

(2) [§75] What Constitutes Place of Contracting.

(b) [§76] Place of Performance.

(c) [§77] Location of Subject Matter.

(d) [§78] Domicile and Related Factors.

4. [§79] Public Policy Exception.

5. [§80] Where Applicable Law Not Ascertainable.

6. Particular Issues.

(a) [§81] Capacity To Contract.

(b) Formalities of Execution.

(1) [§82] In General.

(2) [§83] Statute of Frauds.

(c) [§84] Essential Validity and Invalidating Factors

(d) Illegality.

(1) Traditional Rule.

(aa) [§85] Place of Contracting.

(bb) [§86] Place of Performance.

(2) [§87] Restatement Rules.

(3) [§88] Usury.

(4) [§89] Intentional Violation of Foreign Law.

(e) Interpretation and Construction.

(1) [§90] California Cases and Statutes.

(2) [§91] Restatement Rules.

(f) [§92] Performance.

(g) [§93] Recovery for Breach.

C. Assignment.

1. [§94] In General.

2. [§95] Assignment as Between Assignee and Assignor.

D. [§96] Discharge.

E. Particular Contracts.

1. [§97] Contracts Involving Land.

2. [§98] Contracts Involving Chattels.

3. [§99] Other Contracts.

F. [§100] Restitution.

IV. CATEGORIES OF CONTRACT

A. [§101] Executory and Executed.

B. Express, Implied, and Quasi-Contracts.

1. [§102] Express and Implied in Fact Contracts.

2. [§103] Quasi-Contract and Implied in Fact Contract Distinguished.

3. [§104] Statutory Obligations.

C. Unilateral and Bilateral Contracts.

1. [§105] Nature and Presumptions.

2. [§106] Presumption of Bilateral Contract.

3. [§107] Illustrations of Unilateral Contracts.

D. Joint and Several Contracts.

1. Joint and Several Obligations.

(a) Nature and Distinctions.

(1) [§108] In General.

(2) [§109] Joint and Several Obligation.

(3) [§110] Several Obligation.

(b) [§111] Performance and Discharge.

(c) [§112] Action and Judgment.

(d) [§113] Contribution.

2. [§114] Joint and Several Rights.

E. [§115] Judgment as Contract.

V. FORMATION: MUTUAL CONSENT.

A. Objective Theory.

1. [§116] In General.

2. [§117] How Consent Manifested.

3. [§118] Negligence in Signing or Accepting Instrument.

4. Ignorance of Contractual Nature or Terms of Instrument.

(a) Contractual Terms Apparent to Reasonable Person.

(1) [§119] General Rule.

(2) [§120] Illustrations.

(b) Contractual Terms Not Apparent.

(1) [§121] Test.

(2) [§122] Illustrations.

(c) Statutory Requirements.

(1) [§123] In General.

(2) [§124] Of Translation.

B. Offer.

1. In General.

(a) [§125] Nature and Effect.

(b) [§126] Distinction: Warning or Demand.

- 2. Offer Not Contemplating Legal Relations.**
 - (a) [§127] Jest or Social Engagement.
 - (b) [§128] Statement of Moral Obligation.
 - (c) [§129] Sham Instrument.
- 3. Preliminary Negotiations and External Conditions Precedent.**
 - (a) Call for, or Attempt To Induce, Offer.
 - (1) [§130] Invitation To Make Offer.
 - (2) [§131] Solicitation by Auctioneer.
 - (3) [§132] Quotation or Estimate.
 - (b) [§133] Formal Writing Contemplated.
 - (c) [§134] Terms Incomplete or Writing Required.
 - (d) [§135] Approval of Others Contemplated or Required.
 - (e) [§136] Other Conditions Precedent.
- 4. Certainty of Offer.**
 - (a) In General.
 - (1) [§137] Requirement of Certainty.
 - (2) [§138] Promises Held Uncertain.
 - (3) [§139] Promises Held Certain.
 - (b) Reasonable Interpretation of Nontechnical Language.
 - (1) [§140] Rule of Liberal Construction.
 - (2) Illustrations.
 - (aa) [§141] Nature and Quality of Performance.
 - (bb) [§142] Consideration or Price.
 - (cc) [§143] Duration of Contract.
 - (3) [§144] Inquiry into Purpose of Contract.
 - (4) [§145] Uncertainty Cured by Performance.
 - (c) Matters Left to Future Agreement.
 - (1) [§146] Minor or Nonessential Detail.
 - (2) Essential Element Reserved: No Contract.
 - (aa) [§147] General Rule.
 - (bb) [§148] Distinction: Contract To Negotiate Agreement.
 - (cc) [§149] Terms of Renewal Lease.
 - (dd) [§150] Price of Stock.
 - (ee) [§151] Manner of Payment.
 - (3) Essential Element Reserved: Contract Enforced.
 - (aa) [§152] Terms of Lease.
 - (bb) [§153] Price of Goods or Stock.
 - (cc) [§154] Promise To Reach Agreement on Placement of Former Employees.
 - (4) [§155] Changes in Building Contract.
- 5. Termination of Offer.**
 - (a) [§156] In General.
 - (b) [§157] Lapse of Prescribed or Reasonable Time.
 - (c) [§158] Death or Incapacity of Offeror or Offeree.
 - (d) Revocation by Offeror.
 - (1) [§159] In General.

(2) [§160] When Revocation Becomes Effective.

(3) [§161] Indirect Revocation: "Reliable Information. "

(4) [§162] General Offer to Public.

(e) [§163] Rejection or Counteroffer by Offeree.

6. Revocability.

(a) Offeror's Right To Revoke.

(1) [§164] General Rule of Revocability.

(2) [§165] Exceptions.

(b) Offer of Unilateral Contract.

(1) [§166] Rule and Theories.

(2) [§167] Is the Offeree Bound?

7. Option.

(a) [§168] Nature of Option.

(b) [§169] Requisites of Option.

(c) [§170] Rejection, Counteroffer, and Death or Incapacity.

(d) Kinds of Options.

(1) Purchase Option.

(aa) [§171] In General.

(bb) [§172] Right Relates Back.

(2) [§173] Other Types.

(e) Time of Exercise.

(1) [§174] Option for Fixed Period.

(2) [§175] Option Without Fixed Period.

(f) Manner of Exercise.

(1) [§176] In General.

(2) [§177] Effective on Deposit in Mail.

(g) Distinctions.

(1) [§178] Preemption Agreement.

(2) [§179] Binding Purchase Agreement.

C. Acceptance.

1. [§180] Who May Accept Offer.

2. Acceptor Must Have Knowledge of Offer.

(a) [§181] In General: Bilateral Contracts.

(b) [§182] Unilateral Contracts.

3. Acceptance Must Be Unqualified.

(a) [§183] General Rule.

(b) [§184] Grumbling Acceptance and Implied Qualifications.

4. Effect of Qualified Acceptance.

(a) [§185] In General.

(b) [§186] Exception for Sale of Goods.

5. Acceptance Must Be Communicated.

(a) [§187] Necessity of Communication.

(b) Methods of Communication.

(1) [§188] In General.

(2) [§189] Prescribed Manner or Reasonable Manner.

(3) [§190] Acceptance Improperly Dispatched.

- (4) Mail or Telegraph.
 - (aa) [§191] In General.
 - (bb) [§192] Revocation Prior to Dispatch.
- (c) Silence of Offeree.
 - (1) [§193] General Rule: No Acceptance.
 - (2) [§194] Duty To Speak: Previous Relationship or Course of Dealing.
 - (3) Use of Services, Goods, or Other Consideration.
 - (aa) [§195] Conduct as Acceptance.
 - (bb) [§196] Exception: Unsolicited Merchandise or Services.
 - (4) [§197] Offeree's Intention To Accept.
 - (5) Acceptance by Performance.
 - (aa) [§198] In General.
 - (bb) [§199] Notification to Offeror.
- 6. [§200] Withdrawal of Mailed Acceptance.
- 7. [§201] Waiver of Defect in Acceptance.

