tions a consumer normally encounters, other documents should also be studied and understood before being signed.

Door-to-door and telephone sales agreements, repair authorizations, and loan applications, for example, deserve careful consideration. Product warranties should also be compared and understood before signing a purchase agreement. Installation and service provisions should be described in detail in a contract before you sign it.

People rarely take the time to examine the authorization forms they are asked to sign when arranging automobile service or repairs. Before signing, be sure the authorization entitles you to complete, written work orders and cost estimates. The agreement should also provide for notification of major repairs before they are undertaken. Finally, you should understand the liability of the service facility for any damages to your car while in its care.

Credit or loan applications should also be carefully considered before being signed. These "applications" may contain the necessary elements of a legally binding and enforceable contract. Of particular importance are your responsibilities under the agreement and the conditions upon which the credit or loan is being granted. With various forms of financing now available, it is important to read and understand credit applications and to compare offerings from different sources.

Formalities in Signing Documents

Certain formalities must be observed when signing documents. In witnessing a will, for example, the witnesses must sign the document in the presence of the person making the will and in the presence of each other.

When you sign a document as a witness, be sure you actually observe the affixing of the signature you are witnessing. You may be asked to testify to such action in court.

Some documents, such as property deeds, require the signing to be acknowledged before a public officer (usually a notary public) who testifies that the signer is known to him or her and that he or she is the one who signed it.

Breaking Contract Agreements

Under certain conditions, you can legally cancel a contract or avoid payments. For consumers, remedies are sometimes allowed if a transaction involves deceptive or fraudulent practices or "undue influence." Non-perfor-

mance and consumer law violations may also be considered. Depending on circumstances and claims, you may want to consult a lawyer for specific legal advice or representation.

Minimizing Your Risks

You can decrease your legal risks and avoid misunderstandings by taking certain precautions before signing anything.

- Put the agreement in writing. This will reduce the possibility for disputes. Although some contracts may be either verbal or written, oral promises or assurances are not binding.
- **Know what you are signing.** Don't be misled or confused by a title. A "receipt" may be a contract; a "statement" may be a release of your claims; or a "contract" may be a negotiable promissory note.
- **Read everything in any document.** Clauses in fine print may be important. Verify that your obligations and expectations are covered by the written agreement. Take nothing for granted.
- **Check the document.** Be sure the dates, prices, names, and conditions are filled in correctly. You are bound by what it says, not by what you think it says.
- Acknowledge any modifications with your initials.
 If preprinted forms are used, language may be revised, added, or deleted, but all alterations should be initialed by the parties to the agreement.
- Sign each page of a multi-page agreement. Have the other party do the same.
- Ask questions. Do not sign a document unless you understand what it means. Language clearly stating what you want can be inserted. By reading the document and asking questions, you will better understand your rights and liabilities. Reviewing the document may also provide you with a basis for negotiating its terms, and can familiarize you with possible risks so you can consider alternatives. If you have doubts about the meaning or effect of an agreement or are uncertain about signing, seek information and advice.
- Consult a lawyer. Some documents or transactions can be entered into without the assistance of a lawyer. However, if considering an expensive purchase or a transaction of major significance, it is wise to consult a lawyer to discuss the terms and consequences of the transaction. A reputable business person will not hesitate to let you have your lawyer review documents. Your lawyer can provide advice and assistance in negotiating and drafting terms that fit

your needs and situation. A brief consultation with a lawyer before closing a transaction can help you avoid problems and may also save time, money, and grief.

 Keep a copy. Obtain signatures of the proper persons, then request and keep a copy of the document. Get a receipt for any money paid. If necessary, record the agreement with appropriate officials.

Signing Documents



This pamphlet was prepared as a public service by the Washington State Bar Association. It contains general information and is not intended to apply to any specific situation. If you need legal advice or have questions about the application of the law in a particular matter, you should consult a lawyer.

Lawyer Referral Services

 Clark County
 360-695-0599

 King County
 206-267-7010

 Kitsap County
 360-373-2426

 Lewis County
 360-748-0430

 Pierce County
 253-383-3432

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- Signing Documents
- Accommodating Others
- Oral Promises
- Making Payment Agreements
- Signing Contracts
- Leases and Rental Agreements
- Examining Documents Before Signing
- Formalities in Signing Documents
- Breaking Contract Agreements
- Minimizing Your Risks



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Signing Documents

People routinely sign documents or forms without giving them much attention. Too often, people do not read these documents, thinking the wording is "routine," "standardized," or "too complicated." Some

people mistakenly assume adjustments can be made at a later date.

Keep in mind that you probably would not be asked to sign a form or document unless someone thought it was important. A contract describes agreements between parties, and signing one may impose both legal and financial obligations or requirements on you. This pamphlet discusses common types of legal agreements and explains basic practices to follow to avoid misunderstandings or problems.

Certain precautions should be taken when signing documents. Always read a document before you sign it. It represents a highly legally binding agreement or promise and, upon signing, you agree to what it says — not what you think or hope it says. Once in force, it generally cannot be altered unless both parties agree. Furthermore, with very few exceptions, such agreements cannot be broken.

