



Judges in the Classroom

Minors and Contracts

Source:

Written by Margaret Fisher, Institute for Citizen Education in the Law, Seattle, Washington, to complement the student edition of *Street Law* (9th ed.). The Board for Judicial Administration, Public Trust and Confidence Committee member, Jennifer Garber, edited the lesson in 2019. For more information, contact Administrative Office of the Courts (AOC), Temple of Justice, 415 12th Ave SW, PO Box 41174, Olympia, WA 98504-1174. For an electronic copy of this lesson, or to view other lesson plans, visit Judges in the Classroom on the Washington Courts Web site at: www.courts.wa.gov/education/.

Objectives:

1. Students will list and explain the elements of a contract.
2. Students will identify what contracts minors can, and cannot, legally cancel.
3. Students will list and explain the rules regarding minors and contracts.

Grade Level:

Grades 9-12

Time:

One class period (approximately 50 minutes)

Materials:

One copy of Handout 1 (Can the Minor Cancel this Contract?) for each student

Procedures:

1. **Begin the class by introducing yourself**, briefly telling a little about what you do, if this is your first class. Introduce today's class by indicating that it will be on minors and contracts.
2. **Explain to students** there are special laws regarding minors and contracts. Today, the class will review the rules in Washington State.

Note: This lesson assumes the teacher has already taught the elements of a contract and the difference between void and voidable contracts.

3. **Pass out Handout 1.** Tell students they have 10 minutes to work in pairs to answer questions a. through j. Alternatively, if time appears to be short, the first pair may be assigned to answer a. and b., the second pair to answer c. and d., etc., giving each pair of students two hypotheticals to answer. Before conducting this activity, make sure that students understand the terms "void" and "voidable."

Void means **that the contract has no legal effect; it is as if the contract never existed.** Voidable means **that the contract can be declared invalid if one party chooses to do so.** Generally, contracts by minors for items that are not necessities are voidable. This means that minors can disaffirm their contracts provided that the contracts are not for necessities. When minors disaffirm their contracts, the contracts become invalid. However, there are exceptions to this general rule.

Use of this Handout is to test for students' present knowledge of minors and contract law, and to use the debriefing as a way to educate students about the law.

4. **Debrief by getting all the pairs** who answered hypothetical "a" to report their answer and their reasons. Then report the state of the law in Washington on that particular hypothetical. Continue on with student answers to hypothetical "b," and report on the state of the law in Washington and so on through the hypotheticals. Spend 15 minutes on the debriefing.

Answers to Handout 1:

- a. **Hypothetical:** Dan, who is 17 years old but looks like he is 20 years old, signs a contract for a \$1,000 laptop from Cascade Sound. The contract requires him to put \$300 down and pay \$50 monthly. He puts his \$300 down and after two weeks decides he wants out of the contract. Can he legally do this?

Response: Dan can disaffirm this contract. He is entitled to get all the money back that he has paid and he is obligated to return the item to Cascade Sound.

The fact that Dan looks older than 17 is not enough to change the outcome. However, if Dan had told Cascade Sound that he was 18 or older, he would not be able to cancel his contract.

- b. **Hypothetical:** Terry, who is 16 years old, enrolls in Garner Vocational School. She borrows \$2,000 from a bank to go to school. The bank has a written statement from Garner Vocational School that Terry is enrolled. Two months later, Terry wants to drop out of school and get out of repaying her loan. Can she legally do this?

Response: Terry may not void her loan. Under Washington State law, any written obligation signed by a minor 16 or more years of age in consideration of an

educational loan from any person is enforceable as if the minor were an adult. This applies only if, prior to making the educational loan, the educational institution has certified in writing to the person making the educational loan that the minor is enrolled, or has been accepted for enrollment in the educational institution. RCW 26.30.020.

- c. **Hypothetical:** Juanita, who is 15 years old, buys a life insurance policy so that if she dies, her parents will receive \$100,000. The contract requires her to pay \$20 per month. She pays this every month until she is 17. Now she decides to get out of the contract and wants all her money back. Can she do this?

