



UCC Corner: What is a Firm Offer?

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A "firm offer" is an offer to buy or sell goods at a certain price that is guaranteed not to change for a certain period of time. Your customers may ask you to make a firm offer so they have certainty with respect to pricing for a fixed period of time. You may seek the same from your suppliers. The risk of a firm offer is that circumstances may change that no longer make the offer feasible. You may run out of inventory, or the cost of raw materials may increase to a level that does not justify the offer price.

Article 2 of the UCC provides that firm offers are irrevocable if they are in a signed writing. The term for which the offer must be held open is either a specific time period set forth in the offer or 3 months. MCL 440.2205. An offeree may request that a quotation be "firm", and any confirmation by the offerer must be signed by the offerer.

Accordingly, if you are seeking a "firm" offer and are relying on that offer in conducting your business, you want to ensure the requirements of Article 2 are met. Do you frequently seek firm offers while running your business? Are you concerned that you may have inadvertently made a firm offer that is now irrevocable? For more information, contact a Foster Swift business attorney today.

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PRACTICE AREAS

Business Contracts