VI. FORMATION: CONSIDERATION

A. In General.

- 1. [§202] Requirement of Consideration.
- 2. [§203] Benefit or Detriment.
- 3. [§204] Given Pursuant to Agreement.
- 4. [§205] Value and Adequacy.
- 5. [§206] Presumption of Consideration.
- 6. [§207] Recital of Consideration.

B. What Constitutes Sufficient Consideration.

- 1. Unilateral Contract: Act or Forbearance.
 - (a) Acts.
 - (1) [§208] In General.
 - (2) [§209] Acts Not Involving Performance of Work or Services.
 - (3) [§210] Performance of Work or Services.
 - (b) [§211] Forbearance or Giving Up Right.
- 2. Bilateral Contract: Mutual Promises.
 - (a) [§212] In General.
 - (b) [§213] Extension Agreement.
 - (c) [§214] Composition With Creditors.
 - (d) [§215] Compromise of Disputed Claim.

C. What Constitutes Insufficient Consideration.

- 1. [§216] In General.
- 2. [§217] Past Consideration.
- 3. Promise To Perform Existing Legal Duty.
 - (a) [§218] Duty Owed to Other Contracting Party.
 - (b) [§219] Duty Owed to Others or Imposed by Law.
- 4. Compromise or Forbearance of Invalid Claim.
 - (a) [§220] Claim Wholly Invalid.
 - (b) [§221] Valid but Worthless Claim.

5. Moral Obligation.

- (a) [§222] Traditional Rule.
- (b) Departures From Rule.
 - (1) [§223] In General.
 - (2) [§224] Restatement 2d.

D. Mutuality of Obligation.

1. In General.

- (a) [§225] Nature of Problem.
- (b) [§226] Restatement 2d.

2. Desire and Needs Contracts.

- (a) [§227] Desire Contract: Illusory.
- (b) [§228] Needs or Requirements Contract: Not Illusory.

3. [§229] Election To Approve or Modify.

4. [§230] Right To Modify.

5. Unqualified Right To Cancel.

- (a) [§231] Illusory Contract.
- (b) [§232] Effect of Part Performance.
- (c) [§233] Effect of Consideration.

6. Restricted Right To Cancel.

- (a) [§234] Rule and Theory.
- (b) [§235] Event Restriction.
- (c) [§236] Notice Restriction.
- (d) [§237] Act Restriction.

7. [§238] Valid Promise Voidable by Law.

E. Where Consideration Is Unnecessary.

1. Revival of Barred Legal Obligation.

- (a) Written Promise or Acknowledgment.
 - (1) [§239] Rule and Theory.
 - (2) [§240] Writing.
 - (3) [§241] Unqualified Admission.
- (b) [§242] Communication to Creditor.

2. [§243] Executed Transaction.

3. Promissory Estoppel.

- (a) In General.
 - (1) [§244] Nature of Doctrine.
 - (2) [§245] Promise and Reliance.
 - (2a) [§245A] (New) Causation.
 - (3) [§246] Damages.
 - (4) [§247] Distinction: Act Bargained For.
- (b) Illustrative Applications.
 - (1) [§248] Promise Not To Foreclose or Forfeit.
 - (2) [§249] Promise To Pay Pension or Bonus.
 - (3) [§250] Subcontractor's Bid.
 - (4) [§251] Government Contract Offered to Bidders.
 - (5) [§252] Guaranty.

4. [§253] Charitable Subscriptions.

5. [§254] Stipulations.

6. [§255] Premarital Agreements.

VII. REALITY AND FREEDOM OF CONSENT

A. Mistake.

1. [§256] Allocation of Risk.

2. Mistake Preventing Mutual Assent: No Contract.

(a) [§257] Unilateral Mistake Where Other Party at Fault.

(b) [§258] Mutual Mistake: Neither or Both at Fault.

(c) [§259] Effect of Negligence.

3. Mistake That Makes Contract Voidable.

(a) Mistake of Fact.

(1) Mutual Mistake as to Basic Fact.

(aa) [§260] General Principle.

(bb) [§261] What Constitutes Basic Fact.

(2) Unilateral Mistake of Fact.

(aa) [§262] In General.

(bb) [§263] Restatement.

**(cc) [§264] Adoption of Second Restatement
Unconscionability Rule.**

(dd) [§265] Other Party's Reliance.

(ee) [§266] No Relief Against Third Party.

(ff) [§267] Contractor's Bid.

(gg) [§268] Tax Sale.

(3) Negligence of Mistaken Party.

(aa) [§269] Relief Denied.

(bb) [§270] Excusable Neglect.

(cc) [§271] Mixed Mistake of Judgment and Fact.

(b) Mistake of Law.

(1) [§272] In General.

(2) Relief Granted.

(aa) [§273] Mutual Mistake.

(bb) [§274] Unilateral Mistake.

(3) [§275] Mistaken Belief in Future Court Decision.

4. Mistake in Writing: Reformation.

(a) In General.

(1) [§276] Nature of Remedy.

(2) [§277] Waiver of Right.

(3) [§278] Court Cannot Make New Contract.

(b) Instruments That May Be Reformed.

(1) [§279] In General.

(2) [§280] Void or Unenforceable Contract.

(c) [§281] Types of Mistake.

(d) [§282] Effect of Plaintiff's Negligence.

(e) [§283] Intervening Rights of Third Persons.

5. [§284] Exculpatory Clause Protecting Defendant.

B. Fraud.

- 1. [§285] In General.**
- 2. Actual Fraud.**
 - (a) [§286] Elements: Traditional Listing.**
 - (b) Acts Constituting Actual Fraud.**
 - (1) Misrepresentation.**
 - (aa) [§287] Intentional Misrepresentation.**
 - (bb) [§288] Negligent Misrepresentation.**
 - (cc) [§289] Misrepresentation of Law.**
 - (dd) [§290] Fraudulent Representation.**
 - (2) Concealment.**
 - (aa) [§291] In General.**
 - (bb) [§292] Relative Bids.**
 - (3) [§293] False Promise.**
- 3. Constructive Fraud.**
 - (a) [§294] In General.**
 - (b) [§295] Confidential Relationship.**
 - (c) [§296] Creditor's Duty to Guarantor.**
- 4. Effect of Fraud.**
 - (a) Fraud in Inducement.**
 - (1) [§297] Rescission.**
 - (2) [§298] Reformation.**
 - (b) [§299] Fraud in Inception.**
 - (c) Reliance by Defrauded Party.**
 - (1) [§300] Nature of Requirement.**
 - (2) [§301] Negligence of Defrauded Party.**
 - (d) Fraud Without Injury or Damage.**
 - (1) [§302] Injury Without Pecuniary Damage.**
 - (2) [§303] Rescission Without Injury.**
 - (e) Provision Waiving Contest for Fraud.**
 - (1) [§304] Representations Made by Party.**
 - (2) [§305] Agent's Representation: Innocent Principal.**
 - (3) [§306] Agent's Representation: Guilty Principal.**
- 5. Innocent Misrepresentation.**
 - (a) [§307] Ground for Rescission.**
 - (b) [§308] Materiality of Representation.**

