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

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| 1. Under the UCC, a sale is the passing of title from a seller to a buyer for a price.​   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 2. TheUCC allows parties to form sales and lease contracts without observing the same degree of formality used n forming other types of contracts.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 3. Intangible property has conceptual existence and thus comes under Article 2.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 4. The UCC imposes certain special business standards on casual and inexperienced sellers and buyers.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 5. To be characterized as a “good” under the UCC, an item of property must be movable.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 6. Goods associated with real estate *often* fall within the scope of Article 2.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 7. Goods associated with real estate *never* fall within the scope of UCC Article 2.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 8. For an item to be characterized as a “good” under the UCC, it must be intangible.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 9. A *merchant* is a person who deals in goods of the kind involved in the sales contract or who holds herself or himself out as having skill or knowledge peculiar to the practices or goods being purchased or sold.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 10. The UCC imposes some different rules on merchants.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 11. A contract for the sale of minerals is considered to be a contract for the sale of goods if the severance is to be made by the seller.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 12. A *lessor* is a party who transfers the right to the possession and use of goods under a lease.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 13. Under the UCC, parties to sales and lease contracts are free to establish whatever terms they wish.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 14. ​Under the UCC, *good faith* means honesty in fact and the observance of reasonable commercial standards of fair dealing in the trade.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 15. A *lessor*is a party who acquires a right to the possession and use of goods under a lease.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 16. If the parties to a contract for a sale of goods have not agreed on a price, a court will determine a reasonable price at the time for delivery.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 17. According to the UCC, one open term will cause a sales con-tract to fail for indefiniteness.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 18. A firm offer by a merchant may be oral.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 19. When no delivery terms are specified in a contract for a sale of goods, there is no basis for determining a remedy.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 20. Generally, acceptance of an offer to lease goods may be made in any reasonable manner and by any reasonable means.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 21. The rules governing firm offers apply to all merchants.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 22. Under the UCC, an offeror must be notified within a reasonable time that the offeree has accepted.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 23. Under the UCC, an offeree can accept an offer to buy goods by a prompt shipment of conforming goods.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 24. The UCC requires that the mirror image rule be followed for all acceptances.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 25. The terms of a fully integrated contract can be contradicted by evidence of any prior agreements.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 26. Under the UCC, an agreement modifying a contract needs new considera¬tion to be binding.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 27. All oral contracts are enforceable under the UCC.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 28. In interpreting a commercial agreement, a court will assume that the usage of trade was taken into account when the agreement was phrased.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 29. Under the UCC, an oral contract for a sale of goods is enforceable once payment has been made and accepted.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 30. Under the “partial performance” exception to the UCC, an oral contract for goods worth more than $500 is enforceable if the goods are specially manufactured for a particular buyer.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 31. A *course of performance* is the conduct that occurs under the terms of a particular agreement.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 32. Under the UCC, the meaning of any agreement must be interpreted in light of commercial practices.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 33. A court can refuse to enforce a contract that the court deems to have been unconscionable at the time it was made.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 34. Under the United Nations Convention on Contracts for the International Sale of Goods, there are no irrevocable offers.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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| 35. Under the United Nations Convention on Contracts for the International Sale of Goods, an international sales contract does not need to be evidenced by a writing or to be in any particular form.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False | |

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

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| 36. ​Jacob offers to sell Bill a valuable collection of baseball cards. In order for the transaction between Jacob and Bill to be considered a sale under the UCC, Bill   |  |  |  | | --- | --- | --- | |  | a. | ​mustpay for the cards in cash. | |  | b. | ​must pay for the cards with services. | |  | c. | ​may pay for the cards with cash, goods, or services. | |  | d. | ​must pay the fair market value of the cards. | |

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| 37. Katlyn pays Mobile Edge Electronics $500 for a tablet. Under the UCC, this is   |  |  |  | | --- | --- | --- | |  | a. | a gift. | |  | b. | a lease. | |  | c. | a sale. | |  | d. | a non-taxable transaction. | |

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| 38. Rally Corporation enters into a contract to sell ski gear to SnoSportz Company, which sells a pair of the skis to Tyra, a consumer, who later sells them to Uli, another consumer. Article 2 of the UCC applies to the sales transactions between   |  |  |  | | --- | --- | --- | |  | a. | all of the buyers and sellers. | |  | b. | Rally and SnoSportz only. | |  | c. | SnoSportz and Tyra only. | |  | d. | Tyra and Uli only. | |

