

### ■ Achievement Exam

Select the single best answer for each question or statement, then go online to [community.ashworthcollege.edu](http://community.ashworthcollege.edu) and enter your answers.

1. Which of the following is an acceptable consideration for a contract?  
  
\_\_\_\_ a. arrest  
  
\_\_\_\_ b. penalty  
  
\_\_\_\_ c. money  
  
\_\_\_\_ d. sentence
  
2. Two brothers, Sam and Jim, were fighting over the division of their ancestral property. After ten years of legal battle, a frustrated Sam contacted a powerful politician who subjected Jim to extreme duress in order to make him sign a contract of assent in favor of Sam. When Jim takes this contract to court, the contract will be declared \_\_\_\_\_.  
  
\_\_\_\_ a. enforceable  
  
\_\_\_\_ b. conditionally enforceable  
  
\_\_\_\_ c. voidable  
  
\_\_\_\_ d. unenforceable

### Lesson 3

3. The \_\_\_\_\_ states that the intent to contract is judged by the reasonable person standard and not by the subjective intent of the parties.
- \_\_\_\_\_ a. Restatement of the Law of Contracts
  - \_\_\_\_\_ b. Restatement (Second) of Contracts
  - \_\_\_\_\_ c. objective theory of contracts
  - \_\_\_\_\_ d. common law of contracts
4. The \_\_\_\_\_ establishes uniform legal rules for the formation and enforcement of electronic contracts and licenses.
- \_\_\_\_\_ a. common law of contracts
  - \_\_\_\_\_ b. Restatement of the Law of Contracts
  - \_\_\_\_\_ c. UCITA
  - \_\_\_\_\_ d. UCC
5. A contract is a(n) \_\_\_\_\_ if the offeror's promise is answered with the offeree's promise of acceptance.
- \_\_\_\_\_ a. unilateral contract
  - \_\_\_\_\_ b. bilateral contract
  - \_\_\_\_\_ c. executed contract
  - \_\_\_\_\_ d. executory contract

6. Windsor, the owner of Windsor's Sandwiches, contacts a new supplier named Gary. He tells Gary that he will pay him \$375 if Gary delivers 20 pounds of cheese the following morning. Gary promises to make the delivery as requested by Windsor. This creates a \_\_\_\_\_ contract between them.
- \_\_\_\_\_ a. unilateral
  - \_\_\_\_\_ b. bilateral
  - \_\_\_\_\_ c. implied-in-law
  - \_\_\_\_\_ d. executory
7. Martha contacts a bakery to get a cake for her son's birthday party. She tells the baker that she will pay him \$150 for the cake if he delivers the cake on Friday evening. If the baker does not deliver the cake on Friday evening, which of the following will hold true?
- \_\_\_\_\_ a. Martha can sue the baker to recover \$150 in damages.
  - \_\_\_\_\_ b. Martha can sue the baker but cannot recover damages.
  - \_\_\_\_\_ c. The baker has to give \$150 plus the cost of the replacement cake to Martha as he entered into a verbal contract with her.
  - \_\_\_\_\_ d. Martha cannot sue the baker at all.
8. Which of the following is an informal contract?
- \_\_\_\_\_ a. check
  - \_\_\_\_\_ b. bank draft
  - \_\_\_\_\_ c. lease
  - \_\_\_\_\_ d. recognizance

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9. Which of the following statements is true about contracts?
- ☐ a. Parties to an informal contract can use any words they choose to express their contract.
  - ☐ b. A contract under seal is disclosed only to the offeror of the contract.
  - ☐ c. A letter of credit is an informal contract.
  - ☐ d. A void contract is the same as a voidable contract.
10. Which of the following is a necessary condition for a contract to be considered valid?
- ☐ a. It is enforceable by both parties.
  - ☐ b. It is enforceable by at least one of the parties.
  - ☐ c. It can be voided by one of the parties.
  - ☐ d. It can be voided by both parties.
11. A contract that has been fully performed by both sides is called an \_\_\_\_\_ contract.
- ☐ a. executory
  - ☐ b. executed
  - ☐ c. option
  - ☐ d. executive

12. Contracts that have been fully performed by one side but not by the other are classified as \_\_\_\_\_ contracts.
- \_\_\_\_\_ a.      executory
  - \_\_\_\_\_ b.      executed
  - \_\_\_\_\_ c.      void
  - \_\_\_\_\_ d.      voidable
13. A(n) \_\_\_\_\_ is stated orally or in written words.
- \_\_\_\_\_ a.      express contract
  - \_\_\_\_\_ b.      implied-in-law contract
  - \_\_\_\_\_ c.      implied-in-fact contract
  - \_\_\_\_\_ d.      quasi-contract
14. In a(n) \_\_\_\_\_ contract, agreement between parties is inferred from their conduct.
- \_\_\_\_\_ a.      implied-in-law
  - \_\_\_\_\_ b.      implied-in-fact
  - \_\_\_\_\_ c.      express
  - \_\_\_\_\_ d.      formal