C. Duress.

- 1. [§309] Nature and Kinds of Duress.**
- 2. [§310] Effect of Duress.**
- 3. Threat of Duress (Menace).**
 - (a) [§311] In General.**
 - (b) [§312] Threat of Criminal Prosecution.**
- 4. Economic Compulsion.**
 - (a) [§313] Traditional Rule on Lawful Acts.**
 - (b) [§314] Modern Rule: Relief Granted.**
 - (c) [§315] Relief Denied.**

D. Undue Influence.

1. [§316] Nature and Types.
 2. [§317] Effect of Undue Influence.
 3. Parties in Confidential Relationship.
 - (a) [§318] Fiduciaries.
 - (b) [§319] Agents.
 - (c) [§320] Families and Friends.
 4. [§321] No Confidential Relationship.
- E. Adhesive or Unconscionable Contracts.**
1. [§322] Alternate Approaches.
 2. Adhesion Contracts.
 - (a) In General.
 - (1) [§323] Judicial Development of Concept.
 - (2) [§324] Restatement 2d: Standardized Agreements.
 - (3) [§325] Contract Meeting Adhering Party's Reasonable Expectations.
 - (b) Arbitration Agreements.
 - (1) [§326] Valid Agreements.
 - (2) [§327] Invalid Agreements.
 - (3) [§328] Statutory Compulsory Agreement.
 - (c) [§329] Doctrine Not Applicable.
 3. Unconscionable Contract or Term.
 - (a) In General.
 - (1) [§330] Commercial Code and California Statute.
 - (2) [§331] Restatement 2d.
 - (b) Procedural and Substantive Unconscionability.
 - (1) [§332] In General.
 - (2) [§333] Unconscionability Defense Applied.
 - (c) Arbitration Agreement.
 - (1) Underlying Contract or Provision.
 - (aa) [§334] Promotor's Contract With Artist.
 - (bb) [§335] Purchase Subject to Covenants, Conditions, and Restrictions.
 - (cc) [§336] Employment Contract.
 - (dd) [§337] Other Contract or Provision.
 - (2) [§338] Federal Law.
 - (d) [§339] Bank Depositor's Signature Card.
 - (e) [§340] Loan at Excessive Interest.
 - (f) [§341] Employment Contract Terminating Commissions.

VIII. STATUTE OF FRAUDS

A. In General.

1. Requirement of Writing.
 - (a) [§342] History and Modern Approach.
 - (b) [§343] California Codes.
2. Contract Unenforceable.
 - (a) [§344] Defense Waived if Not Asserted.
 - (b) [§345] No Affirmative Action.

- (c) [§346] Evidentiary Effect.
 - 3. How Statute May Be Invoked.
 - (a) [§347] Raising Defense in Lower Court.
 - (b) [§348] Party to Contract or in Privity.
 - 4. [§349] Parol Evidence Rule Distinguished.
- B. The Note or Memorandum.**
- 1. Nature of Requirement.
 - (a) [§350] Evidence of Terms.
 - (b) [§351] Informal Writings.
 - (c) [§352] Writing Not Intended as Memorandum.
 - 2. Sufficiency of Memorandum.
 - (a) Strict Rule: Essential Elements of Contract.
 - (1) [§353] Restatement 2d: Strict Rule.
 - (2) [§354] California Cases.
 - (b) Relaxation of Rule.
 - (1) [§355] Description of Property.
 - (2) [§356] Broker's Authorization.
 - (3) [§357] Noncontractual Writing.
 - (4) [§358] Sale of Goods.
- C. Signed by Party To Be Charged.**
- 1. [§359] Who Is Party To Be Charged.
 - 2. [§360] Need Not Be at End of Document.
 - 3. [§361] Need Not Be Legal Name.
 - 4. [§362] Need Not Be Handwritten.
- D. Contracts Within the Statute.**
- 1. Contract Not To Be Performed Within a Year.
 - (a) [§363] In General.
 - (b) [§364] Commencement and Computation of Period.
 - (c) Where Performance Possible Within One Year.
 - (1) [§365] Period Indefinite.
 - (2) [§366] Conditional Contract.
 - (3) [§367] Option To Terminate.
 - (4) [§368] Option To Extend.
 - (5) [§369] Performance Excused or Discharged.
 - (d) [§370] Exception for Complete Performance on One Side.
 - 2. [§371] Contract Not To Be Performed During Lifetime.
 - 3. Promise To Meet Another's Obligation.
 - (a) The Suretyship Provision.
 - (1) [§372] Scope of Statute.
 - (2) [§373] Restatement 2d.
 - (b) Where Statute Does Not Apply.
 - (1) [§374] Promise to Debtor or Third Person.
 - (2) Original Obligation of Promisor.
 - (aa) [§375] In General.
 - (bb) [§376] Main Purpose or Leading Object Rule.
 - (c) [§377] The Executor-Administrator Provision.

- 4. Sale of Goods of \$500 Value.**
 - (a) [§378] Scope of Statute.**
 - (b) Exceptions.**
 - (1) [§379] Part Payment and Apportionment.**
 - (2) [§380] Acceptance and Receipt of Part of Goods.**
 - (3) [§381] Contract To Manufacture Goods.**
 - (4) [§382] Admission That Contract Was Made.**
 - (5) [§383] Qualified Financial Contract.**
 - 5. [§384] Sale of Chose in Action of \$5,000 Value.**
 - 6. Sale or Lease of Real Property.**
 - (a) [§385] Scope of Statute.**
 - (b) Distinctions and Exceptions.**
 - (1) [§386] In General.**
 - (2) [§387] Oral Rescission of Sales Contract.**
 - 7. Agency To Contract in Writing.**
 - (a) Authority To Bind Principal.**
 - (1) [§388] Equal Dignities Rule.**
 - (2) Exceptions.**
 - (aa) [§389] Agent Acting Mechanically.**
 - (bb) [§390] Executive Officer of Corporation.**
 - (cc) [§391] Liability of Principal to Agent.**
 - (b) Real Estate Agent's Right to Commissions.**
 - (1) [§392] Nature and Effect of Statute.**
 - (2) Scope of Statute.**
 - (aa) [§393] Oral Agreement To Lease.**
 - (bb) [§394] Oral Agreement To Obtain Option.**
 - (cc) [§395] Oral Finders Agreement.**
 - (3) [§396] Exception: Agreement To Sell Personal Property.**
 - (4) [§397] Distinctions.**
 - 8. [§398] Contract To Loan Money or Extend Credit.**
 - 9. [§399] Marital and Premarital Agreements.**
 - 10. [§400] Miscellaneous Provisions.**
- E. Where the Statute Does Not Apply.**
- 1. [§401] Executed Oral Agreement.**
 - 2. Part Performance: Transfer of Land.**
 - (a) [§402] Scope of Exception.**
 - (b) What Constitutes Part Performance.**
 - (1) [§403] In General.**
 - (2) [§404] Sufficiency of Possession.**
 - (3) [§405] Restatement 2d.**
 - 3. Estoppel To Plead Statute.**
 - (a) In General.**
 - (1) [§406] Theory of Exception.**
 - (2) [§407] Restatement 2d: Promissory Estoppel.**
 - (b) Conduct of Defendant.**
 - (1) [§408] In General.**

- (2) **Change of Position and Unjust Enrichment.**
 - (aa) [§409] **In General.**
 - (bb) [§410] **Real Estate Broker's Authorization.**
 - (cc) [§411] **Finder's Agreement.**
 - (dd) [§412] **Other Situations.**
- (c) **Where Recovery Will Be Denied.**
 - (1) **No Substantial Change of Position.**
 - (aa) [§413] **In General.**
 - (bb) [§414] **Real Estate Broker's Authorization.**
 - (2) [§415] **No Unjust Enrichment.**
 - (3) [§416] **Contract Made by Agent.**
- 4. [§417] **Qualified Financial Contract.**
- 5. [§418] **Personal Property Leases.**

