Question 1: Andrew is employed as a Chief Financial Officer of EasyMoney firm in New York City, for a salary of $200,000 per year on a three-year contract. His employer terminates Andrew with two years left in the contract. Andrew accepts employment as a financial analyst at a different firm that pays $150,000 per year. Which of the following hold true in this scenario?

A) Andrew cannot take any legal action against his formal employer after accepting another job.

B) Andrew's former employer must pay Andrew two years' worth of his former salary.

C) Andrew can only sue to receive nominal damages.

D) Andrew can sue his prior employer and recover $100,000.

Question 2: Monetary damages can be recovered only for material breach.

A) True

B) False

Question 3: Tender of performance discharges a party's contractual obligations.

A) True

B) False

Question 4: Material breach of a contract occurs when a party renders considerable performance of his or her contractual obligations.

A) True

B) False

Question 5: Mitigation of damages is a nonbreaching party's legal duty toward avoiding or reducing damages caused by a breach of contract.

A) True

B) False

Question 6: Stelwire LLC, a vintage car dealer, advertises the sale of a 1964 Ford Thunderbolt. Ralph responds to the advertisement with an offer of $80,000 for the car. Stelwire signs a written assurance to keep that offer open to Ralph for a fortnight. Five days before the fortnight is up, Stelwire sells the car to another buyer. At the end of the fortnight period, Ralph tenders $80,000 for the car, but the car has already been sold. Ralph then buys the same model car from another dealer for $90,000 and sues Stelwire for breach of contract. The court rules that Stelwire is liable to Ralph for breach of contract, and orders Stelwire to pay Ralph the difference of $10,000 he paid extra to the second dealer for the car.

What was the nature of the contract between Ralph and Stelwire?

A) counteroffer

B) open terms contract

C) option contract

D) lease contract

Question 7: Course of performance between the parties is taken into account when the express terms of their written contract are not clear.

A) True

B) False

Question 8: The firm offer rule allows the offeror to revoke an offer at any point of time prior to the acceptance.

A) True

B) False

Question 9: Article 5 of the UCC governs \_\_\_\_\_\_\_\_.

A) sales of intangible goods

B) finance leases

C) letters of credit

D) general provisions

Question 10: Miranda Airways, a commercial air carrier, has a contract with Wurtherton Inc., an airplane manufacturer, to purchase a new plane. Due to a sudden shortage of cash, Miranda Airways goes to MetrosBank. MetrosBank issues a document to Wurtherton that if Miranda does not pay for the transaction, MetrosBank would. Wurtherton considers the offer, and then sends an acceptance with additional terms. The additional terms stipulates that Miranda Airways could have the new airplane for a period of 10 years, and then return it to Wurtherton. Miranda Airways agrees to the acceptance, and Wurtherton hands the new airplane over to them.

What UCC rule was applied when Miranda Airways agreed to the additional terms acceptance provided by Wurtherton?

A) firm offer rule

B) mirror image rule

C) battle of the forms rule

D) gap-filling rule

Question 11: Kenneth purchased a car from his local dealership, Quartent Cars. However, since the car was not available in the color that Kenneth favored, the sales contract stipulated that Kenneth could immediately pick up the car from a nearby warehouse it was housed in. The warehouse was owned by Mr. Henderson. Kenneth received the document of title for the car upon payment and presented it to Mr. Henderson around a week later. But Mr. Henderson informed Kenneth that the car was damaged during a fire in the warehouse.

If Mr. Henderson had refused the document of title provided by Kenneth, who would have borne the risk of loss to the car?

A) The risk is to be borne jointly by Quartent Cars and Kenneth.

B) The risk is to be borne by Kenneth.

C) The risk is to be borne by Quartent Cars.

D) The risk is to be borne by Mr. Henderson.

Question 12: A shipment contract requires the seller to ship the goods to the buyer via a common carrier.

A) True

B) False

Question 13: In which of the following cases is a buyer in breach of a sales contract?

A) if the buyer refuses to accept nonconforming goods

B) if the buyer accepts non corforming goods

C) if the buyer refuses to accept conforming goods

D) if the buyer asks replacements for defective goods

Question 14: Nebula Crystals, a firm in New York that manufactures crystal figurines, was contracted by Ruth from Florida to deliver a thousand such crystal figurines. The contract required the firm to deliver and tender the goods alongside the vessel SS Dew Express at the New York harbor. Which of the following shipment term expresses such conditions?

A) no-arrival, no-sale

B) Ex-ship

C) F.A.S. port of shipment

D) C.I.F.

Question 15: A document of title requires the seller to deliver the goods at the buyer's destination.

A) True

B) False

Question 16: Revocation of acceptance is not effective until the seller or lessor is so notified.

A) True

B) False

Question 17: Blue Rorschach Inc. has an immediate requirement for 80 laptops and contracts with Zenzo Electronics 80 Dell laptops at $550 each. But Zenzo Electronics breaches the contract and fails to deliver the laptops. Blue Rorschach then immediately contracts Dell Computers, buys 100 laptops at $600 per laptop, and then sues Zenzo Electronics for the breach of contract.

What is the amount of legal damages that Blue Rorschach can recover from Zenzo because of the breach of contract?

A) $4,400

B) $5,000

C) $4,000

D) $44,000

Question 18: The UCC alters the perfect tender rule with regard to installment contracts.

A) True

B) False

Question 19: A(n) \_\_\_\_\_\_\_\_ is a sales contract that requires the seller to deliver goods to the buyer's place of business or another specified location.

A) consignment contract

B) option contract

C) shipment contract

D) destination contract

Question 20: If the goods are rejected for nonconformance, the cost of inspection can be recovered from the seller.

A) True

B) False

Question 21: A \_\_\_\_\_\_\_\_ is a warranty in which sellers of goods warrant that the goods they sell are delivered free from any third-party security interests, liens, or encumbrances that are unknown to the buyer.

A) warranty of good title

B) warranty of quiet possession

C) warranty against infringement

D) warranty of no security interests

Question 22: Implied warranties are expressly stated in the sales or lease contract.

A) True

B) False

Question 23: Which of the following is true for display of warranty disclaimers as ruled by the court?

A) It can be implied as an understanding between the buyer and seller.

B) It should be conspicuous and noticeable.

C) It need only be present in the contract.

D) It must be published in the local newspaper before actually being displayed..

Question 24: Sam expressed interest in buying a painting from Jasper, who claimed that the painting was a family heirloom. Jasper's asking price was $15,000, but Sam was only willing to offer $13,000. Jasper told him that it was a very old painting worth a fortune and that others would gladly pay $20,000 for it. He also told him that he was only selling it under its market value because he needed the money immediately. He then implied that Sam could sell it for a higher rate if he wanted.

Sam decided to buy the painting for $15,000 on the condition that if he found that the painting was worth less than $15,000, Jasper would have to take the painting back and refund Sam. Which of the following warranties did this sales contract have?

A) an implied warranty of merchantability

B) an express warranty

C) a statement of opinion

D) an implied warranty of fitness

Question 25: Which of the following would constitute the creation of an express warranty for goods?

A) description of the goods

B) commendation of the goods

C) prior experience with the goods

D) affirmation of the value of the goods