|  |
| --- |
| *Indicate whether the statement is true or false.* |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 1. ​Some promises are not legally binding.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 2. The person who makes a promise is the promisee.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 3. A promise is a declaration that something will or will not happen in the future.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 4. A contract is an agreement that can be enforced in court.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 5. If a contractual promise is not fulfilled, the person who made it may be required to perform the promised act.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 6. Contract law assures the parties to private agreements that the promises they make will be enforceable.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 7. The element of intent is of prime importance in determining whether a contract has been formed.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 8. In contract law, intent is determined by the subjective theory of contracts.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 9. In contract law, intent is determined by the secret, subjective intent, or belief, of a party.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 10. A contract is valid only if both of the parties entering into it have the capacity to do so.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 11. One of the requirements of a valid contract is an adequate price.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 12. The term *consideration* refers to the legality of the subject matter of a contract.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 13. The only requirement of a valid contract is that it be voluntarily entered into.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 14. All contracts must be in writing to be enforceable.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 15. A bilateral contract comes into existence at the moment promises are exchanged.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 16. An offeree is a person who makes an offer.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 17. Every contract involves at least three parties.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 18. A unilateral contract is formed at the moment when the contract is performed.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 19. An offer may not be revoked before it is accepted.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 20. Informal contracts are usually based on their sub-stance rather than their form.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 21. Informal contracts include all contracts other than formal contracts.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 22. A check is a formal contract.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 23. An express contract mustbe in writing.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 24. In an express contract, the terms are fully and explicitly stated in words.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 25. An implied contract is not an actual contract.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 26. All contracts include an implied covenant of good faith and fair dealing.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 27. ​An unenforceable contract is one that cannot be enforced because of cer-tain legal defenses against it.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 28. If a voidable contract is ratified, the parties must fully perform their respective legal obligations.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 29. An executed contract is one that has been fully performed.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 30. An executed contract is one that has been fully performed.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 31. A quasi contract is not enforceable by a court.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 32. A quasi contract is a fictional contract.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 33. When a contract’s writing is not clear, a court will not consider evidence outside the contract to interpret its terms.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 34. A court will normally interpret the language of a contract according to what the parties claim their intent was when they made it.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 35. If a contract term is ambiguous, a court can consider outside evidence.

|  |  |  |
| --- | --- | --- |
|   | a.  | True |
|   | b.  | False |

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|  |
| --- |
| *Indicate the answer choice that best completes the statement or answers the question.* |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 36. ​Jack promises to buy Lizette’s used textbook for $60. Jack is

|  |  |  |
| --- | --- | --- |
|   | a.  | an executor.​ |
|   | b.  | ​an offeree. |
|   | c.  | ​a promisee. |
|   | d.  | ​a promisor. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 37. Smith & Jones, Accountants, agrees to perform an audit for Brick & Mortar Stores, Inc. Whether or not this agreement meets all of the requirements of a contract, the parties are likely to follow the rules of contract law because they

|  |  |  |
| --- | --- | --- |
|   | a.  | want to avoid potential disputes. |
|   | b.  | are conscious of those rules. |
|   | c.  | are*not* conscious of those rules. |
|   | d.  | have a moral obligation to do so. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 38. Jim tells Dana that he will take her out to lunch on Thursday. Jim has made Dana

|  |  |  |
| --- | --- | --- |
|   | a.  | aprediction. |
|   | b.  | apromise. |
|   | c.  | abilateral contract. |
|   | d.  | avoid contract. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 39. Jonathon promises to pay child support and alimony to his ex-wife every month after their divorce. Jonathon has

|  |  |  |
| --- | --- | --- |
|   | a.  | only a moral obligation to do keep his promise. |
|   | b.  | only a legal obligation to keep his promise. |
|   | c.  | both a legal and a moral obligation to keep his promise. |
|   | d.  | no obligation to keep his promise. |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 40. InTown Delivery Service promises to deliver a certain couch to Kurt, who promises to pay for the service. If InTown does not perform, it may be required to

|  |  |  |
| --- | --- | --- |
|   | a.  | do nothing. |
|   | b.  | make another promise. |
|   | c.  | pay money damages. |
|   | d.  | perform a different service. |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 41. Tania promises to buy Saki’s handheld game-player for $40. Saki is

|  |  |  |
| --- | --- | --- |
|   | a.  | an executee. |
|   | b.  | an offeror. |
|   | c.  | a promisee. |
|   | d.  | a promisor. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 42. Bobbie claims that Carly breached their contract. Carly responds that she never intended to enter into a contract with Bobbie. The intent to enter into a contract is determined with reference to