Response: Under Washington law, minors not less than 15 years of age at the nearest birthday may enter into a contract for life or disability insurance on their own life or body, for their own benefit or for the benefit of parents, spouse, child, sibling or grandparent. The minor is not permitted to void the contract because of minority. However, the minor can be excused from any unperformed agreement to pay any premium. So Juanita can stop paying the monthly premiums, but she cannot recover the money already spent. RCW 48.18.020.

- d. **Hypothetical:** Michael, who is 16 years old, is a star baseball player at his high school. A baseball scout for a professional baseball team approaches Michael and proposes that Michael sign a contract to play for the team he represents. To encourage Michael to sign, he gives Michael a new car. Michael signs the contract. Later, Michael realizes that this will deprive him of his amateur status. Michael now wishes to get out of the contract. Can he do this?

Response: Under RCW 67.04.110 *et seq.*, this contract is void. In order for a contract between a minor and organized professional baseball team to be valid, a special procedure must be followed. This applies to persons under the age of 18 years who have not graduated from high school. If the person becomes 18 during their senior year, he or she is still a minor until the end of the school year.

Contracts with minors, including baseball contracts and certain contracts with individuals, firms, corporations, and associations, must be approved in writing by the prosecuting attorney. RCW 67.04.110. The prosecutor must approve these contracts if the following facts are found:

- (1) The minor has not been signed, approached or contacted, directly or indirectly, regarding a professional baseball contract except as approved by the prosecutor.
- (2) The minor has been informed that approval of the contract may deprive him or her of amateur status.
- (3) The parent of the minor and the minor have consented.
- (4) The prosecutor has concluded that the contract meets the legal requirements.
- (5) The contract permits the minor to have at least five months available each year to continue his or her high school education.

The law also makes it a gross misdemeanor for any scout to enter into a contract with a minor or to give a gift to a minor to get the minor's promise to enter into a contract. This scout is guilty of a gross misdemeanor.

- e. **Hypothetical:** Jemi, who is 17 years old, agrees with a married couple unable to have children, to be artificially inseminated and to bear a child for the couple. The couple will pay all expenses of pregnancy, actual medical expenses, and attorney fees to draft the contract to establish that the child produced will belong to the married couple. Jemi signs such a contract, is impregnated, and now changes her mind and wants out of the contract. Can she do this?

Response: RCW 26.26.220 provides that no person shall enter into such a contract with an unemancipated minor female. So the contract is invalid.

Even if Jemi were emancipated or over age 18, she still may challenge the custody of the child once it is born. The person with physical custody at the time of the dispute keeps the child until the superior court makes a legal award of custody.

- f. **Hypothetical:** Judy, who is 13 years old, ran away from home and took her mother's credit card. She had no food or place to stay. She paid for a motel and some food with the credit card. Now, she wants to get out of these contracts. Can she do this and get a refund from the motel and stores where she bought the food?

Response: No, Judy is obligated to pay for these items because they are "necessaries" defined as food, clothing, shelter, and medical care. Minors are bound by their contracts for food, shelter, clothing, and medical aid.

- g. **Hypothetical:** Tony buys a used car for his 17th birthday from Al's used car lot. Tony needs the car to get to his after-school job. After three months of use, Tony decides he wants to get out of the contract, return the car, and get his money back. Can he do that?

Response: Yes, Tony can do that. Students might have questioned whether or not a car is a "necessary," which would not permit voiding the contract. However, Washington State has decided that a car is not a necessary.

- h. **Hypothetical:** George at 17 years old buys a used car on credit, agreeing to pay \$50 each month for three years. When he turns 19, two years after signing the contract for the car, he decides to get out of the contract and get his money back. Can he do that?