IX. ILLEGALITY: IN GENERAL

A. What Constitutes Illegality.

- 1. [§419] **Illegal Consideration.**
- 2. [§420] **Illegal Object.**
- 3. **Partial Illegality and Severability.**
 - (a) [§421] **General Principles.**
 - (b) [§422] **Liberal Rule of Severability.**
- 4. **Indirect Connection With Illegal Transaction.**
 - (a) **Remote Connection or Mere Knowledge.**
 - (1) [§423] **General Rule and Theory.**
 - (2) [§424] **Seller of Goods.**
 - (3) **Lender of Money.**
 - (aa) [§425] **In General.**
 - (bb) [§426] **Loan to Gambler.**
 - (b) **Severance of Executory and Executed Phases.**
 - (1) [§427] **Agreement To Sell and Sale.**
 - (2) [§428] **Title Resulting From Performance.**
 - (c) [§429] **Executory Agreement Superseding Illegal Agreement.**
- 5. [§430] **Illegal Contract the Foundation of Suit.**

B. Effect of Illegality.

- 1. **In General: Contract Void.**
 - (a) [§431] **Malum In Se and Malum Prohibitum.**
 - (b) [§432] **No Ratification, Waiver, or Estoppel.**
 - (c) [§433] **No Validity by Statutory Repeal.**
 - (d) [§434] **Pleading Unnecessary.**
 - (e) [§435] **Form Disregarded: Use of Parol Evidence.**
 - (f) [§436] **No Quasi-Contract Recovery.**
 - (g) [§437] **No Setoff Where Public Interest Involved.**
- 2. **Effect of Being, or Not Being, in Pari Delicto**
 - (a) **Restitution or Quasi-Contract Recovery.**
 - (1) [§438] **Plaintiff's Right to Restitution.**
 - (2) [§439] **Sales Contract.**
 - (b) **Enforcement of Contract.**

- (1) [§440] General Rule: No Enforcement.
 - (2) When Contract Will Be Enforced.
 - (aa) [§441] In General.
 - (bb) [§442] License Cases.
 - (cc) [§443] Plaintiff in Pari Delicto.
 - (dd) [§444] Illegal Partnership.
 - (c) [§445] Member of Protected Class.
 - (d) [§446] Determination of Relative Wrong.
 - 3. [§447] Voluntary Withdrawal From Executory Contract.
 - 4. [§448] Illegal Provision Inserted by Mistake.
 - 5. [§449] Relief Against Forfeiture.
 - 6. [§450] Attempt To Evade Illegality by Arbitration.
- C. Classes of Illegal Contracts.
- 1. [§451] In General.
 - 2. Contracts Contrary to Public Policy.
 - (a) [§452] General Principle.
 - (b) [§453] Restatement 2d.
 - (c) [§454] Illustrations.

X. ILLEGALITY: PARTICULAR ILLEGAL CONTRACTS

A. Usury.

- 1. California Legislation.
 - (a) [§455] Usury Law.
 - (b) Constitutional Provision.
 - (1) [§456] Former Section and Revision.
 - (2) Exemptions.
 - (aa) [§457] In General.
 - (bb) [§458] Real Estate Brokers.
 - (c) [§459] Pawnbroker Regulations.
 - (d) [§460] Industrial Loan Law.
 - (e) [§461] Loans Secured by Real Property.
 - (f) California Finance Lenders Law.
 - (1) In General.
 - (aa) [§462] Former Statutes and New Law.
 - (bb) [§463] Scope and Effect.
 - (cc) [§464] Exemptions.
 - (2) Consumer Loans.
 - (aa) [§465] Definitions.
 - (bb) [§466] Rate of Charges.
 - (3) [§467] Commercial Loans.
- 2. Effect of Usurious Provision.
 - (a) [§468] In General.
 - (b) [§469] Penalty of Treble Interest.
 - (c) [§470] Recovery of Interest.
- 3. What Constitutes Usury.
 - (a) [§471] General Rule and Test.
 - (b) Excessive Interest, Charges, or Bonus.

- (1) [§472] In General.
 - (2) [§473] Compound Interest.
 - (c) [§474] Payments Under Collateral Contract.
 - (d) [§475] Forbearance.
 - 4. Where Statute Does Not Apply.
 - (a) Sale of Property.
 - (1) [§476] In General.
 - (2) [§477] Modification of Interest Rate on Secured Note.
 - (b) [§478] Purchase of Property Subject to Loan.
 - (c) [§479] Purchase of Note at Discount.
 - (d) [§480] Partnership or Joint Venture.
 - (e) [§481] Payments Contingent.
 - (f) [§482] Voluntary Exercise of Prepayment Option.
- B. Consumer Credit Laws.
 - 1. [§483] Federal Law.
 - 2. [§484] California Law.
- C. Contracts of Unlicensed Persons.
 - 1. General Principles.
 - (a) [§485] Scope of Rule.
 - (b) [§486] Test: Regulatory Statute.
 - 2. Illustrations.
 - (a) [§487] Architects.
 - (b) Contractors.
 - (1) Scope of Act.
 - (aa) [§488] In General.
 - (bb) [§489] No Exemption for Exceptional Circumstances.
 - (2) Licensing Requirement.
 - (aa) [§490] In General.
 - (bb) [§491] Burden of Proof of Due Licensure.
 - (cc) [§492] Unlicensed Status as Defense Against Assignees.
 - (dd) [§493] No Requirement That Contract Be for Payment of Money.
 - (ee) [§494] General Building Contractor's License as Covering Site Preparation Work.
 - (3) Where Act Does Not Apply.
 - (aa) [§495] In General.
 - (bb) [§496] Employees.
 - 3. Distinctions and Exceptions.
 - (a) [§497] Tort or Breach of Separate Contract.
 - (b) [§498] Action To Dissolve Joint Venture.
 - (c) Substantial Compliance by Contractor.
 - (1) [§499] Earlier Conflicting Cases.
 - (2) [§500] Modern Test.
 - (3) [§501] Legislative Changes.
 - (d) [§502] Paramount Public Policy Involved.

D. Penalties and Liquidated Damages.

1. Law Preceding Revised Statute.

(a) What Constitutes Unenforceable Penalty.

- (1) [§503] In General.**
- (2) [§504] Illustrations.**
- (3) [§505] Late-Charge Interest.**

(b) Valid Provisions: In General.

- (1) [§506] Rule and Test.**
- (2) Illustrations.**
 - (aa) [§507] Cooperative Marketing Agreements.**
 - (bb) [§508] Service Installations.**
- (3) Other Valid Provisions.**
 - (aa) [§509] Contract Payment or Rate.**
 - (bb) [§510] Alternative Contract.**
 - (cc) [§511] Commitment Fee to Lender.**
 - (dd) [§512] Prepayment Penalty.**
 - (ee) [§513] Deposit by Bidder on Government Contract.**
 - (ff) [§514] Renewal Commissions Dependent on Continued Agency.**
 - (gg) [§515] Faithful Performance Bond.**

(c) Provisions in Leases.

- (1) [§516] Unenforceable Penalties.**
- (2) Valid Provisions.**
 - (aa) [§517] Advance Rent Payment.**
 - (bb) [§518] Bonus for Execution.**
 - (cc) [§519] Options.**
 - (dd) [§520] Increased Rent for Holding Over.**

(d) [§] Deposit To Secure Performance.