|  |  |  |
| --- | --- | --- |
|   | a.  | the conscious theory of contracts. |
|   | b.  | the objective theory of contracts. |
|   | c.  | the personal theory of contracts. |
|   | d.  | the subjective theory of contracts. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 43. Lucy agrees to work for Mung Manufacturing, Ltd., as a Chinese/ English/ French translator. In determining whether a contract has been formed, an element of prime importance is

|  |  |  |
| --- | --- | --- |
|   | a.  | the parties’ intent. |
|   | b.  | Mung’s base of operations. |
|   | c.  | the duration of the work. |
|   | d.  | Lucy’s language capabilities. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 44. Expert Pavers, Inc., contracts with Fabricated Building Corporation to repave Fabricated’s parking lot for which Fabricated agrees to pay.The requirements of this, and any other, contract do not include

|  |  |  |
| --- | --- | --- |
|   | a.  | consideration. |
|   | b.  | capacity. |
|   | c.  | legality. |
|   | d.  | practicality. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 45. Cellphones & Calltime, Inc., makes an offer to Delores to enter into a contract to work as a salesperson for a certain base salary plus commission for ninety days subject to a one-year renewal based on her performance. Delores accepts the offer. A valid contract requires

|  |  |  |
| --- | --- | --- |
|   | a.  | a price and a subject. |
|   | b.  | a duration and termination provision. |
|   | c.  | an offer and an acceptance. |
|   | d.  | specific quality standards. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 46. Home & Barn Construction, Inc., contracts with Idyll Farms to build a new dairy barn on Idyll’s property for which Idyll agrees to pay.The elements of this, and any other, contract include

|  |  |  |
| --- | --- | --- |
|   | a.  | the parties’ capability. |
|   | b.  | consideration. |
|   | c.  | necessity of purpose. |
|   | d.  | theprice. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 47. Omar asserts that a deal he entered into with Patty to sponsor and host a motivational conference for independent sales representatives is an unenforce-able contract. Defenses to the enforcement of a contract include

|  |  |  |
| --- | --- | --- |
|   | a.  | a desire not to perform. |
|   | b.  | insufficient capital. |
|   | c.  | preliminary indications of unsatisfactory results. |
|   | d.  | the lack of a party’s voluntary consent. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 48. Jana tells Levi she will give him an Xbox if Levi does Jana’s chores for a month. Levi promises to do the chores. Jana and Levi have formed

|  |  |  |
| --- | --- | --- |
|   | a.  | abilateral contract. |
|   | b.  | aunilateral contract. |
|   | c.  | avoid contract. |
|   | d.  | anunenforceable contract. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 49. Randy promises to give Stewart her iPod in exchange for Stewart’s promise to pay Randy $50. This bilateral contract was created when

|  |  |  |
| --- | --- | --- |
|   | a.  | Randy offered to sell her iPod to Stewart. |
|   | b.  | Randy decided to sell her iPod. |
|   | c.  | Stewart promised to pay Randy $50. |
|   | d.  | Stewart became aware that Randy was willing to sell her iPod. |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 50. On Monday, Neil tells Outdoor Landscaping, Inc., that he will pay Outdoor $500 if a variety of tasks are completed by Friday. On Wednesday, when Outdoor is more than half done with the work, Neil says that he has changed his mind. These parties had

|  |  |  |
| --- | --- | --- |
|   | a.  | an expired contract when Neil said that he had changed his mind. |
|   | b.  | aquasi contract when Neil said that he would pay for certain work. |
|   | c.  | aunilateral contract as soon as Outdoor began to perform. |
|   | d.  | no contract. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 51. Wilson buys a lottery ticket at his local gas station. Wilson has accepted an offer for

|  |  |  |
| --- | --- | --- |
|   | a.  | abilateral contract. |
|   | b.  | aunilateral contract. |
|   | c.  | avoid contract. |
|   | d.  | anunenforceable contract. |

 |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 52. Peter offers to pay Quik Delivery (QD) $50 if it picks up and delivers to him a package of business documents from Rico within 30 minutes. QD can ac-cept the offer only by meeting the deadline. If QD performs as directed, these parties will have

|  |  |  |
| --- | --- | --- |
|   | a.  | a bilateral contract. |
|   | b.  | a trilateral contract. |
|   | c.  | a unilateral contract. |
|   | d.  | no contract. |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 53. Clay offers to pay Dot $50 for a golf lesson for Eula. They agree to meet the day after tomorrow to exchange the cash for the lesson. These parties have

