

Bus 241- Spring 2015 -- Final Exam

You have 120 minutes to complete this examination. The is a CLOSED book exam. All study materials, including back packs and purses, must be placed on the floor. NO OLD EXAMS OR PRACTICE EXAMS SHOULD BE VISIBLE. FAILURE TO FOLLOW THESE DIRECTIONS MAY RESULT IN YOU RECEIVING A ZERO SCORE FOR THE FINAL

Please be sure to answer all questions on the exam. There are SEVENTEEN (17) pages and 90 multiple choice to this exam. Count to make sure that you have all the pages and review your exam to make sure that you do not miss answering any pages or questions of the exam.

PLEASE BE SURE TO TURN IN THE EXAM WITH YOU NAME ON THE FIRST PAGE OF THE EXAM YOU WERE GIVEN. IF YOU FAIL TO PUT YOUR NAME ON A COPY OF THE EXAM, YOU MAY BE GIVEN A -0- FOR THE EXAM.

ANSWERS SHOULD BE ENTERED ON THE MACHINE READABLE FORM. PLEASE BE SURE TO USE PENCIL SO THAT YOUR ANSWERS CAN BE READ BY THE GRADING MACHINE. PLEASE BE SURE TO ALSO INCLUDE YOUR STUDENT ID NUMBER ON THE ANSWER SHEET.

You should try and provide answers for all questions, as there is no penalty for a wrong answer, and it counts the same as an omitted question. Each multiple choice question is worth 2 points. In the multiple choice section there are often two answers which may appear to potentially be correct. You must choose the response which answers the question the best.

You must use a number 2 pencil when filling out the exam. Failure to use a pencil will result in a 5 point penalty. There are two versions to this exam. There are three versions of the exam: A, B, and C. You must indicate "1" in special codes for version A and "2" in special codes for version B, AND "3" for version C. Failure to provide this information on your answer sheet will result in 10 point penalty. You must put your student id number in where the answer sheet provides for "social security number" Failure to follow these directions will result in a 10 point penalty.

Any lack of clarity with regard to your answer choice may result in you not being awarded points for your answer.
Good Luck.

Multiple Choice

Identify the choice that best completes the statement or answers the question.

- _____ 1. Dante enters into a contract with Rosalinda, who does not have contractual capacity. Dante can enforce the contract if Rosalinda
 - a. does not choose to avoid the contract.
 - b. is a minor.
 - c. can obtain the funds to pay for the benefits of the contract.
 - d. is intoxicated or mentally incompetent.
- _____ 2. Orin relinquishes the right to his daughter Neko's control, care, custody, and earnings. This act is
 - a. disaffirmance.
 - b. emancipation.
 - c. ratification.
 - d. severability.
- _____ 3. Olga, a minor, signs a contract to buy a computer from Phil, the owner of Quality Computer Store. Olga's right to disaffirm the contract
 - a. does not change the fact that Phil is bound by the contract.
 - b. does not yet exist because Olga is still a minor.
 - c. gives Phil, an adult, the right to disaffirm the contract.
 - d. is not valid because a computer is a "necessary."
- _____ 4. Ruth, a minor, charges groceries at Sam's Mini-Mart. Two days later, Ruth disaffirms the purchase. Ruth owes Sam's
 - a. the reasonable value of the groceries.
 - b. the retail value of the groceries.
 - c. the wholesale value of the groceries.
 - d. nothing.
- _____ 5. Jackie signs a contract to buy a car just before reaching the age of majority. After reaching the age of majority, Jackie does not take possession or make payments. Most courts would hold, with respect to the contract, that this is
 - a. disaffirmance.
 - b. emancipation.
 - c. ratification.
 - d. rescission.

- _____ 6. Max, a minor subject to his parents' care and control, signs a contract to rent an apartment from Noel for one year. Before the end of the term, Max moves out. Noel sues for the rent for the rest of the term. Max can
- avoid liability for the rent but not disaffirm the contract.
 - disaffirm the contract and avoid liability for the unpaid rent.
 - disaffirm the contract but not avoid liability for the rent.
 - not disaffirm the contract nor avoid liability for the rent.
- _____ 7. On Tim's eighteenth birthday, he decides that he no longer wants to keep a car he bought from Woody's Autos, Inc., when he was seventeen. His right to disaffirm the deal will depend on
- the car's condition when Tim bought it.
 - the car's current condition.
 - whether Tim acts within a reasonable period of time.
 - whether Woody's has the right to disaffirm.
- _____ 8. Delia enters into, and fails to disaffirm soon after reaching the age of majority, a contract with Electronics Stores, Inc. (ESI). Later Delia attempts to disaffirm the contract. ESI files a suit against her. The court will most likely consider the contract ratified if it is
- executed.
 - exculpatory.
 - disaffirmed.
 - rescinded.
- _____ 9. Intoxicated but fully aware of the consequences, Uri agrees to a two-year cell-phone service contract with Wander Talk, Inc., at more than the average market price. This contract is
- enforceable.
 - not enforceable because contracting parties can change their minds.
 - not enforceable because the contract clearly favors Wander Talk.
 - not enforceable because Uri was intoxicated when he agreed to it.
- _____ 10. Fay is mentally incompetent but has not been so adjudged by a court. Any contract Fay enters into is
- voidable if Fay has a lucid interval at the time of contracting.
 - voidable if Fay lacks the capacity to comprehend the consequences.
 - voidable if the other party does not realize that Fay is incompetent.
 - unavoidable.
- _____ 11. Jolie signs a contract with Keaton, an unlicensed physician, to perform plastic surgery—a medical procedure. This contract is enforceable by
- Jolie.
 - Jolie's medical insurance company.
 - Keaton.
 - no one.
- _____ 12. Brasilia, a real estate broker licensed only in Connecticut, concludes a land sale in Delaware. She can
- collect the commission if it has not been paid.
 - keep the commission if it has already been paid.
 - foreclose on the property to obtain any unpaid amount.
 - not collect the commission, keep it, or foreclose on the property.

- _____ 13. Cross-Country Trucking Company contracts with Baldwin to transport crated goods to a certain destination for \$5,000. Cross-Country delivers the crates, but Baldwin does not pay. Cross-Country learns that the crates contained stolen goods. Cross-Country can
- do nothing with respect to the contract.
 - recover \$5,000 from Baldwin.
 - recover the goods but not the \$5,000 from Baldwin.
 - recover the goods or the \$5,000 from Baldwin.
- _____ 14. Smitty enters into an illegal bargain with Taylor. Smitty can enforce the contract or recover for its value if he has been induced to enter into the bargain as a result of
- fraud.
 - his desire to obtain the object of the deal.
 - a persuasive "sell" by Taylor.
 - his belief that Taylor would do right by him.
- _____ 15. Jill and Karl contract for the sale of Jill's horse for \$1,000. Unknown to either party, the horse has died. Karl is
- entitled to another horse of equivalent value.
 - not required to pay due to the *mutual* mistake.
 - not required to pay due to the *unilateral* mistake.
 - required to pay because she assumed the risk the horse might die.

Fact Pattern 14-1A

Linea, an employee of Hard Labor Industries (HLI), is injured in a work-related accident. Based on the diagnosis of Newt, a doctor, Linea accepts \$50,000 from HLI and waives the right to future claims. Newt's diagnosis later proves to have been wrong.

- _____ 16. Refer to Fact Pattern 14-1A. In terms of the impact on Linea's agreement with HLI, Newt's misdiagnosis is
- a mistake of fact.
 - an expert's puffery.
 - innocent misrepresentation.
 - negligent misrepresentation.
- _____ 17. Refer to Fact Pattern 14-1A. Most likely, Linea may
- obtain damages from HLI.
 - obtain damages from Newt.
 - recover nothing.
 - set aside the settlement with HLI.
- _____ 18. Danton, a popular performer, dies. His spouse Caitlin sells their house to Buck. Unknown to Caitlin or Buck, in one of the closets is the master recording of an unreleased album. With respect to this recording, Buck can
- keep it because Caitlin should have known about it.
 - keep it because the sale of a house includes everything in it.
 - not keep it because there was no voluntary consent to its sale.
 - not keep it because the sale of a house includes nothing in it.

Fact Pattern 14-2A

Moore Properties, Inc., offers in writing to sell to New Development Corporation (NDC) a certain half-acre of land for "\$112,000." After New Development signs the offer in acceptance and returns it, Moore discovers that the price should have been stated as "\$121,000."

- _____ 19. Refer to Fact Pattern 14-2A. Moore's misstatement of the price is
- a bilateral mistake.
 - a fraudulent misrepresentation.
 - a unilateral mistake.
 - unconscionable.
- _____ 20. Refer to Fact Pattern 14-2A. The effect of Moore's misstatement of the price will most likely fall on
- Moore and NDC, who must split the difference.
 - Moore only.
 - NDC only.
 - neither Moore nor NDC.
- _____ 21. May is a stockbroker. Due to May's statements, Nora believes that the price of OK Goods, Inc. (OKGI), a widely traded stock, is going to increase substantially. Nora buys 500 shares of OKGI at \$10 per share, but the price soon drops to \$2. Nora can successfully recover
- nothing.
 - the amount of the purchase price.
 - the amount of the purchase price plus the expected increase.
 - the amount of the purchase price plus the unexpected decrease.
- _____ 22. Gina induces Hu to enter into a contract for the purchase of a condominium about which Gina knowingly misrepresents a number of material features. When Hu discovers the truth, Hu can
- not rescind the contract.
 - rescind the contract on the basis of fraud.
 - rescind the contract on the basis of mistake.
 - rescind the contract on the basis of undue influence.
- _____ 23. In selling paving stones to Yard & Garden Supply, Trey tells Yard & Garden's buying representative that the stones are "soft as carpet." This is
- adhesion.
 - fraud.
 - mistake.
 - puffery.
- _____ 24. Olin, a professional artist and art teacher, convinces Plato, who has no artistic ability, that he has considerable talent and induces him to pay Olin \$10,000 for art lessons. When Plato realizes the truth, he files a suit against Olin. Plato is most likely to recover on the basis of
- fraud.
 - mistake.
 - undue influence.
 - none of the choices.

- _____ 25. Bret is convicted of arson for burning down his warehouse to collect the insurance. On an application for insurance from Cover-All Insurance Company on a new building, in answer to a question about prior convictions, Bret does not disclose his conviction. This makes the contract
- a. binding because the omission is immaterial to Cover-All's decision to issue coverage.
 - b. binding due to Cover-All's failure to discover Bret's conviction.
 - c. voidable by Bret because the omission is immaterial to Cover-All's decision to issue coverage.
 - d. voidable by Cover-All because the omission is material to its decision to issue coverage.
- _____ 26. Nero makes an honest but erroneous statement that misrepresents a material fact in a contractual transaction with Odell. Nero is guilty of
- a. a unilateral mistake.
 - b. duress.
 - c. fraud.
 - d. innocent misrepresentation.
- _____ 27. Veronica offers to sell Rowena her luxury sedan and says that it has never been in an accident. Rowena hires Laszlo, a mechanic, to appraise the vehicle. Laszlo says that it most likely has been in an accident. In spite of this information, Rowena buys the car. Later, when it develops mechanical problems, she can
- a. not rescind the contract.
 - b. rescind the contract on the basis of fraud.
 - c. rescind the contract on the basis of mistake.
 - d. rescind the contract on the basis of unconscionability.

Fact Pattern 14-3A

Flip, an accountant, certifies an audit for Erstwhile Corporation. Flip knows that Erstwhile will use the audit to obtain a loan from Deepwater Bank. Flip believes that the audit is true and does not intend to deceive the bank, but does not check the audit before certifying it.

- _____ 28. Refer to Fact Pattern 14-3A. On learning the truth, Deepwater's chief loan officer confronts Flip, who says, "I didn't know." This is
- a. a mistake of value.
 - b. innocent misrepresentation.
 - c. negligent misrepresentation.
 - d. unconscionable.
- _____ 29. Refer to Fact Pattern 14-3A. Under these circumstances, Deepwater's best course of action is most likely to
- a. exert economic duress on Flip to retire from accounting.
 - b. rescind the loan on the ground of unconscionability.
 - c. recover damages from Flip for any loss on the loan.
 - d. undercut Flip's career with negative puffery.
- _____ 30. Cartier, an accountant, convinces his client Bianca to sign a contract to invest her savings in a nonexistent social-networking Web site. When Bianca learns the truth, she can
- a. impose her own scam on Cartier without liability.
 - b. induce Cartier to give her his other clients' funds without recourse.
 - c. rescind the contract to invest in the Web site.
 - d. sabotage Cartier's career in any way possible.

- _____ 31. Gary threatens physical harm to force Hugh to sell his business, Imports from Asia, Inc., to Gary for a below-market price. This is
- duress.
 - fraud.
 - puffery.
 - undue influence.
- _____ 32. Sam uses duress to force Tanya to agree to pay him for protecting her retail store—Tanya's Trends—against vandalism and destruction. Tanya may
- avoid the contract or choose to carry it out.
 - do nothing once she has agreed to pay.
 - recover from her insurer for the cost
 - recover from the local police for a failure to protect her store.
- _____ 33. Lyra induces Moe to enter into a contract for the sale of an apartment about which Lyra fraudulently misrepresents a number of material facts. Lyra tells Moe that her commission is 6 percent, but their signed, written contract states "12 percent." The Statute of Frauds governs
- contracts that are induced by fraud.
 - contracts that must be in writing to be enforceable.
 - the admissibility in court of oral evidence.
 - the reformation of oral and written statements into one contract.
- _____ 34. Grandiloquent Properties, Inc., and Investment Capital Corporation enter into a contract for a sale of land. To be enforceable, the contract must be in writing if the land is valued at
- more than \$500.
 - more than \$5,000.
 - more than \$50,000.
 - any price.
- _____ 35. Timber Farms, Inc., and Wood Products Corporation enter into an oral contract for the sale of a lumber mill and the land on which it is situated from Timber to Wood. Under the Statute of Frauds, this contract is enforceable by
- the seller.
 - the buyer.
 - any interested third party, such as the mortgagee or title company.
 - none of the choices.
- _____ 36. Kirk Custodial Service and Green Energy Company enter into an oral contract under which Kirk agrees to provide custodial service for Green's facilities for two years. This contract is enforceable by
- Kirk.
 - Green.
 - any interested third party, such as a janitorial supplies provider.
 - none of the choices.
- _____ 37. Natalie agrees to assume Orina's debt to Consumer Credit Corporation. Natalie does not get any personal benefit for the agreement. To be enforceable, the promise must be in writing if the debt is for
- more than \$500.
 - more than \$5,000.
 - more than \$50,000.
 - any amount.

- _____ 38. Niche Credit, Inc., is one of Cut-Rite Notching Corporation's two major creditors. Niche guarantees Cut-Rite's debt to the firm's other major creditor, Manufacturers Capital Bank, to forestall litigation. To be enforceable, this guarantee
- must be in writing.
 - need not be in writing if it benefits Niche Credit.
 - need not be in writing if it benefits Cut-Rite Notching.
 - need not be in writing if it benefits Manufacturers Capital Bank.
- _____ 39. Elle buys a new textbook for \$100 and a used car for \$5,000, and signs a one-year lease for an apartment for \$1,000 monthly rent to start at the beginning of the next month. The Statute of Frauds covers
- the apartment lease, and the textbook and car purchases.
 - the apartment lease and the car purchase only.
 - the apartment lease only.
 - the textbook and car purchases only.
- _____ 40. Nori files a suit against Mica to enforce an oral contract that would otherwise be unenforceable under the Statute of Frauds. The court could enforce such a contract if
- Nori foreseeably and justifiably relied on Mica's promise to her detriment.
 - Mica denies the existence of any contract.
 - neither party has begun to perform.
 - the deal does not involve customized goods.

Fact Pattern 15-1A

Macro Marketing, Inc., and National Food Corporation (NFC) discuss the terms of a contract. Macro then faxes NFC a memo on Macro's letterhead that summarizes the items on which they agreed, including a two-year term. Macro begins to perform, but NFC refuses to pay. Macro files a suit to collect. NFC claims that there is no contract.