- (1) [§521] In General.**
- (2) Residential Leases.**
 - (aa) [§522] Statutory Regulation: In General.**
 - (bb) [§523] Statutory Regulation: Tenant's Right to Initial Inspection by Landlord.**
 - (cc) [§524] Statutory Regulation: Termination of Landlord's Interest.**
 - (dd) [§525] Disposition of Security.**
 - (ee) [§526] What Constitutes Security.**
 - (ff) [§527] Landlord Need Not Pay Interest to Tenant.**
 - (gg) [§528] Payment of Unreturnable Deposits to Tenants' Union.**
 - (hh) [§529] Landlord's Right to Setoff Despite Failure To Comply With Statute.**

(3) [§530] Other Property.

(e) [§531] Recovery Without Actual Damages Suffered.

2. [§532] Restatement 2d.

3. Revised Liquidated Damages Law.

- (a) In General.**
 - (1) [§533] Nature and Purpose of Revision.**
 - (2) [§534] Organization and Scope of Law.**
 - (3) [§535] General Rule of Validity.**
 - (b) Illustrative Applications of General Rule.**
 - (1) [§536] Deposits.**
 - (2) [§537] Prepayment Fee Contingent on Late Interest Payments.**
 - (3) [§538] Service Installations.**
 - (4) [§539] Bank's Charge for NSF Checks.**
 - (c) Consumer's Contract for Property or Services.**
 - (1) [§540] In General.**
 - (2) [§541] Fees Against Credit Card Customers.**
 - (3) [§542] Agreement To Pay Collection Costs.**
 - (d) [§543] Lease of Dwelling.**
 - (e) Real Property Purchase Contract.**
 - (1) [§544] Scope of Chapter.**
 - (2) [§545] Residential Property: In General.**
 - (3) [§546] Residential Property: Proof.**
 - (4) [§547] Condominiums.**
 - (5) [§548] Other Real Property.**
 - (f) [§549] Public Works Construction Contracts.**
- E. Restraint of Trade and Other Illegal Trade Practices.**
- 1. Federal Law.**
 - (a) In General.**
 - (1) [§550] Common Law and Statutory Policy.**
 - (2) [§551] Federal Statutes.**
 - (3) Enforcement and Procedure.**
 - (aa) [§552] In General.**
 - (bb) [§553] Private Suits: Cause of Action.**
 - (cc) [§554] Private Suits: Remedies.**
 - (b) Activities Subject to Regulation.**
 - (1) [§555] In General.**
 - (2) [§556] Sports.**
 - (c) Exempt Activities.**
 - (1) [§557] Regulated Businesses.**
 - (2) [§558] Labor Organizations.**
 - (3) [§559] State Action.**
 - (4) Other Activities.**
 - (aa) [§560] Agricultural Cooperatives.**
 - (bb) [§561] Insurance.**
 - (cc) [§562] Attempts To Influence Government Action.**
 - (d) Sherman Antitrust Act.**
 - (1) [§563] The Statute.**
 - (2) [§564] Monopolies and Rule of Reason.**
 - (3) [§565] Price Fixing and Control.**

- (4) [§566] Boycott.
 - (5) [§567] Other Prohibited Acts.
- (e) [§568] Federal Trade Commission Act.
- (f) Clayton Act.
 - (1) [§569] In General.
 - (2) [§570] Tying and Exclusive Dealing Provisions.
 - (3) [§571] Acquisitions of Stock and Mergers.
- (g) Robinson-Patman Act.
 - (1) [§572] Price Discrimination Prohibited.
 - (2) [§573] Permissible Practices and Defenses.
- (h) Racketeer Influenced and Corrupt Organizations Act.
 - (1) [§574] Nature and Scope of Statute.
 - (2) [§575] Offenses.
 - (3) [§576] State Court Jurisdiction Over Actions.
 - (4) [§577] Procedure.
 - (5) [§578] Penalties and Remedies.

2. California Law.

- (a) Contracts Not To Compete.
 - (1) [§579] In General.
 - (2) [§580] Restatement 2d.
 - (3) Employment Agreements.
 - (aa) [§581] In General.
 - (aa-1) [§581A] No-Hire Provision.
 - (bb) [§582] Valid Noninterference Agreement.
 - (4) Exceptions.
 - (aa) [§583] Sale of Goodwill of Business.
 - (bb) [§584] Sale of Ownership Interest in Business.
 - (cc) [§585] Dissolution of Partnership.
 - (dd) [§586] Dissolution of Limited Liability Company.
 - (ee) [§587] Partially Valid Agreements.
 - (5) [§588] Enjoining Attempt To Enforce Out-of-State Covenant Not To Compete.
- (b) Contracts for Exclusive Dealing.
 - (1) [§589] In General.
 - (2) [§590] Tying Agreements.
- (c) Cartwright Act.
 - (1) [§591] Nature of Act.
 - (2) [§592] Scope of Act.
 - (3) Activities Not Covered.
 - (aa) [§593] Statutory and Case Law Exceptions.
 - (bb) [§594] Efforts To Influence Governmental Action.
 - (cc) [§595] Mergers.
 - (4) [§596] Validity of Act.
 - (5) Applicability of Federal Cases.
 - (aa) [§597] In General.
 - (bb) [§598] Rule of Reason.

(6) Enforcement.

(aa) [§599] In General.

(bb) [§600] Action by Attorney General or District Attorney.

(cc) [§601] Remedies Available to State or Subdivision.

(dd) [§602] Treble Damage Action by Private Person.

(ee) [§603] Parens Patriae Action.

(ff) [§604] Action for Indirect Injury.

(7) Illustrations.

(aa) [§605] Bid Depositories.

(bb) [§606] Tying Arrangements.

(cc) [§607] Realtors Multiple Listing Service.

(dd) [§608] Interest Rates.

(d) Unfair Practices Act.

(1) [§609] Nature of Act.

(2) [§610] Scope of Act and Distinctions.

(3) [§611] Enforcement.

(4) [§612] Price Differential to Rack-Jobber.

(5) [§613] Secret Payment of Rebates or Unearned Discounts.

(6) [§614] Loss Leaders.

(7) [§615] Discount to Cigarette Distributors.

(8) [§616] Cellular Telephones.

(e) [§617] Royalty Contracts for Performance of Copyrighted Musical Works.

(f) [§618] Fair Trade Laws Abrogated.

F. Contracts Concerning Domestic Relations.

1. Invalid Agreements.

(a) [§619] Contract Restraining Marriage.

(b) Contract Promotive of Divorce (Dissolution).

(1) [§620] In General.

(2) [§621] Married Person's Promise To Marry.

(3) [§622] Agreement for Compensation on Divorce.

(c) [§623] Contract To Alter Marital Obligations.

(d) [§624] Contract To Compensate for Domestic Services.

(e) [§625] Traditional Surrogacy Contract.

2. Valid Agreements.

(a) [§626] Separation and Property Agreements.

(b) [§627] Contract Affecting Child Custody.

(c) [§628] Surrogate Motherhood Contracts.

(d) [§629] Other Agreements.

G. Wagering and Gambling Contracts.

1. What Constitutes Illegal Wager.

(a) [§630] In General.

(b) [§631] Lottery.

(c) [§632] Raffles by Nonprofit Organizations.

(d) [§633] Endless Chain Scheme.