|  |  |  |
| --- | --- | --- |
|   | a.  | a bilateral contract. |
|   | b.  | a trilateral contract. |
|   | c.  | a unilateral contract. |
|   | d.  | no contract. |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 54. Lana applies for a firefighter’s job with Metro City, which responds with a letter setting an appointment for a medical exam. The letter also states that it is “an employment offer conditioned on the applicant passing the exam.” This letter is

|  |  |  |
| --- | --- | --- |
|   | a.  | a bilateral contract that Lana accepted by applying for the job. |
|   | b.  | a quasi contract on which Lana can rely for employment. |
|   | c.  | a unilateral contract that Lana can accept by passing the exam. |
|   | d.  | no contract. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 55. Bo signs a lease with Capri Apartments to lease a studio apartment for the next year for $650 per month. Daisy signs on Capri’s behalf. Bo and Capri have

|  |  |  |
| --- | --- | --- |
|   | a.  | no contract. |
|   | b.  | an express contract. |
|   | c.  | an implied contract. |
|   | d.  | a simple contract. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 56. On behalf of the rock group Uno, their manager Thalia agrees to a performance in Seaside Amphitheatre on July 4. Rex, acting for Seaside, sends a written copy of the agreement to Thalia to be signed. If Thalia signs the copy, the parties will have

|  |  |  |
| --- | --- | --- |
|   | a.  | an express contract. |
|   | b.  | an implied contract. |
|   | c.  | an implied-in-law contract. |
|   | d.  | no  contract. |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 57. Vita asks Walter, a cobbler and shoe salesperson, to repair a pair of work boots. There is no discussion of a price, and Vita and Walter do not sign any documents. After the repair, Walter hands Vita a bill. With respect to Vita’s obligation to pay the bill, this is

|  |  |  |
| --- | --- | --- |
|   | a.  | an express contract. |
|   | b.  | an implied contract. |
|   | c.  | a quasi contract. |
|   | d.  | no  contract. |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 58. When a rainstorm erupts outside Rita’s Souvenir & Gift Shop, Rita and Shaw enter into an implied contract to split the revenue from Shaw’s sale of umbrellas to Rita’s customers. The terms of this contract are defined by

|  |  |  |
| --- | --- | --- |
|   | a.  | the conduct of the parties. |
|   | b.  | the words of the parties. |
|   | c.  | the unforeseeable storm that gave rise to the deal. |
|   | d.  | the unexpressed subjective intent of the parties. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 59. Flo tells Ginger during a phone call that she will buy her textbook from last semester for $65. Ginger agrees. These parties have

|  |  |  |
| --- | --- | --- |
|   | a.  | no contract. |
|   | b.  | an express contract. |
|   | c.  | an implied contract. |
|   | d.  | a quasi contract. |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 60. GR8 Marketing Company and Brainfreeze Tunes, Inc., sign a document that states GR8 agrees to create a marketing campaign for Brainfreeze, which agrees to pay GR8 for the service. GR8 and Brainfreeze have

|  |  |  |
| --- | --- | --- |
|   | a.  | an executed contract. |
|   | b.  | an express contract. |
|   | c.  | an implied contract. |
|   | d.  | a quasi contract. |

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| 61. Mallory promises to buy illegal digital copies of movies from Nick, who promises to deliver on October 31. These promises are most likely

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|   | a.  | enforceable. |
|   | b.  | valid. |
|   | c.  | void. |
|   | d.  | voidable. |

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| 62. Sales Marketing Corporation and Tech Support, Inc., negotiate a contract. If the contract has all of the elements necessary for one of the parties to enforce it in court, it is

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|   | a.  | a valid contract. |
|   | b.  | a voidable contract. |
|   | c.  | a void contract. |
|   | d.  | an unenforceable contract. |

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| 63. A letter-of-credit agreement between Rural Feed Corporation and Soybean Farms, Inc., requires Rural Feed’s bank to pay Soybean Farms on receipt of invoices. This is a letter of credit, which is

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|   | a.  | a formal contract. |
|   | b.  | no contract. |
|   | c.  | an implied contract. |
|   | d.  | a quasi contract. |

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| 64. Rough Water Fishing Trips, LLC, and Schafer enter into a contract for the delivery of a used freshwater fishing boat. Until the goods are delivered and paid for, these parties have

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|   | a.  | an executory contract. |
|   | b.  | no contract. |
|   | c.  | a quasi contract. |
|   | d.  | an executed contract. |

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| 65. Francie drives into Gage’s Auto Service and asks Hong, a Gage’s employee, to replace a tire on Francie’s car. After Hong replaces the tire, but before Francie pays for it, any contract between Francie and Gage’s is

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|   | a.  | executed. |
|   | b.  | executory. |
|   | c.  | void. |
|   | d.  | unenforceable. |