- _____ 41. Refer to Fact Pattern 15-1A. The transaction between Macro and NFC falls within the Statute of Frauds'
- collateral-promise provision.
 - one-year rule.
 - sales-of-goods stipulation.
 - secondary-contracts section.
- _____ 42. Shady Oaks Development, LLC, and Rural Acres, Inc., sign a written contract for a sale of land. In some states, to be enforceable, this contract must include
- a correct title, such as "Land Transfer" or "Real Estate Agreement."
 - a declaration of the contract's purpose.
 - a statement of the consideration.
 - a legal description of the land.

Fact Pattern 15-2A

Radford and Serenity sign a written contract for the sale of Rad's Coffee & Bagels business to Serenity. The parties intend their written contract to be a final statement of the terms of their agreement.

- _____ 43. Refer to Fact Pattern 15-2A. Serenity later disputes some of the provisions in the deal with Radford. If the dispute results in litigation, a court will most likely exclude evidence that
 - a. buttresses the written terms.
 - b. contradicts the written terms.
 - c. duplicates the written terms.
 - d. reinforces the written terms.
- _____ 44. Refer to Fact Pattern 15-2A. The writing that Radford and Serenity signed is
 - a. a completely integrated contract.
 - b. a divisibly integrated contract.
 - c. a partially integrated contract.
 - d. a severably integrated contract.
- _____ 45. Glenn and Haji sign a written contract. Glenn claims that the parties later orally agreed to modify it. Any oral modification is likely *not* enforceable if it falls under
 - a. the doctrine of promissory estoppel.
 - b. the "main purpose" exception.
 - c. the "partial performance" exception.
 - d. the Statute of Frauds.
- _____ 46. Even-Flo Hydraulics enters into a contract to repair valves and fittings in Fiesta Company's plant. If Even-Flo breaches the contract, Fiesta can
 - a. do nothing but make a deal with a different service provider.
 - b. do nothing but temporarily suspend operations and wait.
 - c. file a criminal complaint against Even-Flo.
 - d. sue Even-Flo for damages.
- _____ 47. Consumer Credit Union pays Derby \$10,000 to design an ad campaign. The next day, Derby tells the credit union that he has accepted a job in Boston and cannot design the campaign. As compensatory damages, the credit union can recover
 - a. \$100,000.
 - b. \$10,000.
 - c. \$1,000.
 - d. \$0.
- _____ 48. Fidelio Corporation enters into a contract with Equi Insurance, Inc., to obtain health insurance for Fidelio employees. Equi breaches the contract. If Fidelio is awarded compensatory damages, the purpose would be to
 - a. establish, as a matter of principle, that Equi acted wrongfully.
 - b. provide Fidelio with funds for a foreseeable loss beyond the contract.
 - c. provide Fidelio with funds for its loss of the bargain.
 - d. punish Equi and set an example to deter others from similar acts.

- _____ 49. Development Associates (DA) agrees to buy five acres of land from Eastside Properties for \$15,000. Eastside fails to go through with the deal on the agreed date, when the market price of the land is \$17,000. DA may recover
- \$17,000.
 - \$15,000.
 - \$2,000.
 - \$0.
- _____ 50. Dondi contracts to buy a custom espresso maker from Caffee Specialties, Inc., for \$4,500, but Caffee fails to deliver. Dondi buys the appliance elsewhere for \$5,500. Dondi's measure of damages is
- \$1,000.
 - \$1,000 plus incidental damages.
 - incidental damages only.
 - \$0.
- _____ 51. Damon contracts to repair the turf on a soccer field for Carousel Sports Park. Damon knows that without the repair, Carousel will have to cancel an upcoming game. Damon does not perform as promised. As consequential damages, Carousel can recover
- the cost of new turf.
 - the difference between Damon's price and the actual cost of repair.
 - the loss of profit from the canceled game.
 - nothing.
- _____ 52. Pure Oil Company enters into a contract with QuikBilt, Inc., to construct an offshore oil pipeline to withstand specific conditions. If QuikBilt fails to meet this standard, which is construed as a breach of contract and a breach of a duty of care, Pure might be awarded punitive damages to
- establish, as a matter of principle, that QuikBilt acted wrongfully.
 - provide Pure with funds for a foreseeable loss beyond the contract.
 - provide Pure with funds for its loss of the bargain.
 - punish QuikBilt and deter others from similar acts.
- _____ 53. Fashion Retail Center enters into a contract with Great Promotions, Inc., to provide Fashion with a plan to retool its merchandising strategy. If Great Promotions breaches the contract, Fashion has a duty to
- reduce the damages that Fashion might otherwise suffer.
 - reduce the loss that Great Promotions might otherwise suffer.
 - punish Great Promotions and deter others from similar acts.
 - take no action.
- _____ 54. Office Accounting, Inc., hires Perry to repair a computer on site for \$400, but Perry does not show up as agreed. Office Accounting hires Raul to do the job for \$350. Office Accounting may recover from Perry
- compensatory damages.
 - consequential damages.
 - nominal damages.
 - punitive damages.
- _____ 55. Ray breaches his lease with Sunny Properties and vacates the premises six months before the end of the term. In some states, Sunny would have to
- avoid reletting the premises to recover damages from Ray.
 - make reasonable efforts to relet the premises to mitigate damages.
 - relet the premises to recover damages from Ray.
 - sell the premises to recover damages from Ray.

- _____ 56. SFX Paintball Games, Inc., and Truck & Trailer Delivery Corporation sign an agreement that provides for the payment of "\$1,000 by whichever party commits a material breach of the contract that creates damages difficult to estimate but approximately \$1,000." This is
- a liquidated damages clause.
 - a mitigation of damages clause.
 - a nominal damages clause.
 - a penalty clause.
- _____ 57. Rural Power Utility, Inc., enters into a contract with Shovel Excavation Service to dig up, replace, and rebury Rural's cables in a certain location. Rural advances Shovel 10 percent of its cost. The parties rescind the contract. Shovel's refund of the payment is
- a penalty.
 - liquidated damages.
 - restitution.
 - a breach of contract.
- _____ 58. Karif orally agrees to buy a unique collection of sports memorabilia for \$1,000 from Jane and sends her \$250 as a down payment. When Karif sends her the rest of the price, Jane refuses to ship the collection. Karif should seek
- damages.
 - reformation.
 - rescission.
 - specific performance.
- _____ 59. Lester and Myrtle want to rescind their contract under which Lester sold an MP3 player for \$40. To rescind the contract
- Lester must return the \$40 and Myrtle must return the player.
 - Lester must return the \$40 only.
 - Myrtle must return the player only.
 - the parties can keep the "benefits" of their bargain.
- _____ 60. Grady enters into a contract to buy 440 acres from Hollis to expand Grady's ranch. Hollis breaches the contract. Grady's normal remedy is
- damages.
 - reformation.
 - rescission.
 - specific performance.
- _____ 61. Refined Commodities, Inc., agrees to deliver ten tons of sheet metal to Select Builders Corporation. The agreement states that delivery is to be within "3" days, although the parties intend "30" days. Refined cannot convince Select to amend the contract. Refined should seek
- damages.
 - reformation.
 - rescission.
 - specific performance.

- _____ 62. Clear Creek Corporation enters into a contract with Brightside Management Associates to manage and maintain Clear Creek's apartment complex. Their contract provides that neither party can recover damages for a non-fraudulent or unintentional breach. This is
- a limitation-of-liability clause.
 - an exculpatory clause.
 - a liquidated damages clause.
 - a quasi contract.
- _____ 63. Koko signs a covenant not to compete as part of a sale of her ongoing medical equipment business to Laurel Valley Medico, Inc., in exchange for a bonus payment. The covenant is most likely enforceable by
- both parties.
 - Koko, but not Laurel Valley.
 - Laurel Valley, but not Koko.
 - no one.
- _____ 64. U-Can-Own-It Corporation sells appliances to less educated consumers, including Viv, on installment plans. U-Can-Own-It files a suit against Viv when she stops making payments. Viv claims that the deal is unconscionable. The court will most likely consider
- the geographic area of the relevant market.
 - the parties' relative bargaining power.
 - the quality of related products in the general market.
 - the relation of this deal to those of other customers'.
- _____ 65. Boz runs an illegal gambling business and pays Colin, a law enforcement officer, not to interfere. The payments are discovered. Boz and Colin are sent to prison. With respect to the amount of the payments, Boz can recover
- all of it.
 - none of it.
 - only as much as Colin has not spent.
 - only as much as Colin has spent.

Fact Pattern 14-1B

Gert contracts to sell two tracts of land to Hank. Both parties believe that the two tracts are adjacent, but in fact they are not. Gert is still willing to sell the land, but under these circumstances the deal would adversely affect Hank.

- _____ 66. Refer to Fact Pattern 14-1B. The parties' belief about the adjacency of the property is
- a bilateral mistake.
 - a fraudulent misrepresentation.
 - a unilateral mistake.
 - unconscionable.
- _____ 67. Lew believes an old comic book he owns has little value, but Murray is convinced it is a valuable collector's item. Lew sells it to Murray for \$10 before learning it is worth \$1,000. Lew can
- not rescind the contract.
 - rescind the contract on the basis of fraud.
 - rescind the contract on the basis of mistake.
 - rescind the contract on the basis of puffery.

Fact Pattern 14-3B

In selling a house, Robin tells Destry that the wiring and plumbing are of a certain quality. Robin knows nothing about the quality, but it is not as she specifies. Destry buys the house.

- _____ 68. Refer to Fact Pattern 14-3B. Under these circumstances, Destry's best course of action is most likely to
- scam Robin.
 - induce Robin to give him the commission on her next sale.
 - recover damages or rescind the contract to buy the house.
 - sabotage Robin's career with bad publicity.
- _____ 69. Isaac and Holiday Fruit Company enter into an oral contract under which Isaac agrees to provide delivery service for holiday Fruit for nine months. This contract is enforceable by
- Isaac only.
 - Holiday Fruit only.
 - any interested third party, such as a Holiday Fruit customer.
 - none of the choices.
- _____ 70. Dotty tells a representative of Education Loan Company over the phone that she will pay Felipe's student loan if he does not. Dotty does not get any personal benefit for the promise. This promise is enforceable as a contract by
- Dotty.
 - Education Loan Company.
 - any interested third party, such as Felipe or a member of his family.
 - none of the choices.
- _____ 71. Beta Grocers orders by phone twenty cartons of canned beets from Carotene Food Packers, Inc. After ten cartons are delivered and accepted, Beta repudiates the contract. Carotene can enforce the contract to
- any extent because the order was placed orally.
 - no extent because the order was placed orally.
 - the extent of the ten accepted cartons.
 - the extent of the twenty ordered cartons.
- _____ 72. Trey and Unice orally agree on the sale of Trey's Health Club to Unice and note the terms on a sheet of the club's stationery, which Trey signs. This agreement is most likely enforceable against
- neither Trey nor Unice.
 - Trey and Unice.
 - Trey.
 - Unice.
- _____ 73. Handy Hardware Store agrees to hire Ilsa for one year at a salary of \$500 per week. When Handy cancels the contract, Ilsa spends \$100 to obtain a similar job that pays \$450 per week for a year. Ilsa is entitled to recover
- the amount of the wages that Handy promised only.
 - the difference between the wages at the two jobs only.
 - the difference between the wages at the two jobs plus \$100.
 - \$100 only.

- _____ 74. GroundCover Pools, Inc., agrees to build a swimming pool for Franci, but fails to complete the job. Franci hires EquiAqua, Inc., to finish the project. Candy may recover from GroundCover
- a. the contract price less costs of materials and labor.
 - b. the contract price.
 - c. the costs needed to complete construction.
 - d. profits plus the costs incurred up to the time of the breach.

Fact Pattern 18-1B

Bella Homes enters into a contract to buy 132 acres from Watershed Holdings to subdivide and sell in fifth-acre lots for Pristine Acres, a residential development.

- _____ 75. Refer to Fact Pattern 18-1B. If Bella breaches the contract, Watershed's remedy would most likely be
- a. a certain ratio of the amount that Bella has in liquidated funds.
 - b. a percentage of Bella's unrealized profit.
 - c. the difference between the land's contract and market prices.
 - d. specific performance.
- _____ 76. Bret contracts to work for City Construction Corporation (CCC) during July for \$4,500. On June 30, CCC cancels the contract. Bret declines a similar job with Downtown Builders, Inc., which would have paid \$4,000. Bret files a suit against CCC. As compensatory damages, Bret can recover
- a. \$4,500.
 - b. \$4,000.
 - c. \$500.
 - d. \$0.
- _____ 77. Clutch Auto Parts enters into a contract with Bio Health Club for discounted memberships for Clutch's employees. Bio breaches the contract and Clutch enters into a contract with Apex Fitness for the same service at a lower price. Clutch might be awarded nominal damages to
- a. establish, as a matter of principle, that Bio acted wrongfully.
 - b. provide Clutch with funds for a foreseeable loss beyond the contract.
 - c. provide Clutch with funds for its loss of the bargain.
 - d. punish Bio and set an example to deter others from similar acts.
- _____ 78. Windstar Heli-Pads, Inc., enters into a contract to employ Valerie as an on-site project manager for two years. Windstar breaches the contract. Valerie has a duty to
- a. do nothing.
 - b. reduce the damages that Valerie might otherwise suffer.
 - c. breach the contract with Windstar.
 - d. sue Windstar to deter others from similar acts.
- _____ 79. SealCoat Paving enters into a contract with Royal Golf & Tennis Club to provide surface material for Royal's tennis courts by April 1 for a tournament to begin May 1. The contract specifies an amount to be paid if the contract is breached. This is a liquidated damages clause if the amount is
- a. meant to pay for additional liquid sealant in the event of damage.
 - b. a reasonable estimate of the loss on a breach.
 - c. designed to penalize the breaching party.
 - d. intended to quickly provide cash to the nonbreaching party.

- _____ 80. Mitchell orally agrees to pay Lorena to plant and harvest a quarter of Mitchell's farm acreage for four soybean seasons. After Lorena prepares the land and plants the first crop, Mitchell says that their deal is off. Lorena can most likely recover
- in quasi contract.
 - nothing.
 - in restitution.
 - on the parties' existing contract.
- _____ 81. Excel Autos & Trucks, Inc., contracts to sell five trucks to First Leasing Corporation, which contracts to lease the trucks to General Delivery Company. Article 2A of the UCC applies to
- neither the lease nor the sale.
 - the lease and the sale.
 - the lease only.
 - the sale only.
- _____ 82. Crafted Countertops, Inc., and Kitchen Design Corporation enter into a contract that does not specify the payment terms. Payment may be made in
- any commercially normal or acceptable means except credit card.
 - cash only.
 - any commercially normal or acceptable means.
 - cash or check only.
- _____ 83. Charcoal Briquettes, Inc., is the offeror and Dante's Firewood Company is the offeree under a unilateral sales contract in which Ember's Kindling & Tinder Company is also interested. Charcoal is *not* notified of Dante's performance within a reasonable time. Charcoal
- may treat the offer as having lapsed.
 - must assume that Dante has started to perform.
 - must contact Dante.
 - must make an offer to Ember.
- _____ 84. Readymade Construction Corporation offers to buy from Set-Still Cement Company a certain quantity of cement for a certain price. Set-Still can accept the offer by
- a material alteration of the terms within a reasonable time.
 - a promise to ship or a prompt shipment of the cement.
 - a prompt shipment of the cement only.
 - a shipment of nonconforming goods with a notice of accommodation.
- _____ 85. Resource Remarketers, Inc., offers to buy crude oil from Petro Producers, Inc. The parties later dispute the deal in court. Petro's claim that Resource ordered 10,000 gallons and Resource's testimony that it ordered only 1,000 gallons
- prevents the enforcement of any contract between these parties.
 - supports an enforceable contract for 10,000 gallons.
 - supports an enforceable contract for 5,500 gallons.
 - supports an enforceable contract for 1,000 gallons.