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| 39. Josefina owns a condominium that she leases to Katrina. Josefina gives her daughter Lucia $450 on her sixteenth birthday. Josefina sells her car to her neighbor Maria for $1,500. UCC Article 2 covers   |  |  |  | | --- | --- | --- | |  | a. | thelease with Katrina. | |  | b. | the gift to Lucia. | |  | c. | thesale to Maria. | |  | d. | all of the choices. | |

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| 40. Over the course of a year, Retail Marketers, Inc., sells goods from its inventory and one of its warehouses. In exchange, Retail receives checks and other items that substitute for cash, which Retail uses to repay a loan from Savings Bank. Article 2 of the UCC governs   |  |  |  | | --- | --- | --- | |  | a. | the checks. | |  | b. | the payment of the loan. | |  | c. | the sale of the buildings. | |  | d. | the sale of the goods. | |

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| 41. Bert sells his car to Conrad for $5,000 and his bike to Del for $600. Bert sells his vinyl collection to Elena for $1,000 and his stock in Altogether Now, Inc.—a firm that markets an app for organizing digital music files—to Franz for $4,000. UCC Article 2 covers all of these transactions except the sale of   |  |  |  | | --- | --- | --- | |  | a. | the car. | |  | b. | the bike. | |  | c. | the vinyl. | |  | d. | the stock. | |

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| 42. Savannah and Tim enter into a sales contract for orchids. With respect to the specific contractual provisions set out in the UCC, Savannah and Tim may   |  |  |  | | --- | --- | --- | |  | a. | agree to different terms only to a reasonable extent. | |  | b. | agree to different terms unless they “get caught.” | |  | c. | agree to whatever terms they wish. | |  | d. | not agree to different terms. | |

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| 43. Medico Inc. enters into a contract to sell medical supplies to New Hospital Corporation, which sells some of the items to Physicians Clinic, which later sells them to Oscar, a patient and consumer. Article 2 of the UCC applies to the sales transactions betwee   |  |  |  | | --- | --- | --- | |  | a. | all buyers and sellers. | |  | b. | Medico and New Hospital only. | |  | c. | New Hospital and Physicians Clinic only. | |  | d. | Physicians Clinic and Oscar only. | |

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| 44. In a dispute over a sale involving a bicycle, Dain argues that as to this deal Emil’s Hobby Shop, where Dain bought the bike, is a merchant. A court may determine whether Emil’s is a merchant by assessing whether   |  |  |  | | --- | --- | --- | |  | a. | it has sold any bikes within the last year. | |  | b. | it holds itself out by occupation as having knowledge or skill unique to the bike in the transaction. | |  | c. | its owner enjoys biking. | |  | d. | it subscribes to *Bike*, a biweekly trade magazine. | |

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| 45. Expert Stitching Corporation enters into a contract to sell denim clothing to Fine Fashion Company, which in turn sells a pair of jeans to Grady, a consumer. In contrast to standards that apply to consumers, the UCC imposes on merchants   |  |  |  | | --- | --- | --- | |  | a. | less strict legal standards. | |  | b. | special business standards. | |  | c. | stricter ethical standards. | |  | d. | the same overall standards. | |

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| 46. Jamie is redoing his kitchen and decides he needs a floor sander to complete the job. Jamie tells Rachel, his neighbor, that he needs a floor sander. Rachel tells Jamie to call Home Repair Rentals, Inc. Home Repair Rentals leases Jamie a floor sander. In this transaction the lessor is   |  |  |  | | --- | --- | --- | |  | a. | Jamie. | |  | b. | Rachel. | |  | c. | Home Repair Rentals. | |  | d. | both Jamie and Rachel. | |

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| 47. Bram buys a bulldozer from Construction Equipment Corporation, which he leases to Earth Movers, Inc. In this situation, the lessee is   |  |  |  | | --- | --- | --- | |  | a. | Bram. | |  | b. | Construction Equipment Corporation. | |  | c. | Earth Movers. Inc. | |  | d. | none of the choices. | |

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| 48. Orange Vest Manufacturing Corporation orders twelve job-training and on-the-job safety videos from Plum Productions, Inc., which delivers the itemsto Orange Vest. This is most likely   |  |  |  | | --- | --- | --- | |  | a. | a gift. | |  | b. | a lease of goods. | |  | c. | a sale of goods. | |  | d. | a service contract. | |