Response: No, George cannot do that. The law requires that in order for minors to void contracts entered into when they were minors, they must cancel within a reasonable time after turning 18. One full year beyond the 18th birthday is an unreasonable time. George will have ratified the contract and he may not get out of it.

- i. **Hypothetical:** Miriam, who is 17 years old, set up her own business making t-shirts. She took and filled many orders for sets of t-shirts. She now wants to get out of the contracts she hasn't filled because she spent the money on other things and doesn't have enough money to produce the t-shirts. Can she do that?

Response: No, Miriam cannot do that. RCW 26.28.040 prevents minors from voiding their contracts when they have engaged in business as an adult and the other party had good reason to believe the minor was capable of contracting.

- j. **Hypothetical:** Mady and Johnny are both minors who have a child together. They entered into several contracts for services and things for their child. Can they get out of these contracts and get back the money they have already spent?

Response: No, they may not void their contracts. Minor parents are bound by contracts they enter into for their child.

5. **Review the rules with students** after the exercise.

In Washington State, certain, but not all, contracts of minors (persons under 18) are voidable, meaning that minors can get out of their contracts if they choose to do so. The minors cannot be forced to carry out the promises they made and may cancel or refuse to honor their contracts. Minors who void their contracts must return all money and property received because of the contract that is still within their control at the time they turn 18. Minors should realize, however, that voiding their contracts will result in very poor credit history that can affect their future financial affairs.

6. **Ask students why they think** minors have the right to void their contracts.

The rule is designed to protect minors from being taken advantage of because of their age and lack of experience. However, minors will have an impossible time getting credit because of this rule. This is why most stores require a parent or other adult to co-sign any major contract. The adult co-signer is responsible for making payments if the minor doesn't honor his/her promise.

The person with whom the minor contracted cannot cancel the contract simply because the other person is a minor.

7. **Review with students** that the special rights of minors to void their contracts do not apply to all contracts. Take about two minutes to brainstorm the list of contracts that minors cannot void. List these on the board.

If a minor fails to disaffirm a contract within a reasonable time after reaching age 18, the contract cannot be cancelled.

Minors are bound for contracts they make for necessities, such as food, clothing, medical attention, and housing. (A car is not a necessary.)

Minors are also bound for educational loans, provided the lender had written notice of enrollment.

Minors married to someone 18 years or older are considered adults.

Minors may enter into binding contracts for their child.

Minors may not void contracts when they have misrepresented their age to the other party or they have operated a business as an adult and the other party reasonably believed the minor was capable of contracting.

Additionally, minors may not enter into contracts with professional baseball teams without approval of the county prosecutor (and parent). Minors may not enter into contracts to bear children on behalf of others.

8. **To close the class**, have students consider whether or not they agree with the law on minors and contracts in Washington.

- d. Michael, who is 16 years old, is a star baseball player at his high school. A baseball scout for a professional baseball team approaches Michael and proposes that Michael sign a contract to play for the team he represents. To encourage Michael to sign, he gives Michael a new car. Michael signs the contract. Later, Michael realizes that this will deprive him of his amateur status. Michael now wishes to get out of the contract. Can he do this? Give your reasons.
- e. Jemi, who is 17 years old, agrees with a married couple unable to have children, to be artificially inseminated and to bear a child for the couple. The couple will pay all expenses of pregnancy, actual medical expenses, and attorney fees to draft the contract to establish that the child produced will belong to the married couple. Jemi signs such a contract, is impregnated, and now changes her mind and wants out of the contract. Can she do this? Give your reasons.
- f. Judy, who is 13 years old, ran away from home and took her mother's credit card. She had no food or place to stay. She paid for a motel and some food with the credit card. Now, she wants to get out of these contracts. Can she do this and get a refund from the motel and stores where she bought the food? Give your reasons.
- g. Tony buys a used car for his 17th birthday from Al's used car lot. Tony needs the car to get to his after-school job. After three months of use, Tony decides he wants to get out of the contract, return the car, and get his money back. Can he do that? Give your reasons.

