

Multiple Choice

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

- ___ 1. All of the following are real estate contracts EXCEPT
 - a. an exclusive right to sell listing.
 - b. a sales agreement.
 - c. a closing statement.
 - d. a lease.
- ___ 2. A lease is an example of a
 - a. non-contractual agreement.
 - b. declaration of intent.
 - c. unilateral contract.
 - d. bilateral contract.
- ___ 3. When one party to a contract makes a promise without first receiving any promise of performance from the other, it is called
 - a. a bilateral contract.
 - b. an implied contract.
 - c. a unilateral contract.
 - d. an executory contract.
- ___ 4. Assuming that no fraud is intended, what is the status of a contract signed by an illiterate person?
 - a. Valid
 - b. Void
 - c. Voidable
 - d. Unenforceable
- ___ 5. In the absence of a special provision for such an event, an offer to purchase will probably be voided
 - a. by the death of either buyer or seller before acceptance.
 - b. if the seller changes his mind after accepting the offer.
 - c. if not accepted within 24 hours.
 - d. if the seller should receive a higher offer from another buyer.
- ___ 6. A contract entered into by a minor is
 - a. illegal.
 - b. voidable.
 - c. valid.
 - d. unenforceable.
- ___ 7. When a contract appears to be good and binding but, in fact, one of the parties may legally reject it, the contract is said to be
 - a. unenforceable.
 - b. valid.
 - c. void.
 - d. voidable.
- ___ 8. The buyer agreed in writing to buy the property at the seller's asking price. Later, the seller refused to sell. If the buyer still wants to buy, he can
 - a. hire an attorney and sue for specific performance.
 - b. go to a small claims court and sue for damages.
 - c. consult a real estate broker and ask her to explain that the seller must honor the agreement.
 - d. sue only for damages in federal district court.

- _____ 9. All of the following are essential elements of a contract EXCEPT
- competent parties.
 - lawful objective.
 - monetary consideration.
 - meeting of the minds.
- _____ 10. Which of the following is an essential element of a contract?
- A counter offer
 - Acceptance
 - Performance
 - A fair price
- _____ 11. To be legally competent, a person must reach the age of
- minority.
 - majority.
 - reasonable competence.
 - 17 years.
- _____ 12. John and Jay are brothers who received title to a property from their father. When they decided to sell the property, Jay was out of town. In order to properly transfer title, the deed could be signed by
- John alone, since they are brothers.
 - John, with a properly recorded power of attorney from Jay.
 - John and the father, since the father was the original owner.
 - no one, since both must be present.
- _____ 13. The broker has the power to sign documents for the principal. This is probably because she holds
- a power of attorney.
 - an agency relationship.
 - special agent status.
 - an attorney-at-law.
- _____ 14. A man put up \$10,000 as earnest money on a property for sale. The next day, he needed the money back and attempted to cancel his offer. Which of the following is true?
- He can get out of the offer because he has a three day right of rescission.
 - The decision would be entirely up to the broker.
 - He can get out of the offer because of the six-day right of rescission.
 - He would have to revoke the offer before the seller accepted it.
- _____ 15. When the prospective tenant signed the lease, he indicated that he would be using the building to sell appliances. Later, the landlord discovered that illegal bingo games were being played there. What can the landlord do?
- He can do nothing as long as the tenant is current with the rent.
 - He can declare the lease void and start eviction proceedings.
 - He must have a conversation with the tenant to try to persuade him to stop the illegal activity.
 - He can organize a boycott.
- _____ 16. Two persons make an oral agreement. A day later they put it in writing with several small changes. What is true about the agreement in a court of law?
- The oral one would prevail.
 - The written one would prevail.
 - A new agreement must be made.
 - The agreement must be notarized to be legal.

- ___ 17. The requirement that transfers of real property be in writing is known as
- contract law.
 - the bill of rights.
 - the statute of frauds.
 - due process.
- ___ 18. An executory contract is a
- contract which has been completely executed.
 - contract in which certain things are still to be done.
 - will in probate for which an executor has been named.
 - contract which has not been signed.
- ___ 19. If a contract is breached and the damaged party wants the contract carried out, he would sue for
- specific performance.
 - money damages.
 - novation.
 - unilateral rescission.
- ___ 20. The sum of money agreed upon in advance to be the damages in the event certain problems occur later is best described as
- judgment damages.
 - liquidated damages.
 - default damages.
 - punitive damages.

True/False

Indicate whether the sentence or statement is true or false.

- ___ 21. A contract that results not from a written or oral agreement but from the actions of the parties involved is called an expressed contract.
- ___ 22. If a contract is made under duress, it would be void.
- ___ 23. The absence of duress, menace and undue influence are requirements of lawful objective.
- ___ 24. The broker and the seller know of major plumbing repairs to be made. They sell the house to a buyer "as is" but do not disclose the plumbing problems. The buyer discovers the defects after closing and sues the broker and seller. Most likely, the buyer can collect, because the defect should have been disclosed.
- ___ 25. Money or anything worth money exchanged in a contract is classified as unilateral consideration.
- ___ 26. The statute of limitations concerns time limits for filing a lawsuit.
- ___ 27. A minor change in the terms of a contract does not constitute a counteroffer.
- ___ 28. The purpose of requiring consideration is to demonstrate that a bargain has been struck between the parties to the contract.
- ___ 29. Under certain circumstances, the innocent party can unilaterally rescind a contract.
- ___ 30. A lawsuit for specific performance is an action in court to force the innocent party to carry out the remainder of the contract.