- _____ 86. In a dispute over a sale involving a bicycle, Dain argues that as to this deal Emory's Hobby Shop, where Dain bought the bike, is a merchant. A court may determine whether Emory's is a merchant by assessing whether
- it has sold any bikes within the last year.
 - it holds itself out by occupation as having knowledge or skill unique to the bike in the transaction.
 - its owner enjoys biking.
 - it subscribes to *Bike*, a biweekly trade magazine.
- _____ 87. Fiesta Coffee Company agrees to buy an unspecified quantity of coffee beans from Global AgriCorp. Global breaches the contract. Fiesta can most likely
- enforce the agreement to the extent of a reasonable quantity.
 - enforce the agreement to the extent of Fiesta's requirements.
 - enforce the agreement to the extent of Global's output of coffee beans.
 - not enforce the agreement.
- _____ 88. Retail Music, Inc., offers to buy from Super Products Corporation (SPC) 1,000 blank CDs of a certain brand. Without notifying Retail, SPC timely ships CDs of a different brand. This shipment is
- an acceptance of the offer and a breach of the parties' contract.
 - an acceptance of the offer and a fulfillment of the parties' contract.
 - a refusal of the offer and a breach of the parties' contract.
 - a refusal of the offer and a fulfillment of the parties' contract.
- _____ 89. Packaging Products, Inc., sends its standard purchase-order form to Quality Box Company to evidence a sale of packaging material. Quality responds with its own standard order form. Additional terms in Quality's form automatically become part of the contract unless
- Packaging objects to the new terms within a reasonable time.
 - Packaging's form expressly required acceptance of its terms.
 - the additional terms materially alter the original contract.
 - any of the choices.
- _____ 90. Pressing Music, Inc., offers to buy from Digital Media Corporation (DMC) one million blank CDs of a certain quality. Without notifying Pressing, DMC timely ships CDs of a different quality. With respect to the offer and a possible contract, this shipment is
- an acceptance and a breach.
 - an acceptance and an accommodation.
 - an acceptance and complete performance.
 - a rejection and a counteroffer.

Bus 241- Spring 2015 -- Final Exam Answer Section

MULTIPLE CHOICE

1. ANS: A	PTS: 1	REF: p. 256	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: +		
2. ANS: B	PTS: 1	REF: p. 256	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: +		
3. ANS: A	PTS: 1	REF: p. 256	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
4. ANS: A	PTS: 1	REF: p. 257	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
5. ANS: A	PTS: 1	REF: p. 257	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: +		
6. ANS: B	PTS: 1	REF: p. 257	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
7. ANS: C	PTS: 1	REF: p. 257	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
8. ANS: A	PTS: 1	REF: p. 258	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: +		
9. ANS: A	PTS: 1	REF: p. 258	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
10. ANS: B	PTS: 1	REF: p. 259	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
11. ANS: D	PTS: 1	REF: p. 263	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: +		
12. ANS: D	PTS: 1	REF: p. 263	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: N		
13. ANS: B	PTS: 1	REF: p. 269	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: N		
14. ANS: A	PTS: 1	REF: p. 270	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: N		
15. ANS: B	PTS: 1	REF: p. 274	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
16. ANS: A	PTS: 1	REF: p. 274	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: +		
17. ANS: D	PTS: 1	REF: p. 274	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
18. ANS: C	PTS: 1	REF: p. 274	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: N		
19. ANS: C	PTS: 1	REF: p. 276	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
20. ANS: B	PTS: 1	REF: p. 276	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
21. ANS: A	PTS: 1	REF: p. 277	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		

22.	ANS: B	PTS: 1	REF: p. 277	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
23.	ANS: D	PTS: 1	REF: p. 277	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
24.	ANS: A	PTS: 1	REF: p. 278	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
25.	ANS: D	PTS: 1	REF: p. 278	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
26.	ANS: D	PTS: 1	REF: p. 280	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
27.	ANS: A	PTS: 1	REF: p. 281	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
28.	ANS: C	PTS: 1	REF: p. 281	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
29.	ANS: C	PTS: 1	REF: p. 282	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
30.	ANS: C	PTS: 1	REF: p. 283	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
31.	ANS: A	PTS: 1	REF: p. 283	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
32.	ANS: A	PTS: 1	REF: p. 283	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
33.	ANS: B	PTS: 1	REF: p. 289	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
34.	ANS: D	PTS: 1	REF: p. 289	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
35.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
36.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
37.	ANS: D	PTS: 1	REF: p. 292	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
38.	ANS: B	PTS: 1	REF: p. 292	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
39.	ANS: B	PTS: 1	REF: p. 293	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
40.	ANS: A	PTS: 1	REF: p. 295	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
41.	ANS: B	PTS: 1	REF: p. 295	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
42.	ANS: D	PTS: 1	REF: p. 296	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
43.	ANS: B	PTS: 1	REF: p. 297	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
44.	ANS: A	PTS: 1	REF: p. 300	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
45.	ANS: D	PTS: 1	REF: p. 297	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		

46.	ANS: D	PTS: 1	REF: p. 334	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
47.	ANS: B	PTS: 1	REF: p. 334	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
48.	ANS: C	PTS: 1	REF: p. 334	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
49.	ANS: C	PTS: 1	REF: p. 335	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
50.	ANS: B	PTS: 1	REF: p. 335	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
51.	ANS: C	PTS: 1	REF: p. 336	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
52.	ANS: D	PTS: 1	REF: p. 337	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
53.	ANS: A	PTS: 1	REF: p. 337	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
54.	ANS: C	PTS: 1	REF: p. 337	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
55.	ANS: B	PTS: 1	REF: p. 337	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
56.	ANS: A	PTS: 1	REF: p. 338	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
57.	ANS: C	PTS: 1	REF: p. 340	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
58.	ANS: D	PTS: 1	REF: p. 340	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
59.	ANS: A	PTS: 1	REF: p. 340	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
60.	ANS: D	PTS: 1	REF: p. 340	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
61.	ANS: B	PTS: 1	REF: p. 341	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
62.	ANS: A	PTS: 1	REF: p. 345	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
63.	ANS: A	PTS: 1	REF: p. 263	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: N		
64.	ANS: B	PTS: 1	REF: p. 266	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: =		
65.	ANS: B	PTS: 1	REF: p. 269	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: =		
66.	ANS: A	PTS: 1	REF: p. 274	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: =		
67.	ANS: A	PTS: 1	REF: p. 277	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: N		
68.	ANS: C	PTS: 1	REF: p. 282	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: N		

69. ANS: D

A contract that can be performed within 1 year of its making -- so not subject to the statute of frauds. Could be enforced by either Issac or Holiday Fruit. Since none of the answers include both, best answer is d

PTS: 1 REF: p. 291 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: N

70. ANS: D PTS: 1 REF: p. 291 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: N

71. ANS: C PTS: 1 REF: p. 293 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: =

72. ANS: C

Trey is the one who has signed. Unice could argue she never signed the agreement so never evidenced an intent to be bound.

PTS: 1 REF: p. 296 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: N

73. ANS: C PTS: 1 REF: p. 334 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: =

74. ANS: C PTS: 1 REF: p. 335 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: =

75. ANS: C PTS: 1 REF: p. 335 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: +

76. ANS: C PTS: 1 REF: p. 337 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: =

77. ANS: A PTS: 1 REF: p. 337 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: +

78. ANS: B PTS: 1 REF: p. 337 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: +

79. ANS: B PTS: 1 REF: p. 338 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: +

80. ANS: A PTS: 1 REF: p. 343 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: +

81. ANS: C PTS: 1 REF: p. 361 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: =

82. ANS: C PTS: 1 REF: p. 363 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: +

83. ANS: A PTS: 1 REF: p. 366 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: +

84. ANS: B PTS: 1 REF: p. 366 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: N

85. ANS: D PTS: 1 REF: p. 369 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: =

86. ANS: B PTS: 1 REF: p. 361 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank A TYP: =

87. ANS: D PTS: 1 REF: 277 OBJ: TYPE: =

NAT: AACSB Reflective LOC: AICPA Legal

88. ANS: A PTS: 1 REF: 278 OBJ: TYPE: =

NAT: AACSB Reflective LOC: AICPA Legal

89. ANS: D PTS: 1
NAT: AACSB Reflective
90. ANS: A PTS: 1
KEY: Test Bank A TYP: N

REF: 279 OBJ: TYPE: =
LOC: AICPA Legal
REF: p. 366 NAT: AACSB Reflective | AICPA Legal

B 6.

 B 13.

 D 25.

 C 19.

 C 7.

 A 14.

 D 26.

 B 20.

 A 8.

 B 15.

 A 27.

 A 1.

 A 21.

 A 9.

 B 2.

 B 22.

 A 16.

 B 10.

 C 28.

 A 3.

 D 23.

 D 17.

 D 11.

 C 29.

 A 4.

 C 18.

 A 24.

 D 12.

 C 30.

 A 5.

A 31.

 B 38.

 C 49.

 A 56.

 B 43.

 A 32.

 B 39.

 B 50.

 C 57.

 A 44.

 B 33.

 A 40.

 C 51.

 D 58.

 D 45.

 D 34.

 D 46.

 D 52.

 A 59.

 D 35.

 B 41.

 B 47.

 A 53.

 D 60.

 D 42.

 D 36.

 C 48.

 C 54.

 B 61.

 D 37.

 B 55.

A 62.

 C 74.

 A 80.

 B 86.

 C 68.

 A 63.

 C 81.

 D 87.

 D 69.

 C 75.

 B 64.

 C 82.

 A 88.

 D 70.

 C 76.

 B 65.

 A 83.

 D 89.

 C 71.

 A 77.

 B 84.

 A 90.

 C 72.

 B 78.

 A 66.

 D 85.

 C 73.

 B 79.

 A 67.

Bus 241- Spring 2015 -- Final Exam

You have 120 minutes to complete this examination. The is a CLOSED book exam. All study materials, including back packs and purses, must be placed on the floor. NO OLD EXAMS OR PRACTICE EXAMS SHOULD BE VISIBLE. FAILURE TO FOLLOW THESE DIRECTIONS MAY RESULT IN YOU RECEIVING A ZERO SCORE FOR THE FINAL

Please be sure to answer all questions on the exam. There are SEVENTEEN (17) pages and 90 multiple choice to this exam. Count to make sure that you have all the pages and review your exam to make sure that you do not miss answering any pages or questions of the exam.

PLEASE BE SURE TO TURN IN THE EXAM WITH YOU NAME ON THE FIRST PAGE OF THE EXAM YOU WERE GIVEN. IF YOU FAIL TO PUT YOUR NAME ON A COPY OF THE EXAM, YOU MAY BE GIVEN A -0- FOR THE EXAM.

ANSWERS SHOULD BE ENTERED ON THE MACHINE READABLE FORM. PLEASE BE SURE TO USE PENCIL SO THAT YOUR ANSWERS CAN BE READ BY THE GRADING MACHINE. PLEASE BE SURE TO ALSO INCLUDE YOUR STUDENT ID NUMBER ON THE ANSWER SHEET.

You should try and provide answers for all questions, as there is no penalty for a wrong answer, and it counts the same as an omitted question. Each multiple choice question is worth 2 points. In the multiple choice section there are often two answers which may appear to potentially be correct. You must choose the response which answers the question the best.

You must use a number 2 pencil when filling out the exam. Failure to use a pencil will result in a 5 point penalty. There are two versions to this exam. There are three versions of the exam: A, B, and C. You must indicate "1" in special codes for version A and "2" in special codes for version B, AND "3" for version C. Failure to provide this information on your answer sheet will result in 10 point penalty. You must put your student id number in where the answer sheet provides for "social security number" Failure to follow these directions will result in a 10 point penalty.

Any lack of clarity with regard to your answer choice may result in you not being awarded points for your answer.
Good Luck.

Multiple Choice

Identify the choice that best completes the statement or answers the question.

- _____ 1. Fiesta Coffee Company agrees to buy an unspecified quantity of coffee beans from Global AgriCorp. Global breaches the contract. Fiesta can most likely
 - a. not enforce the agreement.
 - b. enforce the agreement to the extent of a reasonable quantity.
 - c. enforce the agreement to the extent of Global's output of coffee beans.
 - d. enforce the agreement to the extent of Fiesta's requirements.
- _____ 2. GroundCover Pools, Inc., agrees to build a swimming pool for Franci, but fails to complete the job. Franci hires EquiAqua, Inc., to finish the project. Candy may recover from GroundCover
 - a. the costs needed to complete construction.
 - b. the contract price.
 - c. the contract price less costs of materials and labor.
 - d. profits plus the costs incurred up to the time of the breach.
- _____ 3. SFX Paintball Games, Inc., and Truck & Trailer Delivery Corporation sign an agreement that provides for the payment of "\$1,000 by whichever party commits a material breach of the contract that creates damages difficult to estimate but approximately \$1,000." This is
 - a. a mitigation of damages clause.
 - b. a nominal damages clause.
 - c. a liquidated damages clause.
 - d. a penalty clause.
- _____ 4. Readymade Construction Corporation offers to buy from Set-Still Cement Company a certain quantity of cement for a certain price. Set-Still can accept the offer by
 - a. a shipment of nonconforming goods with a notice of accommodation.
 - b. a promise to ship or a prompt shipment of the cement.
 - c. a material alteration of the terms within a reasonable time.
 - d. a prompt shipment of the cement only.

- _____ 5. Clutch Auto Parts enters into a contract with Bio Health Club for discounted memberships for Clutch's employees. Bio breaches the contract and Clutch enters into a contract with Apex Fitness for the same service at a lower price. Clutch might be awarded nominal damages to
- establish, as a matter of principle, that Bio acted wrongfully.
 - provide Clutch with funds for a foreseeable loss beyond the contract.
 - punish Bio and set an example to deter others from similar acts.
 - provide Clutch with funds for its loss of the bargain.
- _____ 6. Natalie agrees to assume Orina's debt to Consumer Credit Corporation. Natalie does not get any personal benefit for the agreement. To be enforceable, the promise must be in writing if the debt is for
- any amount.
 - more than \$500.
 - more than \$50,000.
 - more than \$5,000.
- _____ 7. Olga, a minor, signs a contract to buy a computer from Phil, the owner of Quality Computer Store. Olga's right to disaffirm the contract
- does not change the fact that Phil is bound by the contract.
 - gives Phil, an adult, the right to disaffirm the contract.
 - does not yet exist because Olga is still a minor.
 - is not valid because a computer is a "necessary."
- _____ 8. Brasilia, a real estate broker licensed only in Connecticut, concludes a land sale in Delaware. She can
- not collect the commission, keep it, or foreclose on the property.
 - keep the commission if it has already been paid.
 - collect the commission if it has not been paid.
 - foreclose on the property to obtain any unpaid amount.

Fact Pattern 14-3B

In selling a house, Robin tells Destry that the wiring and plumbing are of a certain quality. Robin knows nothing about the quality, but it is not as she specifies. Destry buys the house.

- _____ 9. Refer to Fact Pattern 14-3B. Under these circumstances, Destry's best course of action is most likely to
- sabotage Robin's career with bad publicity.
 - induce Robin to give him the commission on her next sale.
 - recover damages or rescind the contract to buy the house.
 - scam Robin.
- _____ 10. Gary threatens physical harm to force Hugh to sell his business, Imports from Asia, Inc., to Gary for a below-market price. This is
- duress.
 - puffery.
 - fraud.
 - undue influence.
- _____ 11. Fay is mentally incompetent but has not been so adjudged by a court. Any contract Fay enters into is
- unavoidable.
 - voidable if Fay lacks the capacity to comprehend the consequences.
 - voidable if Fay has a lucid interval at the time of contracting.
 - voidable if the other party does not realize that Fay is incompetent.

Fact Pattern 14-2A

Moore Properties, Inc., offers in writing to sell to New Development Corporation (NDC) a certain half-acre of land for "\$112,000." After New Development signs the offer in acceptance and returns it, Moore discovers that the price should have been stated as "\$121,000."