Examples of documents which people are frequently asked to sign include:

- Installment sale agreements
- Security agreements (when borrowing money or buying merchandise on a time payment plan)
- Earnest money receipts or real estate purchase and sale agreements
- Leases or rental agreements
- Application forms (for credit, credit cards, loan, etc.).
- Repair authorizations or orders (for automobile or home repairs)
- · Purchase orders

The foregoing are examples. Some of them are discussed in more detail in this pamphlet. However, no matter what the form is called, read it carefully and ask questions to be sure you understand and agree with the terms before you sign. If an agreement involves complicated technical language or an expensive item, you may want to have your lawyer review the provisions before you sign. Finally, insist on receiving a copy of the signed document.

Before You Sign

You signature, like your fingerprint, is unique. No one else has one exactly like it, and only you can use it.

If uncertain about signing a document, seek information and advice. It usually costs far less to prevent problems than to remedy them. Your signature could legally bind you to actions or payments. For your own protection, you should clearly understand what you are signing, why you are signing, and what the consequences may be. Do not be rushed or pressured into signing something before you fully understand it. It is rarely possible to avoid legal obligations of an agreement, once it is signed.

Accommodating Others

Even when you are not directly involved in a transaction, you may at times be asked to sign an instrument or document to accommodate someone else. Examples include co-signing someone else's promissory note or purchase contract, endorsing a check, or signing a guaranty.

Affixing your signature to a document may cause events of great consequence to you. If you sign a document or instrument to accommodate some other person, you will be personally liable for the obligation created by that document. If the person you are accommodating fails to pay or perform the obligations required by the document, you will be legally required to do so. For example, your signature on a note as a "co-signer" or your endorsement of a check could result in your having to make it good if the principal signer fails to pay.

Do not co-sign documents with someone else or sign guaranties unless you have confidence in the financial ability of that other person and in his or her integrity. Furthermore, you should not sign a guaranty or co-sign a document unless you are deliberately willing to risk being sued if that other person does not pay or perform.

Oral Promises

As a general rule, a written contract is final. Promises that are made but not written into the contract are rarely considered by the courts. There are some situations when an oral promise or representation will be legally binding and enforceable, but you cannot depend on it; verbal promises are usually risky and should be avoided. In most cases, a written and signed document will supersede all oral discussions and promises.

If, after entering a transaction, you feel you have been misled by oral representations or promises, you may wish to consult a lawyer. In some situations, oral claims or cer-

tain sales practices involving displays of samples or sales literature can be a basis for complaint and relief. This is particularly true for consumer transactions, where many regulations exist to protect against fraud or deceptive and unscrupulous sales tactics. You can, however, often avoid problems by insisting—before you sign the document—that oral promises or representations be written into the agreement.

Making Payment Agreements

In some situations, it may be advantageous to buy merchandise on an installment or "time payment" plan. Under this arrangement, you will usually be asked to sign a document called a "security agreement," a "purchase agreement," or an "installment sales agreement." Your rights and your liabilities will be governed by the document, whatever it is called. "Buy now and pay later" opportunities should not be accepted until you fully understand what is involved.

Most consumer installment purchase transactions are regulated by laws that require the document to set forth certain information. Furthermore, the seller must furnish you with a signed copy of the agreement. Information that is generally required to be in the document includes:

- a description of the merchandise;
- the total cash price;
- · the down payment;
- trade-in allowance (if any);
- the net cash price;
- · the finance charge;
- the total amount to be paid in installments;
- · the amount of each installment: and
- the method and period of time over which installments are to be paid.

It may also be necessary for the seller to set forth in the document a figure called the "annual percentage rate" or "APR." That figure tells you the percentage cost of credit that you will incur each year as a result of signing that agreement.

Even if the transaction is not legally subject to such disclosures, ask the questions you feel are necessary to give you the essential information. You should also be sure the provisions of the document are consistent with the information you are given.

Signing Contracts

People considering the purchase of a home often sign a "purchase and sale agreement" or "earnest money receipt."

These documents are contracts that legally require the seller to sell, and the buyer to purchase the property.

If the buyer refuses to purchase the property after signing an "earnest money form" or "real estate purchase and sale agreement," the seller has the option of keeping the earnest money deposit or of suing the buyer to force purchase of the property.

The agreement also imposes obligations on the seller. The seller cannot give the earnest money deposit back to the buyer and refuse to sell. If there is a real-estate agent involved in the transaction, the earnest money receipt or agreement will also impose an obligation on the seller to pay a real-estate commission or fee.

A purchase and sale of real property can be a complex transaction. When making an investment as important as a home, it is sensible to consult a lawyer and have him or her review the documents before you sign anything.

Leases and Rental Agreements

When renting a home, apartment, commercial space, or other property, you may be asked to sign a written contract, usually called a "lease" or "rental agreement," which should cover all terms of the agreement with the property owner.

A lease establishes a tenant's right to use property for a specified term. City, county, and state regulations can also affect the terms of a lease agreement.

Most leases say how much rent is to be paid, dates of possession, notification requirements to terminate the lease, responsibilities for damages, and other concerns. The document might also cover restrictions on pets, subletting/transferring the lease, or occupancy and use of the premises.

Lease agreements might also mention other papers, such as "house rules." Do not sign the agreement until you have read and been provided a copy of these rules. Make certain all oral agreements are written into the contract and be sure all blank spaces are filled in or crossed out before you sign it.

Printed lease forms from an office-supply store or other source are sometimes adequate, but frequently they are not. These forms may, for example, fail to answer specific questions about your transaction, or they may not cover certain agreements between you and the landlord. Do not rely on promises intended for your situation that are not included in the written contract.

Examine Documents Before Signing

Although retail credit contracts, real estate agreements, and leases represent the more significant financial obliga-