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15. Which of the following elements must be established to create an implied-in-fact contract?
- ☐ a. The plaintiff provided the property or services gratuitously.
  - ☐ b. The plaintiff made the defendant sign the contract and then changed its terms, calling the new terms "previously implied".
  - ☐ c. The defendant was given an opportunity to reject the property or services provided by the plaintiff but failed to do so.
  - ☐ d. The defendant accepted the property or services offered by the plaintiff as a fee for an illegal activity.
16. \_\_\_\_\_ are a special form of contract that satisfy the requirements established by Revised Article 3 of the UCC.
- ☐ a. Banknotes
  - ☐ b. Negotiable instruments
  - ☐ c. Letters of credit
  - ☐ d. ~~Stocks~~
17. Which of the following would be a three-party transaction?
- ☐ a. a promissory note
  - ☐ b. a certificate of deposit
  - ☐ c. an ordinary lease
  - ☐ d. a draft

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18. Who is the drawee in a draft transaction?

- ☐ a. The party who demands the draft.
- ☐ b. The party who pays the money stated in the draft.
- ☐ c. The party who writes an order for the draft.
- ☐ d. The party who receives the money from the draft.

19. A \_\_\_\_\_ is a type of draft that is always paid at a future date.

- ☐ a. sight draft
- ☐ b. bill of exchange
- ☐ c. time draft
- ☐ d. demand draft

20. Who is the acceptor of a draft in a draft transaction?

- ☐ a. the drawer
- ☐ b. the drawee
- ☐ c. the payee
- ☐ d. the financee

## Lesson 4

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1. Who is an agent?

- ☐ a. a party who agrees to act on behalf of another
- ☐ b. a party who employs another person to act on his or her behalf
- ☐ c. a party who directs a worker under an express or implied contract of employment
- ☐ d. a party who receives the services of another for remuneration

2. A(n) \_\_\_\_\_ is a relationship formed when an employer hires an employee and gives that employee authority to act and enter into contracts on his or her behalf.

- ☐ a. agent-independent contractor relationship
- ☐ b. principal-agent relationship
- ☐ c. agent-agent relationship
- ☐ d. employer-employee relationship



3. A(n) \_\_\_\_\_ is a contract a principal and agent enter into that says the principal cannot employ another agent other than the one state\_\_\_\_\_ d.
- \_\_\_\_\_ a. exclusive principal contract
  - \_\_\_\_\_ b. exclusive agency contract
  - \_\_\_\_\_ c. ratified contract
  - \_\_\_\_\_ d. apparent agency contract
4. Taylor gives power of attorney to his twin brother Corey, permitting Corey to make all decisions on his behalf while he is abroad. As per the terms of the power of attorney, Corey is allowed to make decisions to purchase or sell stocks on Taylor's behalf, sell Taylor's real estate if he deems it to be in Taylor's best interest, pursue or defend lawsuits on Taylor's behalf, and make all other relevant decisions for Taylor. What kind of power of attorney would confer such powers to Corey?
- \_\_\_\_\_ a. a special power of attorney
  - \_\_\_\_\_ b. a limited power of attorney
  - \_\_\_\_\_ c. an implied power of attorney
  - \_\_\_\_\_ d. a general power of attorney

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5. Marcus employs a real estate broker, Dean, to sell his house. Dean's express powers are to advertise and market the house for sale, show the house to prospective buyers, and accept offers from people who want to purchase the house. He is not allowed to seal a deal without Marcus's consent. Marcus goes away on a month-long trip during which he cannot be contacted. During this time, a short circuit in the house causes a power outage. Dean uses his authority to hire an electrician to repair the circuits and restore electricity to the house. Marcus then comes back and pays Dean for the electricity repair. What is the nature of the agency that Dean used to fix the electricity problem in the house?
- ☐ a. implied agency
  - ☐ b. agency by ratification
  - ☐ c. power of attorney
  - ☐ d. express agency
6. Which of the following is a fiduciary duty required by an agent not to act adversely to the interests of the principal?
- ☐ a. duty of loyalty
  - ☐ b. duty of undertaking
  - ☐ c. duty of discharge
  - ☐ d. duty of resolution

