



UCC Corner: What is a Firm Offer?

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Foster Swift Business & Tax Law Newsletter

December 2, 2024

This article has been updated with new information from its original publication date in October 2017.

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 made by a merchant (not a consumer) and 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 three months. MCL 440.2205. An offeree may request that a quotation be "firm", and any confirmation by the offeror must be signed by the offeror.

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
