

After The Offer

What Happens After an Offer?

5 Things that Can happen:

Lapse

Termination by Operation of Law

The Offer

Rejection

Revocation

Acceptance

Lapse

- The offer was made and the offeree did nothing in response.
- After a reasonable amount of time the offer dies (or lapses)
- The offeree no longer has the power of acceptance
- The amount of time that is “reasonable” depends on what is being sold. For a car it would be a couple weeks but for stocks it is only a couple minutes.
- An option contract can be used to get around the rule of lapse.
- An option contract is when money is paid to hold open the offer. In this case the seller would be liable for a breach of contract even if a reasonable amount of time passed.
- If no money is paid then the offer is going to lapse after a reasonable time with no obligation to uphold a promise to wait.

Termination by Operation of Law

- An offer is terminated by law and no longer exists when the offeror makes an offer but before the offeree can respond...
 1. One of the parties dies
 2. What is being sold becomes illegal
 - 3 One of the parties goes insane.
- However in the case of death, if the offeree accepts before the death than it is a contract.

Rejection

- The Offeree expressly declines the offer
- If the offeree changes the amount or the terms this is a counter offer, another type of rejection. The offeree has then become the offeror

Revocation

- The Offeror takes back the Offer
- Must happen prior to acceptance
- Original Offer is killed/No longer exists
- The following offers cannot be revoked
 1. An unilateral contract (a promise for an action), after performance has begun. If the action has started, acceptance has begun.
 2. An option contract (when you pay money to hold the offer).
 3. A 2-205 contract: If the offeror is a merchant who has put in a signed writing the promise and signed it, it can't be revoked even if no money has been paid.

Acceptance

- After a valid offer is made, the event leads to contract formation.