- _____ 12. Refer to Fact Pattern 14-2A. Moore's misstatement of the price is
 - a. a bilateral mistake.
 - b. unconscionable.
 - c. a unilateral mistake.
 - d. a fraudulent misrepresentation.
- _____ 13. Refer to Fact Pattern 14-2A. The effect of Moore's misstatement of the price will most likely fall on
 - a. Moore and NDC, who must split the difference.
 - b. neither Moore nor NDC.
 - c. NDC only.
 - d. Moore only.
- _____ 14. Retail Music, Inc., offers to buy from Super Products Corporation (SPC) 1,000 blank CDs of a certain brand. Without notifying Retail, SPC timely ships CDs of a different brand. This shipment is
 - a. an acceptance of the offer and a breach of the parties' contract.
 - b. an acceptance of the offer and a fulfillment of the parties' contract.
 - c. a refusal of the offer and a fulfillment of the parties' contract.
 - d. a refusal of the offer and a breach of the parties' contract.

Fact Pattern 15-2A

Radford and Serenity sign a written contract for the sale of Rad's Coffee & Bagels business to Serenity. The parties intend their written contract to be a final statement of the terms of their agreement.

- _____ 15. Refer to Fact Pattern 15-2A. The writing that Radford and Serenity signed is
 - a. a divisibly integrated contract.
 - b. a completely integrated contract.
 - c. a severably integrated contract.
 - d. a partially integrated contract.
- _____ 16. Refer to Fact Pattern 15-2A. Serenity later disputes some of the provisions in the deal with Radford. If the dispute results in litigation, a court will most likely exclude evidence that
 - a. buttresses the written terms.
 - b. contradicts the written terms.
 - c. reinforces the written terms.
 - d. duplicates the written terms.
- _____ 17. Lester and Myrtle want to rescind their contract under which Lester sold an MP3 player for \$40. To rescind the contract
 - a. Myrtle must return the player only.
 - b. the parties can keep the "benefits" of their bargain.
 - c. Lester must return the \$40 only.
 - d. Lester must return the \$40 and Myrtle must return the player.

- _____ 18. Cartier, an accountant, convinces his client Bianca to sign a contract to invest her savings in a nonexistent social-networking Web site. When Bianca learns the truth, she can
- impose her own scam on Cartier without liability.
 - rescind the contract to invest in the Web site.
 - induce Cartier to give her his other clients' funds without recourse.
 - sabotage Cartier's career in any way possible.
- _____ 19. Handy Hardware Store agrees to hire Ilsa for one year at a salary of \$500 per week. When Handy cancels the contract, Ilsa spends \$100 to obtain a similar job that pays \$450 per week for a year. Ilsa is entitled to recover
- the difference between the wages at the two jobs plus \$100.
 - the difference between the wages at the two jobs only.
 - the amount of the wages that Handy promised only.
 - \$100 only.
- _____ 20. Smitty enters into an illegal bargain with Taylor. Smitty can enforce the contract or recover for its value if he has been induced to enter into the bargain as a result of
- fraud.
 - his desire to obtain the object of the deal.
 - a persuasive "sell" by Taylor.
 - his belief that Taylor would do right by him.
- _____ 21. Refined Commodities, Inc., agrees to deliver ten tons of sheet metal to Select Builders Corporation. The agreement states that delivery is to be within "3" days, although the parties intend "30" days. Refined cannot convince Select to amend the contract. Refined should seek
- reformation.
 - damages.
 - specific performance.
 - rescission.
- _____ 22. Karif orally agrees to buy a unique collection of sports memorabilia for \$1,000 from Jane and sends her \$250 as a down payment. When Karif sends her the rest of the price, Jane refuses to ship the collection. Karif should seek
- specific performance.
 - rescission.
 - reformation.
 - damages.
- _____ 23. Delia enters into, and fails to disaffirm soon after reaching the age of majority, a contract with Electronics Stores, Inc. (ESI). Later Delia attempts to disaffirm the contract. ESI files a suit against her. The court will most likely consider the contract ratified if it is
- exculpatory.
 - executed.
 - disaffirmed.
 - rescinded.

- _____ 24. Development Associates (DA) agrees to buy five acres of land from Eastside Properties for \$15,000. Eastside fails to go through with the deal on the agreed date, when the market price of the land is \$17,000. DA may recover
- \$15,000.
 - \$2,000.
 - \$0.
 - \$17,000.
- _____ 25. Fidelio Corporation enters into a contract with Equi Insurance, Inc., to obtain health insurance for Fidelio employees. Equi breaches the contract. If Fidelio is awarded compensatory damages, the purpose would be to
- provide Fidelio with funds for its loss of the bargain.
 - establish, as a matter of principle, that Equi acted wrongfully.
 - provide Fidelio with funds for a foreseeable loss beyond the contract.
 - punish Equi and set an example to deter others from similar acts.
- _____ 26. U-Can-Own-It Corporation sells appliances to less educated consumers, including Viv, on installment plans. U-Can-Own-It files a suit against Viv when she stops making payments. Viv claims that the deal is unconscionable. The court will most likely consider
- the parties' relative bargaining power.
 - the quality of related products in the general market.
 - the geographic area of the relevant market.
 - the relation of this deal to those of other customers'.
- _____ 27. Clear Creek Corporation enters into a contract with Brightside Management Associates to manage and maintain Clear Creek's apartment complex. Their contract provides that neither party can recover damages for a non-fraudulent or unintentional breach. This is
- an exculpatory clause.
 - a limitation-of-liability clause.
 - a quasi contract.
 - a liquidated damages clause.
- _____ 28. Bret is convicted of arson for burning down his warehouse to collect the insurance. On an application for insurance from Cover-All Insurance Company on a new building, in answer to a question about prior convictions, Bret does not disclose his conviction. This makes the contract
- voidable by Cover-All because the omission is material to its decision to issue coverage.
 - binding because the omission is immaterial to Cover-All's decision to issue coverage.
 - binding due to Cover-All's failure to discover Bret's conviction.
 - voidable by Bret because the omission is immaterial to Cover-All's decision to issue coverage.
- _____ 29. Kirk Custodial Service and Green Energy Company enter into an oral contract under which Kirk agrees to provide custodial service for Green's facilities for two years. This contract is enforceable by
- Kirk.
 - any interested third party, such as a janitorial supplies provider.
 - Green.
 - none of the choices.

- _____ 30. In selling paving stones to Yard & Garden Supply, Trey tells Yard & Garden's buying representative that the stones are "soft as carpet." This is
- puffery.
 - fraud.
 - adhesion.
 - mistake.
- _____ 31. Timber Farms, Inc., and Wood Products Corporation enter into an oral contract for the sale of a lumber mill and the land on which it is situated from Timber to Wood. Under the Statute of Frauds, this contract is enforceable by
- the buyer.
 - the seller.
 - any interested third party, such as the mortgagee or title company.
 - none of the choices.

Fact Pattern 14-1A

Linea, an employee of Hard Labor Industries (HLI), is injured in a work-related accident. Based on the diagnosis of Newt, a doctor, Linea accepts \$50,000 from HLI and waives the right to future claims. Newt's diagnosis later proves to have been wrong.

- _____ 32. Refer to Fact Pattern 14-1A. Most likely, Linea may
- obtain damages from HLI.
 - obtain damages from Newt.
 - recover nothing.
 - set aside the settlement with HLI.
- _____ 33. Refer to Fact Pattern 14-1A. In terms of the impact on Linea's agreement with HLI, Newt's misdiagnosis is
- an expert's puffery.
 - a mistake of fact.
 - innocent misrepresentation.
 - negligent misrepresentation.
- _____ 34. Packaging Products, Inc., sends its standard purchase-order form to Quality Box Company to evidence a sale of packaging material. Quality responds with its own standard order form. Additional terms in Quality's form automatically become part of the contract unless
- the additional terms materially alter the original contract.
 - Packaging objects to the new terms within a reasonable time.
 - Packaging's form expressly required acceptance of its terms.
 - any of the choices.
- _____ 35. Jill and Karl contract for the sale of Jill's horse for \$1,000. Unknown to either party, the horse has died. Karl is
- not required to pay due to the *mutual* mistake.
 - required to pay because she assumed the risk the horse might die.
 - entitled to another horse of equivalent value.
 - not required to pay due to the *unilateral* mistake.

- _____ 36. Nori files a suit against Mica to enforce an oral contract that would otherwise be unenforceable under the Statute of Frauds. The court could enforce such a contract if
- a. the deal does not involve customized goods.
 - b. neither party has begun to perform.
 - c. Nori foreseeably and justifiably relied on Mica's promise to her detriment.
 - d. Mica denies the existence of any contract.
- _____ 37. Mitchell orally agrees to pay Lorena to plant and harvest a quarter of Mitchell's farm acreage for four soybean seasons. After Lorena prepares the land and plants the first crop, Mitchell says that their deal is off. Lorena can most likely recover
- a. on the parties' existing contract.
 - b. nothing.
 - c. in restitution.
 - d. in quasi contract.
- _____ 38. Sam uses duress to force Tanya to agree to pay him for protecting her retail store—Tanya's Trends—against vandalism and destruction. Tanya may
- a. recover from the local police for a failure to protect her store.
 - b. recover from her insurer for the cost
 - c. avoid the contract or choose to carry it out.
 - d. do nothing once she has agreed to pay.
- _____ 39. Lew believes an old comic book he owns has little value, but Murray is convinced it is a valuable collector's item. Lew sells it to Murray for \$10 before learning it is worth \$1,000. Lew can
- a. rescind the contract on the basis of puffery.
 - b. not rescind the contract.
 - c. rescind the contract on the basis of fraud.
 - d. rescind the contract on the basis of mistake.
- _____ 40. Dotty tells a representative of Education Loan Company over the phone that she will pay Felipe's student loan if he does not. Dotty does not get any personal benefit for the promise. This promise is enforceable as a contract by
- a. Education Loan Company.
 - b. any interested third party, such as Felipe or a member of his family.
 - c. Dotty.
 - d. none of the choices.
- _____ 41. Consumer Credit Union pays Derby \$10,000 to design an ad campaign. The next day, Derby tells the credit union that he has accepted a job in Boston and cannot design the campaign. As compensatory damages, the credit union can recover
- a. \$0.
 - b. \$1,000.
 - c. \$100,000.
 - d. \$10,000.
- _____ 42. Orin relinquishes the right to his daughter Neko's control, care, custody, and earnings. This act is
- a. disaffirmance.
 - b. ratification.
 - c. emancipation.
 - d. severability.

- _____ 43. May is a stockbroker. Due to May's statements, Nora believes that the price of OK Goods, Inc. (OKGI), a widely traded stock, is going to increase substantially. Nora buys 500 shares of OKGI at \$10 per share, but the price soon drops to \$2. Nora can successfully recover
- a. the amount of the purchase price plus the unexpected decrease.
 - b. the amount of the purchase price.
 - c. the amount of the purchase price plus the expected increase.
 - d. nothing.
- _____ 44. Trey and Unice orally agree on the sale of Trey's Health Club to Unice and note the terms on a sheet of the club's stationery, which Trey signs. This agreement is most likely enforceable against
- a. Unice.
 - b. Trey.
 - c. neither Trey nor Unice.
 - d. Trey and Unice.
- _____ 45. Crafted Countertops, Inc., and Kitchen Design Corporation enter into a contract that does not specify the payment terms. Payment may be made in
- a. any commercially normal or acceptable means except credit card.
 - b. cash only.
 - c. any commercially normal or acceptable means.
 - d. cash or check only.
- _____ 46. Fashion Retail Center enters into a contract with Great Promotions, Inc., to provide Fashion with a plan to retool its merchandising strategy. If Great Promotions breaches the contract, Fashion has a duty to
- a. reduce the loss that Great Promotions might otherwise suffer.
 - b. punish Great Promotions and deter others from similar acts.
 - c. reduce the damages that Fashion might otherwise suffer.
 - d. take no action.
- _____ 47. Rural Power Utility, Inc., enters into a contract with Shovel Excavation Service to dig up, replace, and rebury Rural's cables in a certain location. Rural advances Shovel 10 percent of its cost. The parties rescind the contract. Shovel's refund of the payment is
- a. liquidated damages.
 - b. a breach of contract.
 - c. a penalty.
 - d. restitution.
- _____ 48. Cross-Country Trucking Company contracts with Baldwin to transport crated goods to a certain destination for \$5,000. Cross-Country delivers the crates, but Baldwin does not pay. Cross-Country learns that the crates contained stolen goods. Cross-Country can
- a. do nothing with respect to the contract.
 - b. recover \$5,000 from Baldwin.
 - c. recover the goods but not the \$5,000 from Baldwin.
 - d. recover the goods or the \$5,000 from Baldwin.
- _____ 49. Dondi contracts to buy a custom espresso maker from Caffee Specialties, Inc., for \$4,500, but Caffee fails to deliver. Dondi buys the appliance elsewhere for \$5,500. Dondi's measure of damages is
- a. \$0.
 - b. \$1,000.
 - c. incidental damages only.
 - d. \$1,000 plus incidental damages.

Fact Pattern 14-3A

Flip, an accountant, certifies an audit for Erstwhile Corporation. Flip knows that Erstwhile will use the audit to obtain a loan from Deepwater Bank. Flip believes that the audit is true and does not intend to deceive the bank, but does not check the audit before certifying it.

- _____ 50. Refer to Fact Pattern 14-3A. On learning the truth, Deepwater's chief loan officer confronts Flip, who says, "I didn't know." This is
- innocent misrepresentation.
 - unconscionable.
 - a mistake of value.
 - negligent misrepresentation.
- _____ 51. Refer to Fact Pattern 14-3A. Under these circumstances, Deepwater's best course of action is most likely to
- undercut Flip's career with negative puffery.
 - rescind the loan on the ground of unconscionability.
 - recover damages from Flip for any loss on the loan.
 - exert economic duress on Flip to retire from accounting.
- _____ 52. Damon contracts to repair the turf on a soccer field for Carousel Sports Park. Damon knows that without the repair, Carousel will have to cancel an upcoming game. Damon does not perform as promised. As consequential damages, Carousel can recover
- the difference between Damon's price and the actual cost of repair.
 - the cost of new turf.
 - nothing.
 - the loss of profit from the canceled game.
- _____ 53. Excel Autos & Trucks, Inc., contracts to sell five trucks to First Leasing Corporation, which contracts to lease the trucks to General Delivery Company. Article 2A of the UCC applies to
- the lease only.
 - neither the lease nor the sale.
 - the sale only.
 - the lease and the sale.
- _____ 54. Ray breaches his lease with Sunny Properties and vacates the premises six months before the end of the term. In some states, Sunny would have to
- relet the premises to recover damages from Ray.
 - sell the premises to recover damages from Ray.
 - avoid reletting the premises to recover damages from Ray.
 - make reasonable efforts to relet the premises to mitigate damages.
- _____ 55. Bret contracts to work for City Construction Corporation (CCC) during July for \$4,500. On June 30, CCC cancels the contract. Bret declines a similar job with Downtown Builders, Inc., which would have paid \$4,000. Bret files a suit against CCC. As compensatory damages, Bret can recover
- \$0.
 - \$4,500.
 - \$500.
 - \$4,000.

- _____ 56. Grandiloquent Properties, Inc., and Investment Capital Corporation enter into a contract for a sale of land. To be enforceable, the contract must be in writing if the land is valued at
- any price.
 - more than \$5,000.
 - more than \$50,000.
 - more than \$500.
- _____ 57. Windstar Heli-Pads, Inc., enters into a contract to employ Valerie as an on-site project manager for two years. Windstar breaches the contract. Valerie has a duty to
- do nothing.
 - breach the contract with Windstar.
 - sue Windstar to deter others from similar acts.
 - reduce the damages that Valerie might otherwise suffer.

Fact Pattern 14-1B

Gert contracts to sell two tracts of land to Hank. Both parties believe that the two tracts are adjacent, but in fact they are not. Gert is still willing to sell the land, but under these circumstances the deal would adversely affect Hank.