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| 49. Omni Metals Company and Piecework Fabrication, Inc., enter into a contract under which Omni agrees to deliver a certain quantity of sheet metal to Piecework each month. The contract does not include a price term. In a suit between the parties over the price, a court will   |  |  |  | | --- | --- | --- | |  | a. | determine a reasonable price. | |  | b. | impose the *lowest* market price. | |  | c. | impose the *highest* market price. | |  | d. | return the parties to the positions they held before the contract. | |

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| 50. Curtis enters into a contract with Drive-Away Lease Company for a three-year lease of a car. This contract is subject to   |  |  |  | | --- | --- | --- | |  | a. | Article 2 of UCC. | |  | b. | Article 2A of the UCC. | |  | c. | Article 3 of the UCC. | |  | d. | the common law only. | |

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| 51. Marine Expeditions, Inc., pays Nate’s Boats $4,000 to use an oceangoing vessel for a month. For the purposes of the UCC, this is   |  |  |  | | --- | --- | --- | |  | a. | a merchant’s firm offer. | |  | b. | an option contract. | |  | c. | a lease. | |  | d. | a sale. | |

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| 52. Car n’ Truck Body & Paint Company orders custom paint from Diverse Hues Inc., but Diverse does not deliver. Car n’ Truck will probably be unable to enforce the agreement if the parties omitted   |  |  |  | | --- | --- | --- | |  | a. | a price term. | |  | b. | adelivery date. | |  | c. | a quantity term. | |  | d. | shipping arrangements. | |

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| 53. Refined Grains, Inc., agrees to sell to Sunny Breakfast Company a certain quantity of refined oats each week but no mention is made of where the goods are to be delivered. In general, the UCC requires that the delivery take place at   |  |  |  | | --- | --- | --- | |  | a. | a neutral place of business halfway between the parties’ locations. | |  | b. | a “reasonable” place of delivery. | |  | c. | Refined’s place of business. | |  | d. | Sunny’s place of business. | |

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| 54. Brian, an agent for Clarion Motors, Inc., writes a letter to Dina on November 1 stating that he will sell her a 2016 Subaru Outback for $20,000 between November 1 and December 31. Brian’s letter to Dina is   |  |  |  | | --- | --- | --- | |  | a. | a merchant’s firm offer. | |  | b. | an acceptance. | |  | c. | an option contract. | |  | d. | none of the choices. | |

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| 55. Fresh Dairy, Inc., is the offeror and Gelato Ice Cream Company is the offeree under a unilateral sales contract in which Hector’s Helado Corporation is also interested. Gelato is *not* notified of Fresh Dairy’s performance within a rea-son-able time. Gelato   |  |  |  | | --- | --- | --- | |  | a. | may treat the offer as having lapsed. | |  | b. | must assume that Fresh Dairy has started to perform. | |  | c. | must contact Fresh Dairy. | |  | d. | must notify Hector’s. | |

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| 56. County Dentists Clinic offers to buy from Dental & Medical Supplies Company a certain quantity of floss and other items for a certain price. Dental & Medical can ac-cept the offer by   |  |  |  | | --- | --- | --- | |  | a. | a material alteration of the terms within a reasonable time. | |  | b. | a promise to ship or a prompt shipment of the goods. | |  | c. | aprompt shipment of the goods only. | |  | d. | a shipment of nonconforming goods with a notice of accommodation. | |

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| 57. TalkTalk, Inc., offers to buy from Voice Media Corporation (VMC) 100,000 smartphones. Without notifying TalkTalk, VMC timely ships phones of a different quality. With respect to the offer and a possible contract, this shipment is an acceptance and   |  |  |  | | --- | --- | --- | |  | a. | a breach. | |  | b. | an accommodation. | |  | c. | complete performance. | |  | d. | a counteroffer. | |

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| 58. Nature’s Products, Inc., sends its standard order form to Interbusiness Distribution Corporation (IDC) to evidence a sale of packing materials.  IDC responds with its own standard purchase order form.  Additional terms in the purchase order automatically become part of the contract unless   |  |  |  | | --- | --- | --- | |  | a. | the terms materially alter the original contract. | |  | b. | the original offer expressly required acceptance of its terms. | |  | c. | the offeror objects to the new terms within a reasonable time. | |  | d. | any of the choices. | |

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| 59. Perfect Potato Chip Company makes an offer that Snack Foods Corporation would like to accept. Under the “mirror image rule”, an acceptance   |  |  |  | | --- | --- | --- | |  | a. | may include additional terms not contained in the offer so long as they do not materially alter the agreement. | |  | b. | ​may include additional terms not contained in the offer that will be-come part of the agreement if the offeror does not object within a reasonable period of time. | |  | c. | must include only those terms and conditions contained in the offer. | |  | d. | may contain additional terms as long as all parties agree to the additional terms. | |