- (e) [§634] Gambling on Indian Land.
 - 2. [§635] Where Promisor Receives Agreed Exchange.
- H. Contracts Obstructing Administration of Justice.
 - 1. [§636] Contracts Involving Evidence.
 - 2. [§637] Agreement With "Heir Hunter."
 - 3. Contract To Refrain From Prosecution.
 - (a) [§638] In General.
 - (b) [§639] Distinction: Contract for Dismissal of Charge.
 - 4. [§640] Illegal Contracts of Attorney.
 - 5. [§641] Contract To Pay Child Sex Victim.
 - 6. [§642] Contract To Refrain From Performing Legally Required Act.
- I. Agreement Tending To Defraud Third Person.
 - 1. [§643] In General.
 - 2. [§644] Collusive Settlement in Joint Tort Action.
 - 3. [§645] Agreement Seeking To Evade Taxes.
- J. Contracts Adversely Affecting Public Welfare.
 - 1. [§646] Contracts To Influence Public Officers.
 - 2. [§647] Contract Without Competitive Bidding.
 - 3. Contract Violating Public Debt Limitation.
 - (a) [§648] Constitutional Provisions and General Rule.
 - (b) [§649] Exceptions.
 - 4. Contract of Interested Public Officer.
 - (a) [§650] In General.
 - (b) California Legislation.
 - (1) [§651] General Statute.
 - (2) [§652] Other Statutes.
 - (c) [§653] What Constitutes Making of Contract.
 - (d) [§654] What Constitutes Financial Interest.
 - (e) [§655] Remote Nondisqualifying Interest.
 - (f) [§656] Other Nondisqualifying Interest.
 - (g) [§657] Effect of Violation.
 - 5. [§658] Contracts of Health Care Service Plans.
 - 6. [§658A] (New) Contracts for Bringing Person to United States.
 - 7. [§658B] (New) Subcontractor Enrolled in Wrap-Up Insurance Policy.
- K. Exemption From and Limitation of Liability.
 - 1. In General.
 - (a) [§659] Restatement 2d.
 - (b) [§660] California Code.
 - (c) [§661] Distinctions.
 - 2. Invalid Provisions.
 - (a) Areas Involving Public Interest.
 - (1) [§662] Medicine
 - (2) [§663] Automobiles.
 - (3) [§664] Employment.
 - (4) [§665] Other Areas.
 - (b) Construction and Trucking Indemnity Contracts.

- (1) [§666] Statutory Prohibitions.
 - (2) [§667] Exceptions.
 - (c) Residential Leases.
 - (1) [§668] Former Law: Exemption Upheld.
 - (2) [§669] Exemption Limited to Passive Negligence.
 - (3) [§670] Exemption Rejected
 - 3. Valid Exemption Where No Public Interest Involved.
 - (a) In General.
 - (1) [§671] Valid Despite C.C. 1668.
 - (1a) [§671A] (New) Distinction: "Any Negligent Act" Does Not Include Gross Negligence.
 - (2) [§672] Meaning of Term "Negligent" in C.C. 1668.
 - (3) [§673] Exemption Strictly Construed.
 - (b) Illustrations.
 - (1) [§674] Purchase of Airplane.
 - (2) [§675] "Sole Remedy" Provision in Employment Contract.
 - (3) [§676] Other Illustrations.
 - 4. Valid Limitation Provisions.
 - (a) [§677] In General.
 - (b) [§678] Regulated Public Utility.
- L. Waivers of Statutory Rights.**
- 1. Valid Waivers.
 - (a) [§679] Procedural Provisions.
 - (b) [§680] Other Rights.
 - 2. Invalid Waivers.
 - (a) [§681] Waivers by Mortgagors.
 - (b) [§682] Waivers by Employees.
 - (c) [§683] Waivers by Tenants.
 - (d) [§684] Miscellaneous Substantive Rights.
- XI. RIGHTS AND OBLIGATIONS OF THIRD PARTIES**
- A. Third-Party Beneficiaries.**
- 1. [§685] Nature of Right.
 - 2. Classification.
 - (a) [§686] Creditor and Donee Beneficiaries.
 - (b) Intended and Incidental Beneficiaries.
 - (1) [§687] Restatement 2d.
 - (2) [§688] Intended Beneficiaries.
 - (3) Incidental Beneficiaries.
 - (aa) [§689] General Rule.
 - (bb) [§690] Audit Reports.
 - (cc) [§691] No Action Against Government Contractor.
 - (dd) [§692] Other Illustrations.
 - 3. Rights, Remedies, Duties, and Defenses.
 - (a) [§693] Duties of Promisor.
 - (b) [§694] Rights and Remedies of Beneficiary.
 - (c) [§695] Defenses of Promisor.

- (2) [§726] Scope and Waiver of Restrictions.
- (d) Nonassignable Rights.
 - (1) [§727] Claims for Personal Wrongs.
 - (2) [§728] Statutory Penalty.
 - (3) [§729] Claim for Legal Malpractice.
- 4. Effect of Assignment.
 - (a) Liabilities of Assignor.
 - (1) [§730] Liability to Promisee.
 - (2) [§731] Liability to Assignee.
 - (b) Rights of Assignee.
 - (1) In General.
 - (aa) [§732] Complete Assignment.
 - (bb) [§733] Partial Assignment.
 - (2) [§734] Incidental Rights Pass With Assignment.
 - (3) Notice and Defenses of Obligor.
 - (aa) [§735] In General.
 - (bb) [§736] Rights Under Executory Contract.
 - (4) [§737] Latent Equities.
 - (5) Priorities Among Successive Assignees.
 - (aa) [§738] In General.
 - (bb) [§739] Nonnotification Financing of Accounts Receivable.
 - (c) [§740] Liability of Assignee.

XII. INTERPRETATION

A. In General.

- 1. [§741] Nature of Interpretation.
- 2. [§742] General Application of Rules.
- 3. [§743] Distinctions.

B. Rules of Interpretation.

- 1. [§744] Intention of Parties: Objective Test.
- 2. [§745] Ordinary Words and Technical Language.
- 3. Interpretation as a Whole.
 - (a) [§746] Single Writing.
 - (b) [§747] Several Writings.
- 4. [§748] Surrounding Circumstances.
- 5. [§749] Subsequent Conduct of Parties.
- 6. Reasonable, Operative, and Lawful Interpretation.
 - (a) [§750] General Rule.
 - (b) [§751] Rejecting or Supplying Words.
 - (c) [§752] Applicable Laws Become Part of Contract.
 - (d) [§753] Effect of Change in Law: Old Law Governs.
- 7. [§754] Inconsistency Between Parts of Contract.
- 8. Usage and Custom as Aid to Interpretation.
 - (a) [§755] In General.
 - (b) [§756] Assent or Knowledge.
- 9. [§757] Interpretation Against Party Causing Uncertainty.

10. [§758] Contracts Containing Medium of Payment in European Currency.