- _____ 58. Refer to Fact Pattern 14-1B. The parties' belief about the adjacency of the property is
- a unilateral mistake.
 - a fraudulent misrepresentation.
 - unconscionable.
 - a bilateral mistake.
- _____ 59. Dante enters into a contract with Rosalinda, who does not have contractual capacity. Dante can enforce the contract if Rosalinda
- can obtain the funds to pay for the benefits of the contract.
 - does not choose to avoid the contract.
 - is intoxicated or mentally incompetent.
 - is a minor.
- _____ 60. Jolie signs a contract with Keaton, an unlicensed physician, to perform plastic surgery—a medical procedure. This contract is enforceable by
- Jolie's medical insurance company.
 - Keaton.
 - no one.
 - Jolie.
- _____ 61. On Tim's eighteenth birthday, he decides that he no longer wants to keep a car he bought from Woody's Autos, Inc., when he was seventeen. His right to disaffirm the deal will depend on
- whether Woody's has the right to disaffirm.
 - the car's condition when Tim bought it.
 - whether Tim acts within a reasonable period of time.
 - the car's current condition.

- _____ 62. Veronica offers to sell Rowena her luxury sedan and says that it has never been in an accident. Rowena hires Laszlo, a mechanic, to appraise the vehicle. Laszlo says that it most likely has been in an accident. In spite of this information, Rowena buys the car. Later, when it develops mechanical problems, she can
- rescind the contract on the basis of mistake.
 - not rescind the contract.
 - rescind the contract on the basis of fraud.
 - rescind the contract on the basis of unconscionability.
- _____ 63. Boz runs an illegal gambling business and pays Colin, a law enforcement officer, not to interfere. The payments are discovered. Boz and Colin are sent to prison. With respect to the amount of the payments, Boz can recover
- only as much as Colin has not spent.
 - none of it.
 - only as much as Colin has spent.
 - all of it.
- _____ 64. SealCoat Paving enters into a contract with Royal Golf & Tennis Club to provide surface material for Royal's tennis courts by April 1 for a tournament to begin May 1. The contract specifies an amount to be paid if the contract is breached. This is a liquidated damages clause if the amount is
- meant to pay for additional liquid sealant in the event of damage.
 - a reasonable estimate of the loss on a breach.
 - intended to quickly provide cash to the nonbreaching party.
 - designed to penalize the breaching party.
- _____ 65. Intoxicated but fully aware of the consequences, Uri agrees to a two-year cell-phone service contract with Wander Talk, Inc., at more than the average market price. This contract is
- not enforceable because contracting parties can change their minds.
 - enforceable.
 - not enforceable because the contract clearly favors Wander Talk.
 - not enforceable because Uri was intoxicated when he agreed to it.
- _____ 66. Isaac and Holiday Fruit Company enter into an oral contract under which Isaac agrees to provide delivery service for holiday Fruit for nine months. This contract is enforceable by
- any interested third party, such as a Holiday Fruit customer.
 - Holiday Fruit only.
 - Isaac only.
 - none of the choices.
- _____ 67. Lyra induces Moe to enter into a contract for the sale of an apartment about which Lyra fraudulently misrepresents a number of material facts. Lyra tells Moe that her commission is 6 percent, but their signed, written contract states "12 percent." The Statute of Frauds governs
- the admissibility in court of oral evidence.
 - contracts that must be in writing to be enforceable.
 - the reformation of oral and written statements into one contract.
 - contracts that are induced by fraud.

- _____ 68. Pressing Music, Inc., offers to buy from Digital Media Corporation (DMC) one million blank CDs of a certain quality. Without notifying Pressing, DMC timely ships CDs of a different quality. With respect to the offer and a possible contract, this shipment is
- a. an acceptance and a breach.
 - b. an acceptance and complete performance.
 - c. an acceptance and an accommodation.
 - d. a rejection and a counteroffer.
- _____ 69. Danton, a popular performer, dies. His spouse Caitlin sells their house to Buck. Unknown to Caitlin or Buck, in one of the closets is the master recording of an unreleased album. With respect to this recording, Buck can
- a. not keep it because the sale of a house includes nothing in it.
 - b. keep it because Caitlin should have known about it.
 - c. keep it because the sale of a house includes everything in it.
 - d. not keep it because there was no voluntary consent to its sale.
- _____ 70. Gina induces Hu to enter into a contract for the purchase of a condominium about which Gina knowingly misrepresents a number of material features. When Hu discovers the truth, Hu can
- a. rescind the contract on the basis of mistake.
 - b. rescind the contract on the basis of fraud.
 - c. not rescind the contract.
 - d. rescind the contract on the basis of undue influence.

Fact Pattern 18-1B

Bella Homes enters into a contract to buy 132 acres from Watershed Holdings to subdivide and sell in fifth-acre lots for Pristine Acres, a residential development.

- _____ 71. Refer to Fact Pattern 18-1B. If Bella breaches the contract, Watershed's remedy would most likely be
- a. a percentage of Bella's unrealized profit.
 - b. a certain ratio of the amount that Bella has in liquidated funds.
 - c. specific performance.
 - d. the difference between the land's contract and market prices.
- _____ 72. Elle buys a new textbook for \$100 and a used car for \$5,000, and signs a one-year lease for an apartment for \$1,000 monthly rent to start at the beginning of the next month. The Statute of Frauds covers
- a. the apartment lease and the car purchase only.
 - b. the apartment lease only.
 - c. the apartment lease, and the textbook and car purchases.
 - d. the textbook and car purchases only.
- _____ 73. Nero makes an honest but erroneous statement that misrepresents a material fact in a contractual transaction with Odell. Nero is guilty of
- a. a unilateral mistake.
 - b. duress.
 - c. innocent misrepresentation.
 - d. fraud.

- _____ 74. Even-Flo Hydraulics enters into a contract to repair valves and fittings in Fiesta Company's plant. If Even-Flo breaches the contract, Fiesta can
- do nothing but temporarily suspend operations and wait.
 - sue Even-Flo for damages.
 - do nothing but make a deal with a different service provider.
 - file a criminal complaint against Even-Flo.
- _____ 75. Jacquie signs a contract to buy a car just before reaching the age of majority. After reaching the age of majority, Jacquie does not take possession or make payments. Most courts would hold, with respect to the contract, that this is
- disaffirmance.
 - emancipation.
 - ratification.
 - rescission.
- _____ 76. Olin, a professional artist and art teacher, convinces Plato, who has no artistic ability, that he has considerable talent and induces him to pay Olin \$10,000 for art lessons. When Plato realizes the truth, he files a suit against Olin. Plato is most likely to recover on the basis of
- undue influence.
 - mistake.
 - fraud.
 - none of the choices.
- _____ 77. Shady Oaks Development, LLC, and Rural Acres, Inc., sign a written contract for a sale of land. In some states, to be enforceable, this contract must include
- a declaration of the contract's purpose.
 - a legal description of the land.
 - a correct title, such as "Land Transfer" or "Real Estate Agreement."
 - a statement of the consideration.
- _____ 78. Grady enters into a contract to buy 440 acres from Hollis to expand Grady's ranch. Hollis breaches the contract. Grady's normal remedy is
- rescission.
 - damages.
 - specific performance.
 - reformation.
- _____ 79. Max, a minor subject to his parents' care and control, signs a contract to rent an apartment from Noel for one year. Before the end of the term, Max moves out. Noel sues for the rent for the rest of the term. Max can
- disaffirm the contract and avoid liability for the unpaid rent.
 - disaffirm the contract but not avoid liability for the rent.
 - avoid liability for the rent but not disaffirm the contract.
 - not disaffirm the contract nor avoid liability for the rent.
- _____ 80. Beta Grocers orders by phone twenty cartons of canned beets from Carotene Food Packers, Inc. After ten cartons are delivered and accepted, Beta repudiates the contract. Carotene can enforce the contract to
- no extent because the order was placed orally.
 - any extent because the order was placed orally.
 - the extent of the twenty ordered cartons.
 - the extent of the ten accepted cartons.

- _____ 81. Koko signs a covenant not to compete as part of a sale of her ongoing medical equipment business to Laurel Valley Medico, Inc., in exchange for a bonus payment. The covenant is most likely enforceable by
- Laurel Valley, but not Koko.
 - Koko, but not Laurel Valley.
 - no one.
 - both parties.
- _____ 82. Charcoal Briquettes, Inc., is the offeror and Dante's Firewood Company is the offeree under a unilateral sales contract in which Ember's Kindling & Tinder Company is also interested. Charcoal is *not* notified of Dante's performance within a reasonable time. Charcoal
- must make an offer to Ember.
 - must contact Dante.
 - may treat the offer as having lapsed.
 - must assume that Dante has started to perform.
- _____ 83. Resource Remarketers, Inc., offers to buy crude oil from Petro Producers, Inc. The parties later dispute the deal in court. Petro's claim that Resource ordered 10,000 gallons and Resource's testimony that it ordered only 1,000 gallons
- supports an enforceable contract for 10,000 gallons.
 - supports an enforceable contract for 5,500 gallons.
 - supports an enforceable contract for 1,000 gallons.
 - prevents the enforcement of any contract between these parties.
- _____ 84. Office Accounting, Inc., hires Perry to repair a computer on site for \$400, but Perry does not show up as agreed. Office Accounting hires Raul to do the job for \$350. Office Accounting may recover from Perry
- punitive damages.
 - nominal damages.
 - compensatory damages.
 - consequential damages.
- _____ 85. Glenn and Haji sign a written contract. Glenn claims that the parties later orally agreed to modify it. Any oral modification is likely *not* enforceable if it falls under
- the "main purpose" exception.
 - the doctrine of promissory estoppel.
 - the "partial performance" exception.
 - the Statute of Frauds.

Fact Pattern 15-1A

Macro Marketing, Inc., and National Food Corporation (NFC) discuss the terms of a contract. Macro then faxes NFC a memo on Macro's letterhead that summarizes the items on which they agreed, including a two-year term. Macro begins to perform, but NFC refuses to pay. Macro files a suit to collect. NFC claims that there is no contract.

- _____ 86. Refer to Fact Pattern 15-1A. The transaction between Macro and NFC falls within the Statute of Frauds'
- sales-of-goods stipulation.
 - collateral-promise provision.
 - one-year rule.
 - secondary-contracts section.

- _____ 87. In a dispute over a sale involving a bicycle, Dain argues that as to this deal Emory's Hobby Shop, where Dain bought the bike, is a merchant. A court may determine whether Emory's is a merchant by assessing whether
- it has sold any bikes within the last year.
 - it subscribes to *Bike*, a biweekly trade magazine.
 - its owner enjoys biking.
 - it holds itself out by occupation as having knowledge or skill unique to the bike in the transaction.
- _____ 88. Pure Oil Company enters into a contract with QuikBilt, Inc., to construct an offshore oil pipeline to withstand specific conditions. If QuikBilt fails to meet this standard, which is construed as a breach of contract and a breach of a duty of care, Pure might be awarded punitive damages to
- punish QuikBilt and deter others from similar acts.
 - establish, as a matter of principle, that QuikBilt acted wrongfully.
 - provide Pure with funds for a foreseeable loss beyond the contract.
 - provide Pure with funds for its loss of the bargain.
- _____ 89. Ruth, a minor, charges groceries at Sam's Mini-Mart. Two days later, Ruth disaffirms the purchase. Ruth owes Sam's
- the retail value of the groceries.
 - the wholesale value of the groceries.
 - the reasonable value of the groceries.
 - nothing.
- _____ 90. Niche Credit, Inc., is one of Cut-Rite Notching Corporation's two major creditors. Niche guarantees Cut-Rite's debt to the firm's other major creditor, Manufacturers Capital Bank, to forestall litigation. To be enforceable, this guarantee
- need not be in writing if it benefits Cut-Rite Notching.
 - need not be in writing if it benefits Manufacturers Capital Bank.
 - need not be in writing if it benefits Niche Credit.
 - must be in writing.

Bus 241- Spring 2015 -- Final Exam Answer Section

MULTIPLE CHOICE

1. ANS: A	PTS: 1	REF: 277	OBJ: TYPE: =
NAT: AACSB Reflective		LOC: AICPA Legal	
2. ANS: A	PTS: 1	REF: p. 335	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank B	TYP: =		
3. ANS: C	PTS: 1	REF: p. 338	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
4. ANS: B	PTS: 1	REF: p. 366	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank B	TYP: N		
5. ANS: A	PTS: 1	REF: p. 337	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank B	TYP: +		
6. ANS: A	PTS: 1	REF: p. 292	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: +		
7. ANS: A	PTS: 1	REF: p. 256	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
8. ANS: A	PTS: 1	REF: p. 263	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: N		
9. ANS: C	PTS: 1	REF: p. 282	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank B	TYP: N		
10. ANS: A	PTS: 1	REF: p. 283	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
11. ANS: B	PTS: 1	REF: p. 259	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
12. ANS: C	PTS: 1	REF: p. 276	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
13. ANS: D	PTS: 1	REF: p. 276	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
14. ANS: A	PTS: 1	REF: 278	OBJ: TYPE: =
NAT: AACSB Reflective		LOC: AICPA Legal	
15. ANS: B	PTS: 1	REF: p. 300	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: +		
16. ANS: B	PTS: 1	REF: p. 297	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
17. ANS: D	PTS: 1	REF: p. 340	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
18. ANS: B	PTS: 1	REF: p. 283	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: N		
19. ANS: A	PTS: 1	REF: p. 334	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank B	TYP: =		
20. ANS: A	PTS: 1	REF: p. 270	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: N		
21. ANS: A	PTS: 1	REF: p. 341	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		

22.	ANS: A	PTS: 1	REF: p. 340	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
23.	ANS: B	PTS: 1	REF: p. 258	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
24.	ANS: B	PTS: 1	REF: p. 335	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
25.	ANS: A	PTS: 1	REF: p. 334	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
26.	ANS: A	PTS: 1	REF: p. 266	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: =		
27.	ANS: B	PTS: 1	REF: p. 345	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
28.	ANS: A	PTS: 1	REF: p. 278	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
29.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
30.	ANS: A	PTS: 1	REF: p. 277	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
31.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
32.	ANS: D	PTS: 1	REF: p. 274	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
33.	ANS: B	PTS: 1	REF: p. 274	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
34.	ANS: D	PTS: 1	REF: 279	OBJ: TYPE: =
	NAT: AACSB Reflective		LOC: AICPA Legal	
35.	ANS: A	PTS: 1	REF: p. 274	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
36.	ANS: C	PTS: 1	REF: p. 295	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
37.	ANS: D	PTS: 1	REF: p. 343	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: +		
38.	ANS: C	PTS: 1	REF: p. 283	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
39.	ANS: B	PTS: 1	REF: p. 277	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: N		
40.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: N		
41.	ANS: D	PTS: 1	REF: p. 334	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
42.	ANS: C	PTS: 1	REF: p. 256	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
43.	ANS: D	PTS: 1	REF: p. 277	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		

44. ANS: B

Trey is the one who has signed. Unice could argue she never signed the agreement so never evidenced an intent to be bound.

