

Legal Aspects of Operating a Business



Great Website for those interested in starting an agriculture business in Colorado: <http://www.state.co.us/oed/industry-license/IndDetail.cfm?id=5>

Types of Deals

- Contract

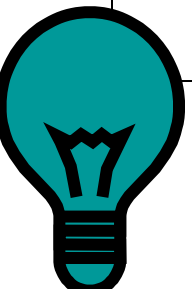
- Contracts include three parts:
 - Serious and definite offer
 - A consideration, something for which a person is bargaining.
 - A serious acceptance of the offer.

- Agreement

- A non-legally binding deal, often with few set details, and often is not considered official.

Written Contracts

- Written contracts remind everyone what was agreed upon, such as:
 - Dates of performance
 - Quality of goods or services
 - Specifications such as size, color, shape, or specific work to be done.
- Advantages:
 - Written contracts make both sides think about details before they agree
 - Written contracts can be used as clear evidence to help you prove your side in court



Grain Contracts at the local elevator are great examples of written contracts!

Oral Contracts

- Oral contracts are made by talking, not writing
- Oral contracts are good for
 - Buying groceries
 - Buying magazines
 - A date for Friday night!
- Oral contracts are not good for
 - Buying a house
 - Buying a business
 - Buying equipment
 - Long-term leases
 - Renting equipment

- Disadvantages of oral contracts
 - They lead to mistakes, confusion, and misunderstandings
 - It's hard to remember all the details
 - Each side tends to picture a different deal
 - It's hard to prove your contract in court; it's your word against theirs.



It is very hard to prove the details of a verbal contract if there is a discrepancy.

Limitations for Minors in Business

- A minor is anyone who is under the legal age.
- It may be age 18 or 21, depending on the law
- The law in most states says minors are too young to have the capacity to make a contract.
- Therefore, in most states, adults cannot make minors perform on their contract.

Exceptions to Rules for Minors

- Are there ever exceptions to the rules for minors in business?
- Yes! Sometimes courts will enforce a contract against a minor if he or she is emancipated!
- What is emancipated?
 - Emancipation is defined as a minor who is out on his or her own, renting an apartment, running his or her own business, or married.

Business Permits and Licenses

- Most businesses need to register, get a permit, and or get a license.
- The problem is that most youth are too young to get a license!

Business Permits and Licenses

- Special permission from the government is needed for some businesses. Often, you need special training and have to take a test. See your lawyer to find out if you must:
 - Just register with the local or state government. “Hello...I’m in the home repair business.”
 - Gain a permit from the local government. “Hello, I’d like to go door-to-door, and need a permit.”
 - Prove you have special skills to get a license.