XIII. PERFORMANCE

A. In General.

- 1. [§759] Discharge by Performance.**
- 2. [§760] Demand of Performance.**
- 3. [§761] Place of Performance.**
- 4. Time of Performance.**
 - (a) [§762] Reasonable Time.**
 - (b) [§763] Payment of Money.**
 - (c) [§764] Time Specified and Extensions.**
- 5. Several Debts: Application of Payments.**
 - (a) [§765] Specification by Parties.**
 - (b) [§766] Statutory Rules.**
- 6. [§767] Election of Alternative Modes of Performance.**
- 7. [§768] Conditional Payment by Mailing Check.**

B. Tender.

- 1. Nature and Effect.**
 - (a) [§769] Offer of Performance.**
 - (b) [§770] Effect on Incidents of Obligation.**
 - (c) [§771] Requisites of Tender.**
- 2. Waiver of Defects by Failure To Object.**
 - (a) [§772] In General.**
 - (b) [§773] Timely Correction of Mistake.**
- 3. [§774] Excuse of Tender Where Useless.**
- 4. [§775] Deposit in Bank Distinguished.**

C. Conditions and Covenants.

- 1. Nature and Distinctions.**
 - (a) [§776] Conditions.**
 - (b) [§777] Express and Implied Conditions.**
 - (c) [§778] Conditions and Covenants Distinguished.**
 - (d) [§779] Restatement 2d.**
- 2. Conditions Precedent.**
 - (a) Performance of Act.**
 - (1) [§780] Vendor and Purchaser.**
 - (2) [§781] Other Illustrations.**
 - (b) [§782] Performance to Satisfaction of Third Person.**
 - (c) Performance to Satisfaction of Promisor.**
 - (1) [§783] Nature of Problem.**
 - (2) Fancy, Taste, or Judgment.**
 - (aa) [§784] Good Faith Test.**
 - (bb) [§785] Satisfactory Services.**
 - (cc) [§786] Satisfactory Lease.**
 - (3) Mechanical Utility or Operative Fitness.**
 - (aa) [§787] In General.**
 - (bb) [§788] Commercial Factors.**
 - (cc) [§789] Explicit Satisfaction Clause.**

- (1) [§823] General Rule.
 - (2) [§824] Illustrations.
 - (3) [§825] Retraction of Waiver.
 - (d) Condition Involving Forfeiture.
 - (1) [§826] Construction To Avoid.
 - (2) [§827] Excuse of Condition or Equitable Relief.
- D. Impossibility, Impracticability, and Frustration of Purpose.
 - 1. In General.
 - (a) [§828] Nature of Excuse and California Statutes.
 - (b) [§829] Restatement 2d.
 - (c) [§830] Subjective and Objective Impossibility.
 - (d) Complete Impossibility or Impracticability.
 - (1) [§831] Promisor's Duty Discharged.
 - (2) [§832] Promisee Excused.
 - (e) Temporary and Partial Impossibility.
 - (1) [§833] Suspension of Duty.
 - (2) [§834] Discharge of Duty.
 - (3) [§835] Apportionment of Performances.
 - (f) [§836] Provision Requiring Notice of Intent.
 - (g) [§837] Contract Provision To Shift Risk.
 - 2. Events Constituting Impossibility or Impracticability.
 - (a) [§838] Death or Incapacity of Promisor.
 - (b) [§839] Operation of Law.
 - (c) [§840] Act of Public Enemy and War.
 - (d) [§841] Destruction or Nonexistence of Subject Matter.
 - (e) [§842] Extraordinary Difficulty and Expense.
 - 3. Frustration of Purpose.
 - (a) [§843] Nature of Defense.
 - (b) [§844] Restatement 2d.
 - (c) Illustrations.
 - (1) [§845] Doctrine Applied.
 - (2) [§846] Defense Rejected.

XIV. BREACH

- A. In General.
 - 1. [§847] Nature of Breach.
 - 2. [§848] Plaintiff's Freedom From Fault.
- B. Kinds of Breach.
 - 1. Nonperformance of Covenant.
 - (a) [§849] General Rule.
 - (b) [§850] Building Contract: Installment.
 - 2. [§851] Prevention of Other Party's Performance.
 - 3. [§852] Total and Partial Breach.
- C. Effect of Breach.
 - 1. Remedies for Breach.
 - (a) [§853] Available Remedies.
 - (b) [§854] Binding Election.

- (c) [§855] Contract Provisions.
- 2. Waiver of Breach.
 - (a) [§856] Effect of Waiver.
 - (b) [§857] Acts Constituting Waiver.
- 3. [§858] Election To Treat Partial Breach as Total.
- 4. Breach of Severable Versus Entire Contract.
 - (a) [§859] Severable Contract.
 - (b) [§860] Entire Contract.
- D. Anticipatory Breach.
 - 1. [§861] Nature of Anticipatory Breach.
 - 2. [§862] Effect of Anticipatory Breach.
 - 3. Methods of Committing Anticipatory Breach.
 - (a) [§863] Express Repudiation.
 - (b) [§864] Implied Repudiation.
 - (c) [§865] Restatement 2d.
 - 4. [§866] Retraction or Waiver of Repudiation.
 - 5. Unilateral Contract Exception.
 - (a) [§867] Theory of Exception.
 - (b) [§868] Illustrations.

XV. DAMAGES

- A. In General.
 - 1. [§869] Nature of Remedy.
 - 2. [§870] Causation.
 - 3. Foreseeability.
 - (a) [§871] Rule of Hadley v. Baxendale.
 - (b) Illustrations.
 - (1) [§872] No Special Circumstances Shown.
 - (2) [§873] Special Circumstances Shown.
 - 4. Reasonableness.
 - (a) [§874] Unconscionable or Oppressive Damages.
 - (b) [§875] Damages Exceeding Value of Performance.
 - 5. Punitive Damages.
 - (a) [§876] No Award in Contract Case.
 - (b) [§877] Where Breach Is Also a Tort.
 - 6. [§878] Nominal Damages.
- B. Particular Elements of Recovery.
 - 1. Loss of Profits or Benefits.
 - (a) [§879] Requirement of Certainty.
 - (b) Established and New Businesses.
 - (1) [§880] Giving Up Established Business.
 - (2) [§881] Future Profits From Existing Business.
 - (3) [§882] Future Profits From New Business.
 - 2. [§883] Plaintiff's Expenditures.
 - 3. Mental or Physical Suffering.
 - (a) [§884] Traditional Rule Against Recovery.
 - (b) Recovery Allowed.

- (1) [§885] Physical Injury and Emotional Distress.
- (2) Emotional Distress a Likely Result.
 - (aa) [§886] Mishandling of Corpse.
 - (bb) [§887] Other Acts.

4. Interest.

- (a) Where Interest Is Allowed.
 - (1) [§888] General Rule.
 - (2) [§889] Liquidated Sum Due.
 - (3) [§890] Damages Ascertainable by Calculation.
 - (4) [§891] Defendant With Unliquidated Offset.
- (b) Damages Not Ascertainable by Calculation.
 - (1) [§892] Traditional Rule of Denial.
 - (2) Discretionary Award.
 - (aa) [§893] In General.
 - (bb) [§894] Jury Cannot Decide Issue.
- (c) [§895] Debtor Prevented by Law.
- (d) [§896] Rate of Interest.

5. [§897] Attorneys' Fees.

C. Particular Kinds of Contracts.

- 1. Sale of Land: Breach by Vendor.**
 - (a) [§898] Former Limited Rule.
 - (b) [§899] Revised Statutes.
 - (c) [§900] Delay in Conveyance.
- 2. Sale of Land: Breach by Purchaser.**
 - (a) Excess of Contract Price Over Market Value.
 - (1) [§901] Measure of Damages.
 - (2) [§902] Resale Price as Evidence.
 - (b) Consequential Damages.
 - (1) [§903] In General.
 - (2) [§904] Rental Value.
 - (3) [§905] Credit for Higher Resale Price.
 - (c) [§906] Retention of Downpayment.
- 3. [§907] Agreement To Give Quitclaim Deed.**
- 4. [§908] Agreement To Pay Money.**
- 5. Building Construction Contract.**
 - (a) [§909] Breach by Contractor.
 - (b) [§910] Breach by Owner.
- 6. [§911] Works of Improvement Contracts.**
- 7. [§912] Actor's Contract for Publicity.**
- 8. [§913] Franchise Agreement.**

D. Mitigating Damages.

- 1. [§914] In General.**
- 2. [§915] No Recovery for Avoidable Loss.**
- 3. Reasonable Effort To Avoid Loss Required.**
 - (a) [§916] General Rule.
 - (b) Employee.