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7. Which of the following is an instance of misuse of confidential information?
- \_\_\_\_ a. An agent gives the seller the principal's name and phone number in a fully disclosed transaction.
  - \_\_\_\_ b. A principal gives the contact details of an agent to a third-party without the agent's knowledge.
  - \_\_\_\_ c. An agent withholds critical information from the principal about the agency.
  - \_\_\_\_ d. An agent divulges details of his past employer to his principal.
8. Which of the following is considered an intentional tort?
- \_\_\_\_ a. negligence
  - \_\_\_\_ b. innocent misrepresentation
  - \_\_\_\_ c. fraud
  - \_\_\_\_ d. dual-purpose mission
9. A \_\_\_\_\_ is a deceit in which an agent makes an untrue statement that he or she knows is not true.
- \_\_\_\_ a. partially disclosed agency
  - \_\_\_\_ b. misrepresentation
  - \_\_\_\_ c. *respondeat superior*
  - \_\_\_\_ d. dual-purpose mission

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10. Which of the following is true regarding a fully disclosed agency?
- ☐ a. The third party does not know the identity of the principal.
  - ☐ b. The third party knows the name of the principal, but all transactions are done with the agent.
  - ☐ c. The contract is between the principal, agent, and the third party.
  - ☐ d. The principal is liable based on the contract with the third party.
11. Which of the following is true regarding workers' compensation?
- ☐ a. Families of workers cannot claim workers' compensation despite the death of the worker.
  - ☐ b. Workers' compensation is only awarded for injuries resulting from the job.
  - ☐ c. The claim for workers' compensation must be filed with the employer.
  - ☐ d. Workers' compensation is a fixed amount throughout the country.
12. Which of the following is true regarding workers' compensation?
- ☐ a. A worker must file a complaint with the police before claiming workers' compensation.
  - ☐ b. Workers' compensation is a provisional remedy, not an equitable remedy.
  - ☐ c. A worker who receives workers' compensation cannot sue his/her employer.
  - ☐ d. Workers' compensation is generally awarded as punitive damages in a lawsuit initiated by the injured employee.

13. The \_\_\_\_\_ is a federal act legislated in 1970 that promotes safety in the workplace.
- \_\_\_\_\_ a. OSHA
  - \_\_\_\_\_ b. FLSA
  - \_\_\_\_\_ c. FMLA
  - \_\_\_\_\_ d. ERISA
14. According to the Department of Labor, children under the age of 14 can be employed only as \_\_\_\_\_.
- \_\_\_\_\_ a. stocking staff at stores
  - \_\_\_\_\_ b. newspaper deliverers
  - \_\_\_\_\_ c. waiters
  - \_\_\_\_\_ d. store assistants
15. Which of the following is true regarding the federal minimum wage?
- \_\_\_\_\_ a. An employer may not reduce the minimum wage even though he/she provides other benefits for the employees.
  - \_\_\_\_\_ b. Managerial employees are not subject to minimum wage requirements.
  - \_\_\_\_\_ c. Apprentices cannot be paid less than the minimum wage.
  - \_\_\_\_\_ d. Employees who earn tips, such as waiters and valets, are not entitled to the minimum wage.

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16. Overtime pay is paid for each hour worked in excess of \_\_\_\_\_ hours per week.
- \_\_\_\_\_ a. 35
  - \_\_\_\_\_ b. 40
  - \_\_\_\_\_ c. 45
  - \_\_\_\_\_ d. 50
17. Which of the following is the National Labor Relations Act of 1935 meant to do?
- \_\_\_\_\_ a. to regulate the internal affairs of each union
  - \_\_\_\_\_ b. to represent employees according to their sectors of employment
  - \_\_\_\_\_ c. to bargain collectively with employers
  - \_\_\_\_\_ d. to equally represent every union member
18. The \_\_\_\_\_ oversees union elections, prevents employers and unions from engaging in illegal or unfair labor practices, and enforces and interprets certain federal labor laws.
- \_\_\_\_\_ a. NLRA
  - \_\_\_\_\_ b. NLRB
  - \_\_\_\_\_ c. AFL
  - \_\_\_\_\_ d. CIO

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19. The act of negotiating contract terms between an employer and the members of a union is known as \_\_\_\_\_.
- \_\_\_\_\_ a. mediation
  - \_\_\_\_\_ b. arbitration
  - \_\_\_\_\_ c. collective bargaining
  - \_\_\_\_\_ d. litigation
20. Which of the following is true regarding union security agreements?
- \_\_\_\_\_ a. Under a closed shop agreement, an employer hires workers who are not part of any union.
  - \_\_\_\_\_ b. Under an agency shop agreement, an employer only hires workers who agree to not join any union.
  - \_\_\_\_\_ c. An employee hired under a union shop agreement is represented by more than one union.
  - \_\_\_\_\_ d. Dues checkoff refers to the deduction of union dues and agency fees from employees' wages.