	PTS: 1	REF: p. 296	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: N	
45.	ANS: C	PTS: 1	REF: p. 363 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: +	
46.	ANS: C	PTS: 1	REF: p. 337 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	
47.	ANS: D	PTS: 1	REF: p. 340 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +	
48.	ANS: B	PTS: 1	REF: p. 269 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N	
49.	ANS: D	PTS: 1	REF: p. 335 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +	
50.	ANS: D	PTS: 1	REF: p. 281 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N	
51.	ANS: C	PTS: 1	REF: p. 282 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N	
52.	ANS: D	PTS: 1	REF: p. 336 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +	
53.	ANS: A	PTS: 1	REF: p. 361 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: =	
54.	ANS: D	PTS: 1	REF: p. 337 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	
55.	ANS: C	PTS: 1	REF: p. 337 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: =	
56.	ANS: A	PTS: 1	REF: p. 289 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +	
57.	ANS: D	PTS: 1	REF: p. 337 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: +	
58.	ANS: D	PTS: 1	REF: p. 274 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: =	
59.	ANS: B	PTS: 1	REF: p. 256 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +	
60.	ANS: C	PTS: 1	REF: p. 263 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +	
61.	ANS: C	PTS: 1	REF: p. 257 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	
62.	ANS: B	PTS: 1	REF: p. 281 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N	
63.	ANS: B	PTS: 1	REF: p. 269 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: =	
64.	ANS: B	PTS: 1	REF: p. 338 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: +	
65.	ANS: B	PTS: 1	REF: p. 258 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	

66. ANS: D

A contract that can be performed within 1 year of its making -- so not subject to the statute of frauds. Could be enforced by either Issac or Holiday Fruit. Since none of the answers include both, best answer is d

	PTS: 1	REF: p. 291	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: N	
67.	ANS: B	PTS: 1	REF: p. 289 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	
68.	ANS: A	PTS: 1	REF: p. 366 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N	
69.	ANS: D	PTS: 1	REF: p. 274 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N	
70.	ANS: B	PTS: 1	REF: p. 277 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	
71.	ANS: D	PTS: 1	REF: p. 335 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: +	
72.	ANS: A	PTS: 1	REF: p. 293 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	
73.	ANS: C	PTS: 1	REF: p. 280 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	
74.	ANS: B	PTS: 1	REF: p. 334 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	
75.	ANS: A	PTS: 1	REF: p. 257 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +	
76.	ANS: C	PTS: 1	REF: p. 278 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	
77.	ANS: B	PTS: 1	REF: p. 296 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +	
78.	ANS: C	PTS: 1	REF: p. 340 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +	
79.	ANS: A	PTS: 1	REF: p. 257 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	
80.	ANS: D	PTS: 1	REF: p. 293 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: =	
81.	ANS: D	PTS: 1	REF: p. 263 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: N	
82.	ANS: C	PTS: 1	REF: p. 366 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: +	
83.	ANS: C	PTS: 1	REF: p. 369 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: =	
84.	ANS: B	PTS: 1	REF: p. 337 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	
85.	ANS: D	PTS: 1	REF: p. 297 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	
86.	ANS: C	PTS: 1	REF: p. 295 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	
87.	ANS: D	PTS: 1	REF: p. 361 NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =	

- | | | | | |
|-----|------------------|--------|-------------|-------------------------------------|
| 88. | ANS: A | PTS: 1 | REF: p. 337 | NAT: AACSB Reflective AICPA Legal |
| | KEY: Test Bank A | TYP: = | | |
| 89. | ANS: C | PTS: 1 | REF: p. 257 | NAT: AACSB Reflective AICPA Legal |
| | KEY: Test Bank A | TYP: = | | |
| 90. | ANS: C | PTS: 1 | REF: p. 292 | NAT: AACSB Reflective AICPA Legal |
| | KEY: Test Bank A | TYP: N | | |

A 5.

 B 18.

 B 24.

 C 12.

 A 6.

 A 19.

 A 25.

 D 13.

 A 7.

 A 20.

 A 26.

 A 1.

 A 14.

 A 8.

 A 21.

 B 27.

 A 2.

 B 15.

 A 22.

 C 3.

 A 28.

 C 9.

 B 16.

 B 23.

 B 4.

 A 10.

 D 29.

 D 17.

 B 11.

A 30.

 C 36.

 D 43.

 A 56.

 D 50.

 D 31.

 D 37.

 D 57.

 B 44.

 C 51.

 C 38.

 C 45.

 D 52.

 D 32.

 D 58.

 B 39.

 C 46.

 B 33.

 A 53.

 B 59.

 D 40.

 D 47.

 D 34.

 D 54.

 C 60.

 D 41.

 B 48.

 A 35.

 C 55.

 C 61.

 C 42.

 D 49.

B 62.

 A 68.

 B 74.

 D 81.

 D 87.

 B 63.

 D 69.

 A 75.

 C 82.

 A 88.

 B 64.

 B 70.

 C 76.

 C 83.

 C 89.

 B 65.

 B 77.

 B 84.

 C 90.

 D 71.

 D 66.

 C 78.

 D 85.

 A 72.

 B 67.

 A 79.

 C 73.

 D 80.

 C 86.

Bus 241- Spring 2015 -- Final Exam

You have 120 minutes to complete this examination. The is a CLOSED book exam. All study materials, including back packs and purses, must be placed on the floor. NO OLD EXAMS OR PRACTICE EXAMS SHOULD BE VISIBLE. FAILURE TO FOLLOW THESE DIRECTIONS MAY RESULT IN YOU RECEIVING A ZERO SCORE FOR THE FINAL

Please be sure to answer all questions on the exam. There are SEVENTEEN (17) pages and 90 multiple choice to this exam. Count to make sure that you have all the pages and review your exam to make sure that you do not miss answering any pages or questions of the exam.

PLEASE BE SURE TO TURN IN THE EXAM WITH YOU NAME ON THE FIRST PAGE OF THE EXAM YOU WERE GIVEN. IF YOU FAIL TO PUT YOUR NAME ON A COPY OF THE EXAM, YOU MAY BE GIVEN A -0- FOR THE EXAM.

ANSWERS SHOULD BE ENTERED ON THE MACHINE READABLE FORM. PLEASE BE SURE TO USE PENCIL SO THAT YOUR ANSWERS CAN BE READ BY THE GRADING MACHINE. PLEASE BE SURE TO ALSO INCLUDE YOUR STUDENT ID NUMBER ON THE ANSWER SHEET.

You should try and provide answers for all questions, as there is no penalty for a wrong answer, and it counts the same as an omitted question. Each multiple choice question is worth 2 points. In the multiple choice section there are often two answers which may appear to potentially be correct. You must choose the response which answers the question the best.

You must use a number 2 pencil when filling out the exam. Failure to use a pencil will result in a 5 point penalty. There are two versions to this exam. There are three versions of the exam: A, B, and C. You must indicate “1” in special codes for version A and “2” in special codes for version B, AND “3” for version C. Failure to provide this information on your answer sheet will result in 10 point penalty. You must put your student id number in where the answer sheet provides for “social security number” Failure to follow these directions will result in a 10 point penalty.

Any lack of clarity with regard to your answer choice may result in you not being awarded points for your answer.
Good Luck.

Multiple Choice

Identify the choice that best completes the statement or answers the question.

- _____ 1. Packaging Products, Inc., sends its standard purchase-order form to Quality Box Company to evidence a sale of packaging material. Quality responds with its own standard order form. Additional terms in Quality's form automatically become part of the contract unless
 - a. Packaging's form expressly required acceptance of its terms.
 - b. the additional terms materially alter the original contract.
 - c. Packaging objects to the new terms within a reasonable time.
 - d. any of the choices.
- _____ 2. Boz runs an illegal gambling business and pays Colin, a law enforcement officer, not to interfere. The payments are discovered. Boz and Colin are sent to prison. With respect to the amount of the payments, Boz can recover
 - a. only as much as Colin has spent.
 - b. only as much as Colin has not spent.
 - c. none of it.
 - d. all of it.
- _____ 3. Ray breaches his lease with Sunny Properties and vacates the premises six months before the end of the term. In some states, Sunny would have to
 - a. avoid reletting the premises to recover damages from Ray.
 - b. relet the premises to recover damages from Ray.
 - c. make reasonable efforts to relet the premises to mitigate damages.
 - d. sell the premises to recover damages from Ray.
- _____ 4. May is a stockbroker. Due to May's statements, Nora believes that the price of OK Goods, Inc. (OKGI), a widely traded stock, is going to increase substantially. Nora buys 500 shares of OKGI at \$10 per share, but the price soon drops to \$2. Nora can successfully recover
 - a. the amount of the purchase price plus the expected increase.
 - b. nothing.
 - c. the amount of the purchase price plus the unexpected decrease.
 - d. the amount of the purchase price.

- _____ 5. Grady enters into a contract to buy 440 acres from Hollis to expand Grady's ranch. Hollis breaches the contract. Grady's normal remedy is
- rescission.
 - damages.
 - reformation.
 - specific performance.
- _____ 6. Timber Farms, Inc., and Wood Products Corporation enter into an oral contract for the sale of a lumber mill and the land on which it is situated from Timber to Wood. Under the Statute of Frauds, this contract is enforceable by
- the seller.
 - the buyer.
 - any interested third party, such as the mortgagee or title company.
 - none of the choices.
- _____ 7. Orin relinquishes the right to his daughter Neko's control, care, custody, and earnings. This act is
- ratification.
 - emancipation.
 - disaffirmance.
 - severability.
- _____ 8. In selling paving stones to Yard & Garden Supply, Trey tells Yard & Garden's buying representative that the stones are "soft as carpet." This is
- mistake.
 - adhesion.
 - puffery.
 - fraud.
- _____ 9. Olga, a minor, signs a contract to buy a computer from Phil, the owner of Quality Computer Store. Olga's right to disaffirm the contract
- does not yet exist because Olga is still a minor.
 - is not valid because a computer is a "necessary."
 - does not change the fact that Phil is bound by the contract.
 - gives Phil, an adult, the right to disaffirm the contract.
- _____ 10. Fiesta Coffee Company agrees to buy an unspecified quantity of coffee beans from Global AgriCorp. Global breaches the contract. Fiesta can most likely
- enforce the agreement to the extent of a reasonable quantity.
 - not enforce the agreement.
 - enforce the agreement to the extent of Global's output of coffee beans.
 - enforce the agreement to the extent of Fiesta's requirements.
- _____ 11. Refined Commodities, Inc., agrees to deliver ten tons of sheet metal to Select Builders Corporation. The agreement states that delivery is to be within "3" days, although the parties intend "30" days. Refined cannot convince Select to amend the contract. Refined should seek
- rescission.
 - specific performance.
 - reformation.
 - damages.

- _____ 12. On Tim's eighteenth birthday, he decides that he no longer wants to keep a car he bought from Woody's Autos, Inc., when he was seventeen. His right to disaffirm the deal will depend on
- a. the car's current condition.
 - b. whether Woody's has the right to disaffirm.
 - c. the car's condition when Tim bought it.
 - d. whether Tim acts within a reasonable period of time.

Fact Pattern 14-1B

Gert contracts to sell two tracts of land to Hank. Both parties believe that the two tracts are adjacent, but in fact they are not. Gert is still willing to sell the land, but under these circumstances the deal would adversely affect Hank.

- _____ 13. Refer to Fact Pattern 14-1B. The parties' belief about the adjacency of the property is
- a. a fraudulent misrepresentation.
 - b. unconscionable.
 - c. a bilateral mistake.
 - d. a unilateral mistake.
- _____ 14. Resource Remarketers, Inc., offers to buy crude oil from Petro Producers, Inc. The parties later dispute the deal in court. Petro's claim that Resource ordered 10,000 gallons and Resource's testimony that it ordered only 1,000 gallons
- a. supports an enforceable contract for 1,000 gallons.
 - b. prevents the enforcement of any contract between these parties.
 - c. supports an enforceable contract for 5,500 gallons.
 - d. supports an enforceable contract for 10,000 gallons.
- _____ 15. U-Can-Own-It Corporation sells appliances to less educated consumers, including Viv, on installment plans. U-Can-Own-It files a suit against Viv when she stops making payments. Viv claims that the deal is unconscionable. The court will most likely consider
- a. the quality of related products in the general market.
 - b. the geographic area of the relevant market.
 - c. the relation of this deal to those of other customers'.
 - d. the parties' relative bargaining power.
- _____ 16. Excel Autos & Trucks, Inc., contracts to sell five trucks to First Leasing Corporation, which contracts to lease the trucks to General Delivery Company. Article 2A of the UCC applies to
- a. the sale only.
 - b. neither the lease nor the sale.
 - c. the lease only.
 - d. the lease and the sale.
- _____ 17. Jacquie signs a contract to buy a car just before reaching the age of majority. After reaching the age of majority, Jacquie does not take possession or make payments. Most courts would hold, with respect to the contract, that this is
- a. ratification.
 - b. rescission.
 - c. disaffirmance.
 - d. emancipation.

- _____ 18. Veronica offers to sell Rowena her luxury sedan and says that it has never been in an accident. Rowena hires Laszlo, a mechanic, to appraise the vehicle. Laszlo says that it most likely has been in an accident. In spite of this information, Rowena buys the car. Later, when it develops mechanical problems, she can
- not rescind the contract.
 - rescind the contract on the basis of mistake.
 - rescind the contract on the basis of unconscionability.
 - rescind the contract on the basis of fraud.
- _____ 19. Handy Hardware Store agrees to hire Ilsa for one year at a salary of \$500 per week. When Handy cancels the contract, Ilsa spends \$100 to obtain a similar job that pays \$450 per week for a year. Ilsa is entitled to recover
- the amount of the wages that Handy promised only.
 - the difference between the wages at the two jobs plus \$100.
 - the difference between the wages at the two jobs only.
 - \$100 only.
- _____ 20. Shady Oaks Development, LLC, and Rural Acres, Inc., sign a written contract for a sale of land. In some states, to be enforceable, this contract must include
- a declaration of the contract's purpose.
 - a legal description of the land.
 - a statement of the consideration.
 - a correct title, such as "Land Transfer" or "Real Estate Agreement."
- _____ 21. Sam uses duress to force Tanya to agree to pay him for protecting her retail store—Tanya's Trends—against vandalism and destruction. Tanya may
- do nothing once she has agreed to pay.
 - avoid the contract or choose to carry it out.
 - recover from the local police for a failure to protect her store.
 - recover from her insurer for the cost
- _____ 22. Smitty enters into an illegal bargain with Taylor. Smitty can enforce the contract or recover for its value if he has been induced to enter into the bargain as a result of
- his desire to obtain the object of the deal.
 - fraud.
 - a persuasive "sell" by Taylor.
 - his belief that Taylor would do right by him.
- _____ 23. Development Associates (DA) agrees to buy five acres of land from Eastside Properties for \$15,000. Eastside fails to go through with the deal on the agreed date, when the market price of the land is \$17,000. DA may recover
- \$2,000.
 - \$17,000.
 - \$0.
 - \$15,000.
- _____ 24. Fidelio Corporation enters into a contract with Equi Insurance, Inc., to obtain health insurance for Fidelio employees. Equi breaches the contract. If Fidelio is awarded compensatory damages, the purpose would be to
- provide Fidelio with funds for a foreseeable loss beyond the contract.
 - establish, as a matter of principle, that Equi acted wrongfully.
 - provide Fidelio with funds for its loss of the bargain.
 - punish Equi and set an example to deter others from similar acts.

- _____ 25. Gary threatens physical harm to force Hugh to sell his business, Imports from Asia, Inc., to Gary for a below-market price. This is
- fraud.
 - puffery.
 - undue influence.
 - duress.
- _____ 26. Delia enters into, and fails to disaffirm soon after reaching the age of majority, a contract with Electronics Stores, Inc. (ESI). Later Delia attempts to disaffirm the contract. ESI files a suit against her. The court will most likely consider the contract ratified if it is
- rescinded.
 - exculpatory.
 - executed.
 - disaffirmed.
- _____ 27. Lew believes an old comic book he owns has little value, but Murray is convinced it is a valuable collector's item. Lew sells it to Murray for \$10 before learning it is worth \$1,000. Lew can
- rescind the contract on the basis of fraud.
 - not rescind the contract.
 - rescind the contract on the basis of puffery.
 - rescind the contract on the basis of mistake.

Fact Pattern 18-1B

Bella Homes enters into a contract to buy 132 acres from Watershed Holdings to subdivide and sell in fifth-acre lots for Pristine Acres, a residential development.

- _____ 28. Refer to Fact Pattern 18-1B. If Bella breaches the contract, Watershed's remedy would most likely be
- specific performance.
 - a certain ratio of the amount that Bella has in liquidated funds.
 - the difference between the land's contract and market prices.
 - a percentage of Bella's unrealized profit.
- _____ 29. Nero makes an honest but erroneous statement that misrepresents a material fact in a contractual transaction with Odell. Nero is guilty of
- innocent misrepresentation.
 - a unilateral mistake.
 - duress.
 - fraud.
- _____ 30. Pressing Music, Inc., offers to buy from Digital Media Corporation (DMC) one million blank CDs of a certain quality. Without notifying Pressing, DMC timely ships CDs of a different quality. With respect to the offer and a possible contract, this shipment is
- an acceptance and an accommodation.
 - an acceptance and complete performance.
 - a rejection and a counteroffer.
 - an acceptance and a breach.