- (1) [§917] Other Employment Must Be Comparable.
- (2) [§918] Public Employees.
- (3) [§919] Employer's Offer of Reinstatement.

4. After Repudiation or Anticipatory Breach.

- (a) [§920] Duty To Mitigate.
- (b) [§921] Exceptions.

E. Deduction for Benefits Received.

1. [§922] In General.
2. [§923] Distinction: Deduction for Tax Benefits.

XVI. DISCHARGE

A. [§924] Methods of Discharge.

B. Termination and Cancellation.

1. [§925] In General.
2. [§926] Rescission Distinguished.

C. Rescission by Mutual Consent.

1. [§927] Mutual Consent.
2. [§928] Written, Oral, or Manifested by Conduct.
3. [§929] Consideration.

D. Rescission by Injured Party.

1. Nature of Remedy.
 - (a) [§930] Equitable Action Abolished.
 - (b) [§931] Rescission by Party in Default.
 - (c) [§932] When Rescission Is Unnecessary.
 - (d) [§933] Executed Contract.
 - (e) [§934] Severable Contract.
2. [§935] Grounds for Rescission.
3. Nature and Scope of Relief.
 - (a) Alternative Remedies.
 - (1) [§936] In General.
 - (2) [§937] Restitution.
 - (b) [§938] Conditions of Rescission Relief.
4. [§939] Waiver of Right To Rescind.
5. Procedure.
 - (a) [§940] Notice of Rescission.
 - (b) [§941] Offer To Restore Consideration.
 - (c) When Prior Restoration Is Unnecessary.
 - (1) [§942] In General.
 - (2) [§943] Specific Restitution Without Prior Offer.
 - (d) [§944] Pleading as Notice or Offer.
 - (e) [§945] Delay in Notice or Offer.

E. Release.

1. [§946] Validity and Effect.
2. General Release of Unknown Claims.
 - (a) [§947] Statutory Prohibition.
 - (b) [§948] Routine Waiver Invalid.
3. [§949] Release by Person Admitted to Medical Facility.

F. Accord and Satisfaction.

1. In General.

(a) [§950] Nature of Accord and Satisfaction.

(b) [§951] Effect of Accord.

2. Check Sent in Payment of Disputed Claim.

(a) Disputed Debt.

(1) [§952] In General.

(2) [§953] Sending Amount Due.

(3) [§954] Rule Unaffected by U.C.C. 1207.

(4) [§955] Distinction: No Debtor and Creditor Relationship.

(b) [§956] Good Faith and Assent.

(c) [§957] Retention of Check Without Cashing.

(d) [§958] Where Coerced Settlement Illegal.

3. Written Acceptance of Part Performance.

(a) [§959] Rule and Theory.

(b) [§960] Check Containing Written Release.

G. Novation.

1. [§961] Nature and Effect.

2. Requisites.

(a) [§962] In General.

(b) [§963] Intent and Assent.

H. Modification or Alteration.

1. [§964] In General.

2. [§965] Former Law on Oral Modification.

3. Revised Law.

(a) [§966] Purpose of Revision.

(b) [§967] Modification of Contract Not in Writing.

(c) [§968] Modification of Written Contract.

(d) [§969] Other Rules Unaffected.

4. Unauthorized Alteration.

(a) [§970] Obligations Discharged.

(b) [§971] Alterations Not Affecting Contract.

I. Account Stated.

1. [§972] Nature and Effect.

2. [§973] Requisites.

3. Agreement Implied.

(a) [§974] Creditor's Statement and Debtor's Assent.

(b) [§975] Debtor's Statement and Creditor's Assent.

XVII. GOVERNMENT CONTRACTS

A. In General.

1. [§976] Scope and Treatment of Subject.

2. Public Contract Code.

(a) [§977] In General.

(b) [§978] Organization.

3. [§979] State Contracts Register.

4. [§980] Unauthorized Contract.

5. [§981] Challenged Contract.
6. [§982] Mutual Assent.
7. [§982A] (New) Restriction on Use of Private Contractors.

B. Bids and Bidders.

1. [§983] In General.
2. [§984] Seals and Security.
3. [§985] Use of Negotiation Process.
4. [§986] Substantial or Excused Compliance.
5. [§987] Damages Recoverable When Contract Misawarded to Second Lowest Bidder.
6. [§988] Unlicensed Bidders.
7. [§989] Relief From Bid.
8. [§990] Miscellaneous Issues.

C. [§991] Interpretation.

D. [§992] Excuses for Nonperformance.

E. [§993] Modification.

F. Disputes Clause.

1. [§994] Federal Law.
2. [§995] California Law.

G. [§996] Termination and Renegotiation.

H. Government's Liability.

1. [§997] In General.
2. [§998] Implied Warranty, Misrepresentation, or Concealment.
3. [§999] Contractual Terms Limiting Liability.
4. [§1000] Abandonment Theory Not Applicable Against Public Entity.

I. [§1001] Miscellaneous Provisions.

XVIII. SURETY CONTRACTS

- A. [§1002] In General.
- B. [§1003] Rights of Sureties.
- C. [§1004] Liability of Sureties.
- D. [§1005] Right to Benefit of Securities.
- E. [§1006] Exoneration of Sureties.

XIX. UNUSUAL TYPES OF CONTRACTS

- A. [§1007] Organic Law of Association.
- B. [§1008] Corporation Charter.
- C. [§1009] Federal Grant.
- D. [§1010] Published University Regulations.
- E. [§1011] Unconfirmed Arbitration Award.
- F. [§1012] Regulated Forms.

XX. QUASI-CONTRACTS AND RESTITUTION

A. In General.

1. [§1013] Nature of Restitution.
2. [§1014] Practical Distinctions.
3. [§1015] Restatement of Restitution.
4. [§1016] Unjust Enrichment Alone.

B. [§1017] Defenses to Quasi-Contract Actions.

- C. Necessity of Benefit to Defendant.**
 - 1. [§1018] Benefit Ordinarily Required.
 - 2. [§1019] Exceptions.
- D. Benefits Voluntarily Conferred: Officiousness.**
 - 1. [§1020] General Rule.
 - 2. [§1021] Exception: Performing Defendant's Duty.
- E. Benefits Conferred Under Mistake or Fraud.**
 - 1. Payment of Money.
 - (a) [§1022] General Rule.
 - (b) [§1023] Mistaken Reconveyance of Deed of Trust.
 - (c) [§1024] Payment of Support Due to Mistaken Belief of Biological Fatherhood.
 - (d) [§1025] Satisfaction of Own Obligation.
 - (e) [§1026] Satisfaction of Invalid but Honest Claim.
 - (f) [§1027] Satisfaction of Third Person's Obligation.
 - (g) [§1028] Gambling Losses.
 - 2. [§1029] Services Rendered.
- F. Benefits Conferred Under Coercion.**
 - 1. In General.
 - (a) [§1030] Rule and Situations.
 - (b) [§1031] Duress and Illegal Business Compulsion.
 - 2. Legal Proceedings Without Probable Cause.
 - (a) [§1032] Suit or Threat of Suit.
 - (b) [§1033] Enforcement or Threatened Enforcement of Judgment.
 - 3. [§1034] Other Illustrations of Recovery.
 - 4. [§1035] Cases Denying Recovery.
- G. Services Performed at Request.**
 - 1. [§1036] Theory of Recovery.
 - 2. [§1037] Intention To Compensate.
 - 3. [§1038] Necessity of Benefit.
 - 4. [§1039] Services to Third Person.
- H. Waiver of Tort.**
 - 1. [§1040] In General.
 - 2. [§1041] Where Tort Remedy Is Adequate.
- I. [§1042] Restitution Where Contract Fails.**