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| 60. GroAgri Farms offers to sell Hearty Bakeries, Inc., fifty bushels of wheat. Hearty’s representative Milena responds, “We agree to buy fifty bushels only if the wheat is Grade A quality.” Between GroAgri and Hearty   |  |  |  | | --- | --- | --- | |  | a. | a contract is formed. | |  | b. | a contract is formed only if GroAgri can deliver the wheat fast. | |  | c. | Milena’s statement is not an acceptance. | |  | d. | Milena’s statement is an acceptance. | |

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| 61. Trend-Rite Clothiers, Inc., sells t-shirts to Brand Name Stores, Inc., under an existing con-tract. When textile costs increase, Brand agrees to a price increase, but later wants to cancel the contract. Brand may   |  |  |  | | --- | --- | --- | |  | a. | cancel the contract immediately. | |  | b. | cancel the contract only after accepting a final shipment. | |  | c. | cancel the contract only on reasonable notice. | |  | d. | not cancel the contract. | |

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| 62. Quinn enters into a series of agreements with Reba involving a sale of a Suite Dreams Motel, including the land, building, furnishings, shares of stock in Suite Dreams Company, and a contract with Trudy to create an ad campaign. Reba suspects that Quinn may be misrepresenting the facts. The UCC Statute of Frauds governs   |  |  |  | | --- | --- | --- | |  | a. | the sale of any of the property evidenced by a writing. | |  | b. | the entire deal, including the marketer’s services. | |  | c. | the sale of the furnishings priced at $500 or more. | |  | d. | the sale of the land and the building. | |

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| 63. Jack sells a grand piano to Kyle for $5,000 and a gold ring to Lauren for $999. A writing is required to enforce the sale of   |  |  |  | | --- | --- | --- | |  | a. | the piano only. | |  | b. | the piano and the gold ring. | |  | c. | neither the piano nor the gold ring. | |  | d. | the gold ring only. | |

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| 64. Jack sells a grand piano to Kyle for $5,000 and a gold ring to Lauren for $999. A writing is required to enforce the sale of   |  |  |  | | --- | --- | --- | |  | a. | the piano only. | |  | b. | the piano and the gold ring. | |  | c. | neither the piano nor the gold ring. | |  | d. | the gold ring only. | |

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| 65. Development Corporation and Equipment Rental,Inc., are parties to an oral agreement for a one-year lease of a crane with payments totaling more than $10,000. They may satisfy the Statute of Frauds by   |  |  |  | | --- | --- | --- | |  | a. | mutually agreeing not to commit fraud. | |  | b. | repeating the terms in a phone call. | |  | c. | setting out the terms in a memo. | |  | d. | shaking hands on the deal. | |

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| 66. iSharp, Inc., and Jenene, the owner of a Kitchen Time shop, orally agree to a sale of knives and other utensils for $12,000. Jenene gives iSharp a check for $4,000 as a partial payment. This contract is   |  |  |  | | --- | --- | --- | |  | a. | enforceable to the extent of $4,000. | |  | b. | fully enforceable because it is for specially selected goods. | |  | c. | fully enforceable because it is oral. | |  | d. | not enforceable. | |

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| 67. Bert’s Bagels & Nosh, Inc., and other bakeries refer to a “baker’s dozen” as con-sisting of a collection of thirteen baked goods. This is   |  |  |  | | --- | --- | --- | |  | a. | acourse of dealing. | |  | b. | acourse of performance. | |  | c. | none of the choices. | |  | d. | ausage of trade. | |

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| ​Olga enters into a contract to buy a refrigerator from a Prairie States Appliance store with the price to be paid in monthly installments. After thirty-six months of payments, Olga has paid more than twice the price of a similar stove. Eighteen payments remain due under the contract. |

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| 68. Refer to Fact Pattern 20-1. Under the UCC, the court can evaluate the contract to determine whether it was unreasonably unfair and one sided   |  |  |  | | --- | --- | --- | |  | a. | at the time it was made. | |  | b. | at the end of its term. | |  | c. | in the middle of its performance. | |  | d. | at the time of Olga’s suit. | |

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| 69. Refer to Fact Pattern 20-1. Olga files a suit against Prairie States, claiming that their contract is so unfair and one sided that it would be unreasonable to enforce it. Olga is asserting   |  |  |  | | --- | --- | --- | |  | a. | the concept of good faith. | |  | b. | the principle of fair trade. | |  | c. | thepredominant-factor test. | |  | d. | thedoctrine of unconscionability. | |

