**Legal Capacity to Contract**

**Lesson Closure Exam Key**

1. What three classifications of individuals lack contractual capacity?
2. The three classifications are minors, the mentally incapacitated, and the intoxicated.

**Q:** What are two ways that capacity to contract on behalf of an organization can be created?

1. Capacity to contract on behalf of the organization can come from a delegation of authority or from apparent authority created or allowed by the business.
2. Give two examples of informal emancipation of a minor.
3. Two examples: (1) The parent and minor agree that the parent will cease support. (2) The minor marries.
	1. The minor moves out of the family home. (4) The minor becomes a member of the armed forces. (5) The minor gives birth. (6) The minor undertakes full‐time employment.
4. What is intoxication?
5. Intoxication can arise from using alcohol in forms such as beer or vodka, from using drugs such as marijuana or crack cocaine, or inhaling products such as glue or aerosols.

**COPYING MUSIC OFF THE INTERNET**

Sandra has discovered that it is easy to copy music from the Internet. She has copied CDs to give to her friends as gifts. The CDs include the latest Top 40 hits. Sandra has received a notice that she is being sued for $100,000 for illegally downloading music from the Internet. Sandra believes that she is safe from the lawsuit since she is a minor.

Who may be held accountable in this lawsuit?

**Answer**: Sandra’s parents