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| 66. Robin claims that her contract with Stroud for tennis lessons is voidable. If their contract is avoided

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|   | a.  | both parties are released from it. |
|   | b.  | both parties must fully perform their obligations under it. |
|   | c.  | a wholly different contract is agreed to. |
|   | d.  | a wholly different contract is imposed “as if” the parties had agreed. |

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| 67. Jessie, a nurse practitioner, renders aid to Kruz, who is injured and unconscious. Jessie can recover the cost of the aid from Kruz

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|   | a.  | on a quasi contract theory. |
|   | b.  | only if Kruz recovers because of the aid. |
|   | c.  | only if Kruz was aware of the aid. |
|   | d.  | under no circumstances. |

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| 68. Leilani enters into a contract with Metro Taxi Company to work as a cabdriver. Under the plain meaning rule, if the contract’s writing is clear and unequivocal, the meaning of the terms must be determined from

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|   | a.  | only evidence not contained in the document. |
|   | b.  | any relevant extrinsic evidence. |
|   | c.  | only the face of the instrument. |
|   | d.  | the later testimony of the parties. |

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| 69. Sunny enters into a contract with Trey to act as his personal sports trainer. If a dispute later arises and the contract contains un-clear terms, the rules of contract interpretation will give effect to

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|   | a.  | the parties’ intent as expressed in their contract. |
|   | b.  | what the promisor claims was the parties’ intent. |
|   | c.  | what the promisee claims was the parties’ intent. |
|   | d.  | what the parties now agree they intended. |

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| 70. Francisca and Garden Estate, Inc., enter into a contract for the use of a Victorian mansion and its grounds for a wedding and reception. If ambiguities appear in the contract, they will be construed against the party that

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|   | a.  | drafted the contract. |
|   | b.  | has the greater bargaining power. |
|   | c.  | made the offer to contract. |
|   | d.  | offers the most confusing explanation of the terms. |

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| 71. Cody signs and returns a letter from Dora, referring to Dora’s Bar-D Ranch and its price. When Cody attempts to complete the deal, Dora re-fuses, claiming that they have no con-tract. Cody claims they do. What standard determines whether these parties have a contract? |

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| 72. Ed, a businessperson, is a friend of Fran, the owner of a Percolated Coffee & Baked Goods store. Every day, Ed spends five minutes in Fran’s store, looking at the goods and usually buying one or two cinnamon buns or bagels. One afternoon, Ed goes into the store, looks at the items, and picks up a $1 chocolate brownie. Ed waves the brownie at Fran without saying a word and walks out. Is there a con-tract? If so, how would it be classified in terms of formation, perform-ance, and enforceability? |

**Answer Key**

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| 1. True |

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| 2. False |

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| 3. True |

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| 4. True |

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| 5. True |

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| 6. True |

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| 7. False |

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| 8. False |

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| 9. False |

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| 10. True |

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| 11. False |

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| 12. False |

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| 13. False |

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| 14. False |

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| 15. True |

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| 16. False |

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| 17. False |

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| 18. True |

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| 19. False |

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| 20. True |

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| 21. True |

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| 22. True |

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| 23. True |

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| 24. True |

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| 25. False |

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| 26. True |

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| 28. True |

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| 30. True |

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| 31. True |

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| 32. True |

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| 33. False |

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| 34. False |

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| 35. True |

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| 36. d |

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| 37. a |

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| 38. b |

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| 39. c |

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| 40. c |

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| 41. c |

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| 42. b |

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| 43. a |

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| 44. d |

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| 45. c |

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| 46. b |

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| 47. d |

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| 48. a |

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| 49. c |

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| 50. c |

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| 51. b |

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| 52. c |

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| 53. a |

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| 54. c |

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| 55. b |

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| 56. a |

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| 57. b |

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| 58. a |

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| 59. b |

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| 60. b |

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| 61. c |

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| 62. a |

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| 63. a |

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| 64. a |

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| 65. b |

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| 66. a |

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| 67. a |

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| 68. c |

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| 69. a |

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| 70. a |

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| 71. The objective theory of contracts is the standard to determine whether the parties have a contract. Under this standard, if a rea-sonable person would have thought that the offeree (Cody) ac-cepted a legitimate of-fer by the offeror (Dora) when the offeree signed and re-turned the letter, a con-tract was made, and both parties are bound. This assessment is de-ter-mined in part by what was said in the letter (did the letter constitute a valid of-fer?) and what was said in response (did the response constitute a valid accep-tance?). Under any circumstances, the issue is not whether ei-ther party subjectively believed that they did, or did not, have a contract.​ |

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