

Do I Really Need to Read and Understand What I Sign?

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During my many years in practice, I have come across various types of contracts. Some of the contracts I have seen, have been a short as one page, and longer than 100 pages. But the one thing that remains the same, is that you can tell the difference between a well-written contract and a poorly written contract.

A well written contract is like reading a well written story. It starts with a beginning, which sets forth the names of the parties and the basic understanding of the parties as to why they are entering into this contract. It has a middle, which includes all of the terms and conditions of the contract. Therefore, like any well written story that captivates your attention, the details set forth in the middle of the contract are what is critical to captivate the reader's attention as well as to clearly set forth the intent of the parties. Finally, it has a well written ending that usually sets forth how disputes are going to be resolved, where they are going to be resolved, any miscellaneous item not previously covered in the middle of the contract, and that the contract is binding on all parties.

Some of the mistakes that people make when presented with a contract, is not reading the contract in its entirety and not understanding everything it contains. Prior to reading or writing any contract, I always recommend making a list of things that you agreed upon with the all parties to the contract. A well written contract should be understandable to anyone who picks

up the document. If it's not, I always recommend not to sign the contract because it means that it was not well-written. Don't be fooled by someone saying it's just legal jargon that everyone agrees to. Even legal clauses that should be contained in all contracts must be easily understandable by anyone picking up the contract, otherwise enforceability becomes questionable.

I therefore recommend that if you are writing a contract that you make sure it is clear and understandable, and that it sets forth all of the understandings between you and the other party. Remember, in most cases, the only time a contract is looked at after it signed is if there is a dispute between the parties entering into the agreement. In some cases, you should remember that the person reviewing the contract or agreement for the first time will be a judge or arbitrator who knows nothing about your company, knows nothing about the agreement between you, and is trying to determine who followed the contract and who broke the contract in order to make a determination as to how to legally resolve dispute brought before them. It is for this reason that is critical that a contract must be well written and easily understandable by anyone reviewing the document.

If you are reading a contract, don't sign it unless you completely understand everything that is written in it. Similarly, if you are writing a contract, make sure it covers everything you agreed to and is easy to understand. In the ideal situation, I always recommend going to a skilled commercial transactions attorney to ensure that the contract is well written and easily enforceable in the future. Feel free to email me with any questions you may have about agreement at David@weinsteinlawyer.com.