

Contracts & Business Law Basics — Workbook

This workbook turns the course into a contract you can actually read, mark up, and act on. Each section mirrors a course module, moving you from checking whether an agreement is even enforceable, through reading the clauses that allocate risk, to securing your IP and negotiating the terms. Work through the exercises, worksheets, and checklists with a real contract in front of you, then use the templates to redline agreements, track your obligations, and decide when to bring in a lawyer.

What Makes a Contract Real and Enforceable

Confirm that the agreements you rely on are actually enforceable, and spot the defects that would let one collapse.

Exercise: Test a Deal for the Four Elements

Take a real or recent agreement, even an email thread, and check it against the four elements. This tells you whether you actually have a contract or just a conversation.

- What is the specific offer, and are its terms definite enough to accept (price, scope, timing)?

- Was there a clear acceptance of those exact terms, or did a counteroffer change them?

- What consideration does each side give: money, services, or a promise? Is anyone promising a one-sided favor?

- Did both sides clearly intend a legal, binding deal rather than a casual or social arrangement?

Worksheet: Enforceability and Authority Check

Before relying on any signed contract, run through the formation defects and the authority question. Fill in each field for the agreement you are evaluating.

Counterparty's correct legal entity name (as it should appear in the contract)

Name and title of the person signing, and their authority to bind the entity

Capacity: any concern the signer is a minor or incapacitated (yes or no)

Legality: does anything in the deal violate the law or public policy? (yes or no)

Consent: any sign of fraud, misrepresentation, duress, or undue influence? (yes or no)

Is this contract in a Statute of Frauds category that must be written and signed? (which one)

Is the agreement in writing and signed electronically or in ink? (tool used, if any)

Checklist: Formation Readiness Checklist

- Confirmed all four elements are present: offer, acceptance, consideration, intent
- Verified the signer has authority to bind the counterparty entity
- Used the counterparty's correct legal name in the agreement
- Checked for capacity, legality, and genuine consent (no fraud, duress, or undue influence)
- Identified whether the deal falls under the Statute of Frauds and must be written
- Put the agreement in writing even if a verbal deal would have been binding
- Saved the signed version and the negotiation thread as evidence

Reading the Clauses That Decide Your Risk

Read a contract section by section and put a value on the clauses that quietly assign who pays when things go wrong.

Worksheet: Clause-by-Clause Contract Map

Open a real contract and locate each standard section, then capture the key term for each. This forces you to read the high-stakes clauses instead of skimming them.

Parties and correct legal names

Scope of work or subject matter (precise deliverables)

Payment terms (price, schedule, late fees, what triggers payment)

Term and termination (length, renewal, how to exit)

Indemnification (who indemnifies whom, and for what)

Limitation of liability (is there a cap, and what is it)

Governing law and dispute resolution (which state, court or arbitration)

Entire-agreement / integration clause present (yes or no)

Exercise: Score the Risk-Allocation Clauses

For the same contract, judge how fair the two most dangerous clauses are. The goal is to decide whether they need redlining before you sign.

- Is the indemnification mutual, or does only one side indemnify the other?
 - Does the indemnity cover only your own negligence and breach, or far broader claims?
 - Is there a limitation-of-liability cap, and is it tied to the fees paid (a fair benchmark)?
 - What sits outside the cap as a carve-out (confidentiality, IP infringement, gross negligence), and are you comfortable with that exposure?
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Worksheet: Exit and Renewal Tracker

Pin down exactly how and when you can get out of the contract, so an automatic renewal never traps you. Complete each field from the term and termination clauses.

Contract start date and length of term

Automatic renewal? (yes or no) and the exact notice window to stop it

Date you must act by to prevent auto-renewal (diarize this)

Can you terminate for convenience, only for cause, or both?

Notice required to terminate (days, and the address or method)

Cure period for a breach before termination (number of days)

Which clauses survive termination (confidentiality, payment, IP)

Checklist: Contract-Reading Checklist

- Read for structure first, then read the back-half risk clauses closely
- Located and read all defined terms, not just the body
- Confirmed the scope of work is specific, not vague
- Checked indemnification is mutual and reasonably scoped
- Confirmed a limitation-of-liability cap exists and noted its level and carve-outs
- Diarized any automatic-renewal notice deadline
- Read the governing-law and dispute-resolution clauses before signing

Owning Your Work: IP and Confidentiality

Make sure you actually own the work you pay for, and that the information you share is protected.

Exercise: Trace Who Owns the IP

For any contract where work is created, work out who owns the result under the default rules, then check whether the contract fixes it in your favor.

- Is the creator an employee or an independent contractor? (this changes the default ownership)

- Does the contract include a present-tense assignment (hereby assigns) of the custom work to you?