- _____ 31. Bret contracts to work for City Construction Corporation (CCC) during July for \$4,500. On June 30, CCC cancels the contract. Bret declines a similar job with Downtown Builders, Inc., which would have paid \$4,000. Bret files a suit against CCC. As compensatory damages, Bret can recover
- \$0.
 - \$4,000.
 - \$500.
 - \$4,500.
- _____ 32. Rural Power Utility, Inc., enters into a contract with Shovel Excavation Service to dig up, replace, and rebury Rural's cables in a certain location. Rural advances Shovel 10 percent of its cost. The parties rescind the contract. Shovel's refund of the payment is
- a breach of contract.
 - liquidated damages.
 - restitution.
 - a penalty.
- _____ 33. Cross-Country Trucking Company contracts with Baldwin to transport crated goods to a certain destination for \$5,000. Cross-Country delivers the crates, but Baldwin does not pay. Cross-Country learns that the crates contained stolen goods. Cross-Country can
- recover the goods or the \$5,000 from Baldwin.
 - recover \$5,000 from Baldwin.
 - do nothing with respect to the contract.
 - recover the goods but not the \$5,000 from Baldwin.
- _____ 34. Fashion Retail Center enters into a contract with Great Promotions, Inc., to provide Fashion with a plan to retool its merchandising strategy. If Great Promotions breaches the contract, Fashion has a duty to
- take no action.
 - punish Great Promotions and deter others from similar acts.
 - reduce the damages that Fashion might otherwise suffer.
 - reduce the loss that Great Promotions might otherwise suffer.

Fact Pattern 15-2A

Radford and Serenity sign a written contract for the sale of Rad's Coffee & Bagels business to Serenity. The parties intend their written contract to be a final statement of the terms of their agreement.

- _____ 35. Refer to Fact Pattern 15-2A. Serenity later disputes some of the provisions in the deal with Radford. If the dispute results in litigation, a court will most likely exclude evidence that
- buttresses the written terms.
 - contradicts the written terms.
 - duplicates the written terms.
 - reinforces the written terms.
- _____ 36. Refer to Fact Pattern 15-2A. The writing that Radford and Serenity signed is
- a divisibly integrated contract.
 - a severably integrated contract.
 - a completely integrated contract.
 - a partially integrated contract.

- _____ 37. Elle buys a new textbook for \$100 and a used car for \$5,000, and signs a one-year lease for an apartment for \$1,000 monthly rent to start at the beginning of the next month. The Statute of Frauds covers
- the textbook and car purchases only.
 - the apartment lease and the car purchase only.
 - the apartment lease, and the textbook and car purchases.
 - the apartment lease only.
- _____ 38. Brasilia, a real estate broker licensed only in Connecticut, concludes a land sale in Delaware. She can
- not collect the commission, keep it, or foreclose on the property.
 - keep the commission if it has already been paid.
 - foreclose on the property to obtain any unpaid amount.
 - collect the commission if it has not been paid.
- _____ 39. Charcoal Briquettes, Inc., is the offeror and Dante's Firewood Company is the offeree under a unilateral sales contract in which Ember's Kindling & Tinder Company is also interested. Charcoal is *not* notified of Dante's performance within a reasonable time. Charcoal
- must contact Dante.
 - may treat the offer as having lapsed.
 - must make an offer to Ember.
 - must assume that Dante has started to perform.
- _____ 40. Cartier, an accountant, convinces his client Bianca to sign a contract to invest her savings in a nonexistent social-networking Web site. When Bianca learns the truth, she can
- induce Cartier to give her his other clients' funds without recourse.
 - sabotage Cartier's career in any way possible.
 - impose her own scam on Cartier without liability.
 - rescind the contract to invest in the Web site.

Fact Pattern 14-3A

Flip, an accountant, certifies an audit for Erstwhile Corporation. Flip knows that Erstwhile will use the audit to obtain a loan from Deepwater Bank. Flip believes that the audit is true and does not intend to deceive the bank, but does not check the audit before certifying it.

- _____ 41. Refer to Fact Pattern 14-3A. Under these circumstances, Deepwater's best course of action is most likely to
- rescind the loan on the ground of unconscionability.
 - exert economic duress on Flip to retire from accounting.
 - undercut Flip's career with negative puffery.
 - recover damages from Flip for any loss on the loan.
- _____ 42. Refer to Fact Pattern 14-3A. On learning the truth, Deepwater's chief loan officer confronts Flip, who says, "I didn't know." This is
- innocent misrepresentation.
 - a mistake of value.
 - negligent misrepresentation.
 - unconscionable.

Fact Pattern 14-1A

Linea, an employee of Hard Labor Industries (HLI), is injured in a work-related accident. Based on the diagnosis of Newt, a doctor, Linea accepts \$50,000 from HLI and waives the right to future claims. Newt's diagnosis later proves to have been wrong.

- _____ 43. Refer to Fact Pattern 14-1A. In terms of the impact on Linea's agreement with HLI, Newt's misdiagnosis is
- an expert's puffery.
 - innocent misrepresentation.
 - a mistake of fact.
 - negligent misrepresentation.
- _____ 44. Refer to Fact Pattern 14-1A. Most likely, Linea may
- recover nothing.
 - set aside the settlement with HLI.
 - obtain damages from Newt.
 - obtain damages from HLI.
- _____ 45. Bret is convicted of arson for burning down his warehouse to collect the insurance. On an application for insurance from Cover-All Insurance Company on a new building, in answer to a question about prior convictions, Bret does not disclose his conviction. This makes the contract
- voidable by Bret because the omission is immaterial to Cover-All's decision to issue coverage.
 - binding due to Cover-All's failure to discover Bret's conviction.
 - voidable by Cover-All because the omission is material to its decision to issue coverage.
 - binding because the omission is immaterial to Cover-All's decision to issue coverage.
- _____ 46. Dante enters into a contract with Rosalinda, who does not have contractual capacity. Dante can enforce the contract if Rosalinda
- is intoxicated or mentally incompetent.
 - is a minor.
 - can obtain the funds to pay for the benefits of the contract.
 - does not choose to avoid the contract.
- _____ 47. Gina induces Hu to enter into a contract for the purchase of a condominium about which Gina knowingly misrepresents a number of material features. When Hu discovers the truth, Hu can
- rescind the contract on the basis of mistake.
 - rescind the contract on the basis of fraud.
 - not rescind the contract.
 - rescind the contract on the basis of undue influence.

Fact Pattern 15-1A

Macro Marketing, Inc., and National Food Corporation (NFC) discuss the terms of a contract. Macro then faxes NFC a memo on Macro's letterhead that summarizes the items on which they agreed, including a two-year term. Macro begins to perform, but NFC refuses to pay. Macro files a suit to collect. NFC claims that there is no contract.

- _____ 48. Refer to Fact Pattern 15-1A. The transaction between Macro and NFC falls within the Statute of Frauds'
 - a. one-year rule.
 - b. secondary-contracts section.
 - c. sales-of-goods stipulation.
 - d. collateral-promise provision.
- _____ 49. Max, a minor subject to his parents' care and control, signs a contract to rent an apartment from Noel for one year. Before the end of the term, Max moves out. Noel sues for the rent for the rest of the term. Max can
 - a. disaffirm the contract but not avoid liability for the rent.
 - b. avoid liability for the rent but not disaffirm the contract.
 - c. not disaffirm the contract nor avoid liability for the rent.
 - d. disaffirm the contract and avoid liability for the unpaid rent.
- _____ 50. Ruth, a minor, charges groceries at Sam's Mini-Mart. Two days later, Ruth disaffirms the purchase. Ruth owes Sam's
 - a. nothing.
 - b. the wholesale value of the groceries.
 - c. the reasonable value of the groceries.
 - d. the retail value of the groceries.
- _____ 51. Nori files a suit against Mica to enforce an oral contract that would otherwise be unenforceable under the Statute of Frauds. The court could enforce such a contract if
 - a. Nori foreseeably and justifiably relied on Mica's promise to her detriment.
 - b. Mica denies the existence of any contract.
 - c. the deal does not involve customized goods.
 - d. neither party has begun to perform.
- _____ 52. Intoxicated but fully aware of the consequences, Uri agrees to a two-year cell-phone service contract with Wander Talk, Inc., at more than the average market price. This contract is
 - a. not enforceable because the contract clearly favors Wander Talk.
 - b. enforceable.
 - c. not enforceable because Uri was intoxicated when he agreed to it.
 - d. not enforceable because contracting parties can change their minds.
- _____ 53. Office Accounting, Inc., hires Perry to repair a computer on site for \$400, but Perry does not show up as agreed. Office Accounting hires Raul to do the job for \$350. Office Accounting may recover from Perry
 - a. compensatory damages.
 - b. nominal damages.
 - c. consequential damages.
 - d. punitive damages.

- _____ 54. Even-Flo Hydraulics enters into a contract to repair valves and fittings in Fiesta Company's plant. If Even-Flo breaches the contract, Fiesta can
- file a criminal complaint against Even-Flo.
 - do nothing but temporarily suspend operations and wait.
 - do nothing but make a deal with a different service provider.
 - sue Even-Flo for damages.

Fact Pattern 14-2A

Moore Properties, Inc., offers in writing to sell to New Development Corporation (NDC) a certain half-acre of land for "\$112,000." After New Development signs the offer in acceptance and returns it, Moore discovers that the price should have been stated as "\$121,000."

- _____ 55. Refer to Fact Pattern 14-2A. The effect of Moore's misstatement of the price will most likely fall on
- Moore only.
 - neither Moore nor NDC.
 - NDC only.
 - Moore and NDC, who must split the difference.
- _____ 56. Refer to Fact Pattern 14-2A. Moore's misstatement of the price is
- unconscionable.
 - a fraudulent misrepresentation.
 - a bilateral mistake.
 - a unilateral mistake.

Fact Pattern 14-3B

In selling a house, Robin tells Destry that the wiring and plumbing are of a certain quality. Robin knows nothing about the quality, but it is not as she specifies. Destry buys the house.

- _____ 57. Refer to Fact Pattern 14-3B. Under these circumstances, Destry's best course of action is most likely to
- scam Robin.
 - recover damages or rescind the contract to buy the house.
 - sabotage Robin's career with bad publicity.
 - induce Robin to give him the commission on her next sale.
- _____ 58. In a dispute over a sale involving a bicycle, Dain argues that as to this deal Emory's Hobby Shop, where Dain bought the bike, is a merchant. A court may determine whether Emory's is a merchant by assessing whether
- it subscribes to *Bike*, a biweekly trade magazine.
 - its owner enjoys biking.
 - it holds itself out by occupation as having knowledge or skill unique to the bike in the transaction.
 - it has sold any bikes within the last year.
- _____ 59. Jill and Karl contract for the sale of Jill's horse for \$1,000. Unknown to either party, the horse has died. Karl is
- required to pay because she assumed the risk the horse might die.
 - entitled to another horse of equivalent value.
 - not required to pay due to the *unilateral* mistake.
 - not required to pay due to the *mutual* mistake.

- _____ 60. Danton, a popular performer, dies. His spouse Caitlin sells their house to Buck. Unknown to Caitlin or Buck, in one of the closets is the master recording of an unreleased album. With respect to this recording, Buck can
- not keep it because the sale of a house includes nothing in it.
 - keep it because Caitlin should have known about it.
 - not keep it because there was no voluntary consent to its sale.
 - keep it because the sale of a house includes everything in it.
- _____ 61. Kirk Custodial Service and Green Energy Company enter into an oral contract under which Kirk agrees to provide custodial service for Green's facilities for two years. This contract is enforceable by
- any interested third party, such as a janitorial supplies provider.
 - Green.
 - Kirk.
 - none of the choices.
- _____ 62. Lyra induces Moe to enter into a contract for the sale of an apartment about which Lyra fraudulently misrepresents a number of material facts. Lyra tells Moe that her commission is 6 percent, but their signed, written contract states "12 percent." The Statute of Frauds governs
- the reformation of oral and written statements into one contract.
 - contracts that must be in writing to be enforceable.
 - contracts that are induced by fraud.
 - the admissibility in court of oral evidence.
- _____ 63. Consumer Credit Union pays Derby \$10,000 to design an ad campaign. The next day, Derby tells the credit union that he has accepted a job in Boston and cannot design the campaign. As compensatory damages, the credit union can recover
- \$0.
 - \$1,000.
 - \$10,000.
 - \$100,000.
- _____ 64. Dotty tells a representative of Education Loan Company over the phone that she will pay Felipe's student loan if he does not. Dotty does not get any personal benefit for the promise. This promise is enforceable as a contract by
- Dotty.
 - Education Loan Company.
 - any interested third party, such as Felipe or a member of his family.
 - none of the choices.
- _____ 65. Mitchell orally agrees to pay Lorena to plant and harvest a quarter of Mitchell's farm acreage for four soybean seasons. After Lorena prepares the land and plants the first crop, Mitchell says that their deal is off. Lorena can most likely recover
- nothing.
 - in quasi contract.
 - in restitution.
 - on the parties' existing contract.
- _____ 66. Fay is mentally incompetent but has not been so adjudged by a court. Any contract Fay enters into is
- voidable if Fay lacks the capacity to comprehend the consequences.
 - voidable if the other party does not realize that Fay is incompetent.
 - voidable if Fay has a lucid interval at the time of contracting.
 - unavoidable.

- _____ 67. Crafted Countertops, Inc., and Kitchen Design Corporation enter into a contract that does not specify the payment terms. Payment may be made in
- any commercially normal or acceptable means.
 - cash or check only.
 - cash only.
 - any commercially normal or acceptable means except credit card.
- _____ 68. Retail Music, Inc., offers to buy from Super Products Corporation (SPC) 1,000 blank CDs of a certain brand. Without notifying Retail, SPC timely ships CDs of a different brand. This shipment is
- an acceptance of the offer and a breach of the parties' contract.
 - a refusal of the offer and a fulfillment of the parties' contract.
 - a refusal of the offer and a breach of the parties' contract.
 - an acceptance of the offer and a fulfillment of the parties' contract.
- _____ 69. Isaac and Holiday Fruit Company enter into an oral contract under which Isaac agrees to provide delivery service for holiday Fruit for nine months. This contract is enforceable by
- Isaac only.
 - Holiday Fruit only.
 - any interested third party, such as a Holiday Fruit customer.
 - none of the choices.
- _____ 70. Damon contracts to repair the turf on a soccer field for Carousel Sports Park. Damon knows that without the repair, Carousel will have to cancel an upcoming game. Damon does not perform as promised. As consequential damages, Carousel can recover
- the cost of new turf.
 - nothing.
 - the difference between Damon's price and the actual cost of repair.
 - the loss of profit from the canceled game.
- _____ 71. Lester and Myrtle want to rescind their contract under which Lester sold an MP3 player for \$40. To rescind the contract
- Myrtle must return the player only.
 - Lester must return the \$40 only.
 - the parties can keep the "benefits" of their bargain.
 - Lester must return the \$40 and Myrtle must return the player.
- _____ 72. Grandiloquent Properties, Inc., and Investment Capital Corporation enter into a contract for a sale of land. To be enforceable, the contract must be in writing if the land is valued at
- more than \$500.
 - more than \$5,000.
 - any price.
 - more than \$50,000.
- _____ 73. Niche Credit, Inc., is one of Cut-Rite Notching Corporation's two major creditors. Niche guarantees Cut-Rite's debt to the firm's other major creditor, Manufacturers Capital Bank, to forestall litigation. To be enforceable, this guarantee
- need not be in writing if it benefits Manufacturers Capital Bank.
 - must be in writing.
 - need not be in writing if it benefits Niche Credit.
 - need not be in writing if it benefits Cut-Rite Notching.

