

Drafting the Perfect Contract

Contracts are agreements between two or more parties to exchange something of value for something of equal value. It can be an exchange of goods or services for other goods or services, or for money. Contracts are written summaries of the agreement between the parties. Contracts contain the subject-matter, the expectations of the parties, their duties and responsibilities, the consideration of thing of value, and the mechanism for dealing with disputes between the parties.

You may have heard someone say *I don't trust the other party so I need an ironclad contract so they can't get out of it, or I will sue them for everything that they have if they cross me.* The truth is no contract is immune from legal attack if a party is determined and has the time and money to litigate. This is not to say that the party filing the lawsuit will win, but litigation can cause all sorts of disruptions to your business, your personal well-being, and your wallet.

Generally when people enter into agreements, they want something and are willing to pay for it by exchanging something of equal value for it. Each party is expecting *the benefit of their bargain.* If either party distrusts the other, the most obvious question that comes to mind is - *then why are you entering into an agreement with them?* Distrust leads to conflicts. No contract, not matter how well crafted, can eliminate this inherent conflict. The problem is not in the contract.

The perfect contract is where the parties have a high degree of trust in each other and are willing to work out any disputes without resorting to litigation. The focus is not on the drafting of the agreement, but on the foundation of any contract, which is the sum total of the intentions of all the parties involved. The perfect contract balances the needs and expectations of all the parties and it is an equal exchange of energy between the party.

Do you know the true intentions of all the parties involved in your

contracts? If not, you should.

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