- Is work-made-for-hire language backed up by an assignment, in case the category does not qualify?

- Does the contractor grant you a license to any pre-existing or background IP embedded in the deliverable?

Worksheet: NDA Term Sheet

Before sending or signing an NDA, define its core terms. Fill in each field so the agreement protects you without being overbroad.

One-way or mutual (who is disclosing sensitive information)

Definition of confidential information (what is covered)

Standard exclusions present (public, already known, independently developed, rightfully obtained)

Permitted purpose and use restriction

Term of confidentiality (e.g. 2 to 5 years; indefinite for trade secrets)

Carve-out for legally compelled disclosure with notice (yes or no)

Any hidden non-compete or non-solicit tucked inside (flag and remove if unexpected)

Exercise: Check a License Grant's Boundaries

For any IP you license rather than own, map the exact scope so you do not accidentally infringe by using it beyond what you paid for.

- Is the license exclusive or non-exclusive?

- What uses, territory, media, and field of use are permitted, and what is excluded?

- Is the license perpetual or time-limited, and can the owner revoke it?

- Can you sublicense or transfer the rights to a customer or to a buyer of your business?

Checklist: IP and Confidentiality Checklist

- Confirmed contractor work includes a present-tense assignment of the custom IP to you
- Secured a license to any background or pre-existing IP in the deliverable
- Added an IP warranty of originality and an infringement indemnity for work you acquire
- Used a mutual NDA when both sides share, one-way when only you share
- Confirmed the NDA includes the standard exclusions
- Checked for non-compete or non-solicit clauses hidden inside agreements
- Verified license scope before using any licensed IP beyond its original purpose

Negotiating, Signing, and Knowing When to Call a Lawyer

Redline the terms that matter, prepare for what happens if a deal breaks, and decide when to hire an attorney.

Worksheet: Redline Priority Worksheet

Before negotiating, decide where to spend your negotiating capital. List your proposed change and fair-language rationale for each high-stakes clause.

Limitation of liability: proposed cap (e.g. total fees paid) and why

Indemnification: change to make it mutual and limited to your own fault

Payment terms: deposit, milestones, and acceptable payment window

Scope and change orders: precise deliverables and the change-order process

Termination and IP: fair exit right and assignment of custom work to you

Trivial points you are willing to concede to keep goodwill

Exercise: Breach Response Plan

Imagine the other side fails to perform. Decide in advance how you would respond proportionally, so you do not over- or under-react in the moment.

- Is the breach material (defeats the deal's purpose) or minor (small, harmless deviation)?
 - What written notice does the contract require, and is there a cure period to invoke?
 - What remedy fits: compensatory damages, liquidated damages, specific performance, or rescission?
 - What steps will you take to mitigate your own losses, and what records prove your case?
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Worksheet: DIY-or-Lawyer Decision Sheet

For a specific contract, weigh the stakes against the cost of advice to decide whether to handle it yourself or hire an attorney.

Dollar value and duration of the contract

Maximum downside if a clause goes wrong (capped or open-ended)

Is it hard to reverse (lease, partnership, acquisition, financing)? (yes or no)

Is significant IP or a regulated area involved? (yes or no)

Does the other side have a lawyer and you do not? (yes or no)

Decision: DIY with a template, lawyer review only, or full lawyer drafting

Checklist: Negotiate-and-Sign Checklist

- Treated the draft as an opening position, not a final decree
- Used tracked changes and professional comments to redline
- Concentrated requests on liability, indemnity, payment, scope, and IP
- Refused to sign under artificial time pressure
- Confirmed the final signed version matches what was agreed
- Decided whether the stakes justify a lawyer review before signing
- Saved the fully signed, integrated contract as the only version that counts

Your Action Plan

1. Test every agreement of consequence against the four elements before relying on it, and put it in writing.
2. Verify the person signing for the other side has authority and that you used the correct legal entity name.
3. Read each contract for structure first, then read the indemnification and limitation-of-liability clauses closely.
4. Insist on mutual indemnification limited to your own fault, and a liability cap tied to the fees paid.

5. Diarize every automatic-renewal notice deadline so a contract never rolls over without your consent.
6. For any custom work you pay for, secure a present-tense IP assignment plus a license to background IP.
7. Use mutual NDAs when both sides share, demand the standard exclusions, and watch for hidden non-competes.
8. Redline the draft in tracked changes, concentrating your asks on liability, indemnity, payment, scope, and IP.
9. Keep clean records of contracts, change orders, and deliverables, because your documentation is your case.
10. Run the DIY-or-lawyer test on each contract, and hire an attorney when the deal is large, permanent, or central to the business.