- _____ 74. Karif orally agrees to buy a unique collection of sports memorabilia for \$1,000 from Jane and sends her \$250 as a down payment. When Karif sends her the rest of the price, Jane refuses to ship the collection. Karif should seek
- a. reformation.
 - b. rescission.
 - c. damages.
 - d. specific performance.
- _____ 75. Trey and Unice orally agree on the sale of Trey's Health Club to Unice and note the terms on a sheet of the club's stationery, which Trey signs. This agreement is most likely enforceable against
- a. Unice.
 - b. Trey.
 - c. neither Trey nor Unice.
 - d. Trey and Unice.
- _____ 76. Koko signs a covenant not to compete as part of a sale of her ongoing medical equipment business to Laurel Valley Medico, Inc., in exchange for a bonus payment. The covenant is most likely enforceable by
- a. no one.
 - b. Laurel Valley, but not Koko.
 - c. both parties.
 - d. Koko, but not Laurel Valley.
- _____ 77. Pure Oil Company enters into a contract with QuikBilt, Inc., to construct an offshore oil pipeline to withstand specific conditions. If QuikBilt fails to meet this standard, which is construed as a breach of contract and a breach of a duty of care, Pure might be awarded punitive damages to
- a. establish, as a matter of principle, that QuikBilt acted wrongfully.
 - b. punish QuikBilt and deter others from similar acts.
 - c. provide Pure with funds for a foreseeable loss beyond the contract.
 - d. provide Pure with funds for its loss of the bargain.
- _____ 78. Jolie signs a contract with Keaton, an unlicensed physician, to perform plastic surgery—a medical procedure. This contract is enforceable by
- a. Keaton.
 - b. Jolie's medical insurance company.
 - c. Jolie.
 - d. no one.
- _____ 79. GroundCover Pools, Inc., agrees to build a swimming pool for Franci, but fails to complete the job. Franci hires EquiAqua, Inc., to finish the project. Candy may recover from GroundCover
- a. the contract price.
 - b. the contract price less costs of materials and labor.
 - c. the costs needed to complete construction.
 - d. profits plus the costs incurred up to the time of the breach.
- _____ 80. Glenn and Haji sign a written contract. Glenn claims that the parties later orally agreed to modify it. Any oral modification is likely *not* enforceable if it falls under
- a. the "partial performance" exception.
 - b. the "main purpose" exception.
 - c. the Statute of Frauds.
 - d. the doctrine of promissory estoppel.

- _____ 81. Beta Grocers orders by phone twenty cartons of canned beets from Carotene Food Packers, Inc. After ten cartons are delivered and accepted, Beta repudiates the contract. Carotene can enforce the contract to
- a. the extent of the ten accepted cartons.
 - b. any extent because the order was placed orally.
 - c. no extent because the order was placed orally.
 - d. the extent of the twenty ordered cartons.
- _____ 82. Readymade Construction Corporation offers to buy from Set-Still Cement Company a certain quantity of cement for a certain price. Set-Still can accept the offer by
- a. a shipment of nonconforming goods with a notice of accommodation.
 - b. a material alteration of the terms within a reasonable time.
 - c. a prompt shipment of the cement only.
 - d. a promise to ship or a prompt shipment of the cement.
- _____ 83. SFX Paintball Games, Inc., and Truck & Trailer Delivery Corporation sign an agreement that provides for the payment of "\$1,000 by whichever party commits a material breach of the contract that creates damages difficult to estimate but approximately \$1,000." This is
- a. a liquidated damages clause.
 - b. a mitigation of damages clause.
 - c. a nominal damages clause.
 - d. a penalty clause.
- _____ 84. Olin, a professional artist and art teacher, convinces Plato, who has no artistic ability, that he has considerable talent and induces him to pay Olin \$10,000 for art lessons. When Plato realizes the truth, he files a suit against Olin. Plato is most likely to recover on the basis of
- a. fraud.
 - b. undue influence.
 - c. mistake.
 - d. none of the choices.
- _____ 85. SealCoat Paving enters into a contract with Royal Golf & Tennis Club to provide surface material for Royal's tennis courts by April 1 for a tournament to begin May 1. The contract specifies an amount to be paid if the contract is breached. This is a liquidated damages clause if the amount is
- a. intended to quickly provide cash to the nonbreaching party.
 - b. meant to pay for additional liquid sealant in the event of damage.
 - c. a reasonable estimate of the loss on a breach.
 - d. designed to penalize the breaching party.
- _____ 86. Natalie agrees to assume Orina's debt to Consumer Credit Corporation. Natalie does not get any personal benefit for the agreement. To be enforceable, the promise must be in writing if the debt is for
- a. any amount.
 - b. more than \$5,000.
 - c. more than \$50,000.
 - d. more than \$500.

- _____ 87. Clutch Auto Parts enters into a contract with Bio Health Club for discounted memberships for Clutch's employees. Bio breaches the contract and Clutch enters into a contract with Apex Fitness for the same service at a lower price. Clutch might be awarded nominal damages to
- a. punish Bio and set an example to deter others from similar acts.
 - b. provide Clutch with funds for its loss of the bargain.
 - c. provide Clutch with funds for a foreseeable loss beyond the contract.
 - d. establish, as a matter of principle, that Bio acted wrongfully.
- _____ 88. Windstar Heli-Pads, Inc., enters into a contract to employ Valerie as an on-site project manager for two years. Windstar breaches the contract. Valerie has a duty to
- a. sue Windstar to deter others from similar acts.
 - b. breach the contract with Windstar.
 - c. do nothing.
 - d. reduce the damages that Valerie might otherwise suffer.
- _____ 89. Clear Creek Corporation enters into a contract with Brightside Management Associates to manage and maintain Clear Creek's apartment complex. Their contract provides that neither party can recover damages for a non-fraudulent or unintentional breach. This is
- a. a liquidated damages clause.
 - b. a limitation-of-liability clause.
 - c. an exculpatory clause.
 - d. a quasi contract.
- _____ 90. Dondi contracts to buy a custom espresso maker from Caffee Specialties, Inc., for \$4,500, but Caffee fails to deliver. Dondi buys the appliance elsewhere for \$5,500. Dondi's measure of damages is
- a. incidental damages only.
 - b. \$1,000.
 - c. \$1,000 plus incidental damages.
 - d. \$0.

Bus 241- Spring 2015 -- Final Exam Answer Section

MULTIPLE CHOICE

1. ANS: D	PTS: 1	REF: 279	OBJ: TYPE: =
NAT: AACSB Reflective		LOC: AICPA Legal	
2. ANS: C	PTS: 1	REF: p. 269	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank B	TYP: =		
3. ANS: C	PTS: 1	REF: p. 337	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
4. ANS: B	PTS: 1	REF: p. 277	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
5. ANS: D	PTS: 1	REF: p. 340	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: +		
6. ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: N		
7. ANS: B	PTS: 1	REF: p. 256	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: +		
8. ANS: C	PTS: 1	REF: p. 277	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: N		
9. ANS: C	PTS: 1	REF: p. 256	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
10. ANS: B	PTS: 1	REF: 277	OBJ: TYPE: =
NAT: AACSB Reflective		LOC: AICPA Legal	
11. ANS: C	PTS: 1	REF: p. 341	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
12. ANS: D	PTS: 1	REF: p. 257	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		
13. ANS: C	PTS: 1	REF: p. 274	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank B	TYP: =		
14. ANS: A	PTS: 1	REF: p. 369	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank B	TYP: =		
15. ANS: D	PTS: 1	REF: p. 266	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank B	TYP: =		
16. ANS: C	PTS: 1	REF: p. 361	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank B	TYP: =		
17. ANS: C	PTS: 1	REF: p. 257	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: +		
18. ANS: A	PTS: 1	REF: p. 281	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: N		
19. ANS: B	PTS: 1	REF: p. 334	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank B	TYP: =		
20. ANS: B	PTS: 1	REF: p. 296	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: +		
21. ANS: B	PTS: 1	REF: p. 283	NAT: AACSB Reflective AICPA Legal
KEY: Test Bank A	TYP: =		

22.	ANS: B	PTS: 1	REF: p. 270	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
23.	ANS: A	PTS: 1	REF: p. 335	NAT: AACSB Reflective AICPA Legal
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24.	ANS: C	PTS: 1	REF: p. 334	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
25.	ANS: D	PTS: 1	REF: p. 283	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
26.	ANS: C	PTS: 1	REF: p. 258	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
27.	ANS: B	PTS: 1	REF: p. 277	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: N		
28.	ANS: C	PTS: 1	REF: p. 335	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: +		
29.	ANS: A	PTS: 1	REF: p. 280	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
30.	ANS: D	PTS: 1	REF: p. 366	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
31.	ANS: C	PTS: 1	REF: p. 337	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: =		
32.	ANS: C	PTS: 1	REF: p. 340	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
33.	ANS: B	PTS: 1	REF: p. 269	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
34.	ANS: C	PTS: 1	REF: p. 337	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
35.	ANS: B	PTS: 1	REF: p. 297	NAT: AACSB Reflective AICPA Legal
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36.	ANS: C	PTS: 1	REF: p. 300	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
37.	ANS: B	PTS: 1	REF: p. 293	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
38.	ANS: A	PTS: 1	REF: p. 263	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
39.	ANS: B	PTS: 1	REF: p. 366	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: +		
40.	ANS: D	PTS: 1	REF: p. 283	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
41.	ANS: D	PTS: 1	REF: p. 282	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
42.	ANS: C	PTS: 1	REF: p. 281	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
43.	ANS: C	PTS: 1	REF: p. 274	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
44.	ANS: B	PTS: 1	REF: p. 274	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
45.	ANS: C	PTS: 1	REF: p. 278	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		

46.	ANS: D	PTS: 1	REF: p. 256	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: +		
47.	ANS: B	PTS: 1	REF: p. 277	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
48.	ANS: A	PTS: 1	REF: p. 295	NAT: AACSB Reflective AICPA Legal
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49.	ANS: D	PTS: 1	REF: p. 257	NAT: AACSB Reflective AICPA Legal
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50.	ANS: C	PTS: 1	REF: p. 257	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
51.	ANS: A	PTS: 1	REF: p. 295	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
52.	ANS: B	PTS: 1	REF: p. 258	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
53.	ANS: B	PTS: 1	REF: p. 337	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
54.	ANS: D	PTS: 1	REF: p. 334	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
55.	ANS: A	PTS: 1	REF: p. 276	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
56.	ANS: D	PTS: 1	REF: p. 276	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
57.	ANS: B	PTS: 1	REF: p. 282	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: N		
58.	ANS: C	PTS: 1	REF: p. 361	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
59.	ANS: D	PTS: 1	REF: p. 274	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
60.	ANS: C	PTS: 1	REF: p. 274	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: N		
61.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective AICPA Legal
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62.	ANS: B	PTS: 1	REF: p. 289	NAT: AACSB Reflective AICPA Legal
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63.	ANS: C	PTS: 1	REF: p. 334	NAT: AACSB Reflective AICPA Legal
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64.	ANS: D	PTS: 1	REF: p. 291	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: N		
65.	ANS: B	PTS: 1	REF: p. 343	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: +		
66.	ANS: A	PTS: 1	REF: p. 259	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank A	TYP: =		
67.	ANS: A	PTS: 1	REF: p. 363	NAT: AACSB Reflective AICPA Legal
	KEY: Test Bank B	TYP: +		
68.	ANS: A	PTS: 1	REF: 278	OBJ: TYPE: =
	NAT: AACSB Reflective		LOC: AICPA Legal	

69. ANS: D

A contract that can be performed within 1 year of its making -- so not subject to the statute of frauds. Could be enforced by either Issac or Holiday Fruit. Since none of the answers include both, best answer is d

PTS: 1 REF: p. 291 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: N

70. ANS: D PTS: 1 REF: p. 336 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank A TYP: +

71. ANS: D PTS: 1 REF: p. 340 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank A TYP: =

72. ANS: C PTS: 1 REF: p. 289 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank A TYP: +

73. ANS: C PTS: 1 REF: p. 292 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank A TYP: N

74. ANS: D PTS: 1 REF: p. 340 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank A TYP: =

75. ANS: B

Trey is the one who has signed. Unice could argue she never signed the agreement so never evidenced an intent to be bound.

PTS: 1 REF: p. 296 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: N

76. ANS: C PTS: 1 REF: p. 263 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: N

77. ANS: B PTS: 1 REF: p. 337 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank A TYP: =

78. ANS: D PTS: 1 REF: p. 263 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank A TYP: +

79. ANS: C PTS: 1 REF: p. 335 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: =

80. ANS: C PTS: 1 REF: p. 297 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank A TYP: =

81. ANS: A PTS: 1 REF: p. 293 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: =

82. ANS: D PTS: 1 REF: p. 366 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: N

83. ANS: A PTS: 1 REF: p. 338 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank A TYP: =

84. ANS: A PTS: 1 REF: p. 278 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank A TYP: =

85. ANS: C PTS: 1 REF: p. 338 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: +

86. ANS: A PTS: 1 REF: p. 292 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank A TYP: +

87. ANS: D PTS: 1 REF: p. 337 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: +

88. ANS: D PTS: 1 REF: p. 337 NAT: AACSB Reflective | AICPA Legal

KEY: Test Bank B TYP: +

- | | | | | |
|-----|------------------|--------|-------------|-------------------------------------|
| 89. | ANS: B | PTS: 1 | REF: p. 345 | NAT: AACSB Reflective AICPA Legal |
| | KEY: Test Bank A | TYP: + | | |
| 90. | ANS: C | PTS: 1 | REF: p. 335 | NAT: AACSB Reflective AICPA Legal |
| | KEY: Test Bank A | TYP: + | | |

C 24.

C 31.

 B 37.

 D 54.

 C 43.

 A 48.

 C 32.

 A 38.

 B 44.

 D 49.

 A 55.

 B 39.

 B 33.

 C 45.

 C 50.

 D 56.

 D 40.

 C 34.

 D 46.

 A 51.

 B 57.

 D 41.

 B 47.

 B 52.

 C 58.

 B 35.

 C 42.

 B 53.

 C 36.

 D 59.

C 60.

 A 67.

 D 74.

 A 81.

 D 87.

 D 61.

 A 68.

 B 75.

 D 82.

 D 88.

 B 62.

 D 69.

 C 76.

 A 83.

 B 89.

 C 63.

 D 70.

 B 77.

 A 84.

 C 90.

 D 64.

 D 71.

 D 78.

 C 85.

 B 65.

 C 72.

 C 79.

 A 86.

 C 73.

 C 80.

 A 66.

Bus 241- Spring 2015 -- Final Exam [Version Map]

	A	B	C
MC	1	59	46
MC	2	42	7
MC	3	7	9
MC	4	89	50
MC	5	75	17
MC	6	79	49
MC	7	61	12
MC	8	23	26
MC	9	65	52
MC	10	11	66
MC	11	60	78
MC	12	8	38
MC	13	48	33
MC	14	20	22
MC	15	35	59
MC	16	33	43
MC	17	32	44
MC	18	69	60
MC	19	12	56
MC	20	13	55
MC	21	43	4
MC	22	70	47
MC	23	30	8
MC	24	76	84
MC	25	28	45
MC	26	73	29
MC	27	62	18
MC	28	50	42
MC	29	51	41
MC	30	18	40
MC	31	10	25
MC	32	38	21
MC	33	67	62
MC	34	56	72
MC	35	31	6
MC	36	29	61
MC	37	6	86
MC	38	90	73
MC	39	72	37
MC	40	36	51
MC	41	86	48
MC	42	77	20
MC	43	16	35
MC	44	15	36
MC	45	85	80
MC	46	74	54
MC	47	41	63
MC	48	25	24
MC	49	24	23
MC	50	49	90
MC	51	52	70

	A	B	C
MC	52	88	77
MC	53	46	34
MC	54	84	53
MC	55	54	3
MC	56	3	83
MC	57	47	32
MC	58	22	74
MC	59	17	71
MC	60	78	5
MC	61	21	11
MC	62	27	89
MC	63	81	76
MC	64	26	15
MC	65	63	2
MC	66	58	13
MC	67	39	27
MC	68	9	57
MC	69	66	69
MC	70	40	64
MC	71	80	81
MC	72	44	75
MC	73	19	19
MC	74	2	79
MC	75	71	28
MC	76	55	31
MC	77	5	87
MC	78	57	88
MC	79	64	85
MC	80	37	65
MC	81	53	16
MC	82	45	67
MC	83	82	39
MC	84	4	82
MC	85	83	14
MC	86	87	58
MC	87	1	10
MC	88	14	68
MC	89	34	1
MC	90	68	30