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| 70. Toro, S.A., which is based in Mexico, enters into a contract for the purchase of portable livestock fencing from United Fencing Company, which is based in the United States. This contract is governed by   |  |  |  | | --- | --- | --- | |  | a. | Mexican law. | |  | b. | the provisions in the laws of both countries that are similar. | |  | c. | the Uniform Commercial Code. | |  | d. | theUnited Nations Convention on Contracts for the International Sale of Goods. | |

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| 71. ​Clean Machines Company makes washing machines. Over the phone, Clean offers to sell Dealers Appliance Outlet one hundred model EZ2000 washers at a price of $150 per unit. Clean says that it will keep the offer open for ninety days. Dealers responds that within two or three weeks it will decide whether to accept. One week later, Clean faxes, and Dealer receives, notice that the offer is withdrawn. Dealer immediately phones Clean to accept the $150-per-unit offer. When Clean refuses to deliver at that price, Dealer files a suit. Clean asserts, first, that there is no contract and, second, that if there is a contract, it is unenforceable. Discuss Clean’s assertions. |

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| 72. Key of G Products, Inc., offers to sell to Harmony Company one hundred MP3 players at $50 a piece, subject to certain specific delivery dates. Harmony replies with a signed purchase order that reads, “Accept your of-fer for 100 I-appliances at $50 each.  Must be delivered to our ware-house.” Key of G does not respond or deliver the goods. Harmony files a suit for breach of contract, to which Key of G answers that there is no contract because Harmony’s purchase order contained additional terms and is not signed by Key of G. Can Harmony recover? Explain. |

**Answer Key**

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| 1. True |

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| 2. True |

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| 3. False |

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| 5. True |

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| 71. Clean’s contention that there is no contract between it and Dealer is correct. An offeror can revoke an offer at any time before acceptance without liability unless the offer is irrevocable. For this offer to be considered irrevocable, Dealer would have to prove that it had an option, which requires consideration, or that the offer was irrevo-cable under UCC provision that applies to merchants’ firm offers. Neither of these applies. Dealer gave no con-sideration for the offer to be kept open, and thus no option was created. And, for the offer to be irrevocable with-out consideration, Clean—a merchant—would have had to give assurance that the offer would re-main open for ninety days in a signed writing.  Because the assurance was made orally, the offer was re-vocable.  Thus, Dealer’s receipt of Clean’s revocation (withdrawal) of the offer before Dealer’s acceptance terminated the offer, and no contract was formed.              Clean’s contention that even if a contract was created, the contract is unen-force-able is also correct. Under the UCC’s Statute of Frauds, any contract for the sale of goods priced at $500 or more must be in writing, be supported by written evidence such as a memorandum, or be the object of an applicable exception (such as written confirmation between mer-chants, specially ordered or manufactured goods, admission under oath, or partial per-formance completed) to be enforceable. The contract in this question is for a sale of goods (washing machines) priced at $500 or more ($15,000).  It was not in writing; nor is there a writing signed by Clean that an oral contract was formed.  Also, none of the excep-tions apply. Thus, even if Dealer could prove that an oral con-tract had been made, the contract could not be enforced against Clean’s defense of the Statute of Frauds.  ​ |

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| 72. Yes, Harmony can recover.  Additional or different terms in an unconditional ac-cep-tance, which is otherwise definite and timely, are interpreted as pro-pos-als for additional terms to a contract, unless the contract is between mer-chants. In that situation, the terms become part of the contract un-less (1) the offer expressly limits acceptance to its terms, (2) the addi-tional terms materially alter the contract, or (3) the offeree objects to the addi-tional terms within a reasonable time.  Here, the offer did not ex-pressly limit the acceptance, the extra terms did not materially change the con-tract, and Key of G did not object within a reasonable time. If either or both of the par-ties is not a merchant, a contract is formed according to the terms of the original offer.  Thus, here, the additional term (delivery to Harmony’s warehouse) would have become part of the contract even if one or both parties had not been merchants.  Key of G’s Statute of Frauds claim (that the purchase order was not signed by Key of G) also fails. For a con-tract for a sale of goods between merchants, when one party sends a writ-ten con-firmation within a reasonable time after terms have been reached orally, the confirmation is binding unless the recipient objects within ten days of receipt. The merchant receiving the communication must have reason to know its contents, but it needs to be signed only by the party who sends it. Here, Key of G received the signed writing, but did not object within the ten days. |