

WATCH YOUR WARRANTIES

DID YOU KNOW?

that the warranties you give in your contracts can cause you huge damages if they turn out to be wrong? Warranties are a standard part of most contracts. Originally from statutory sale of goods contracts, the seller warrants as to the quality or fitness of purpose of the goods sold and where buyer finds the goods to be defective, buyer may reject the goods or keep the goods and claim for damages. In other contracts like loan agreements, sale of shares or assets, the warranty given as to accounts, revenue, for example, will be relied upon in determining the value of the borrower or seller's assets and where the warranty is found to be false, lender or buyer may claim the difference between actual value and warranted value as damages. Do not gloss over 'standard' warranties, ensure they fit the deal you want.

