

# Contracts - Written or Verbal

By Bob Brolhorst

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As business on the internet grows by leaps and bounds it is the boundaries of the internet that have become far less obvious. The boundaries that I am talking about are the same boundaries that separate states and countries.

We as business people performing tasks or selling our products are using verbal contracts in our businesses mainly because of the distance between our customers. When does a verbal agreement become a contract?

When a customer inquires about the price you charge for a product or service, you provide an estimate, either verbally or in writing. The two of you negotiate the terms, the work is completed and delivered... and you wait for payment. Is this a contract? Yes. You delivered the goods and expect to receive fair compensation. But a court may not agree with you when it comes to what constitutes "fair" compensation. That's when a written contract is vital.

If you provide payment terms, make sure those terms require acceptance of a written estimate before the work begins. Once the first payment is made on the bill, the client has acknowledged receipt and price. That payment and the bill that had precipitated the payment validate a contract in many jurisdictions. That is why I always have an attorney on retainer.

On all projects priced over \$500, I require a 50% deposit. This deposit, of course, is accompanied by a written agreement of what the deposit covers and how the balance is to be handled. When the work is completed and delivered the remaining 50% of the bill will be paid. Make sure when you send the final bill that you note on it how it was paid, by cash, money order, credit card, or check. Be sure to include on the invoice numbers from the various payment methods

Most of our projects are handled on a COD basis. The client pays the bill in full when the project is delivered. This payment may be by credit card, cash, or check. If payment is made in cash, the invoice is marked "paid in

full by cash." If payment is made by check, the invoice number is written on the front of the check.

Verbal contracts are rough. There's nothing safer than a written contract. But not all projects call for a written contract. Provide a written estimate that both of you acknowledge by signature. That may usually suffice.

In summary, verbal contracts can be held up in a court, but check with an attorney or small claims court in your state to determine what they constitute as a valid verbal contract.

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