IV.6.10 - Conditions

(a) A condition is a term in a contract, to the effect that on the occurrence, or non-occurrence of an uncertain event, act, or forbearance, a right shall arise, or cease to exist.

(b) A condition, on the occurrence of which a right is to arise, is called a "condition precedent" (or "suspensive"); a condition on the occurrence of which a right is to cease to exist, is called a "condition subsequent" (or "resolutive").

Commentary:
The Principle deals with the two kinds of contractual conditions. While a condition precedent is agreed upon by the parties as a condition on the occurrence of which a contractual right is to arise, a condition subsequent is a condition on the occurrence of which a right is to cease to exist.