

Name: _____

1. If a purchaser breaches a valid and enforceable sales contract, the seller may at his/her option:
 - A. declare the contract forfeited and retain as liquidated damages any payments received from the buyer.
 - B. rescind the contract and return any payments received from the buyer.
 - C. sue for specific performance.
 - D. Any of the other answers are correct.

2. All of the following are examples of how a contract may be discharged EXCEPT:
 - A. assignment by the purchaser.
 - B. unilateral rescission by a defrauded purchaser.
 - C. novation.
 - D. supervening illegality.

3. Frances, an elderly lady, entered into a contract to sell her home when her unscrupulous nephew Bruce took unfair advantage of his relationship with her. Frances:
 - A. will have to sell if the purchaser is an innocent third party.
 - B. may rescind the contract if she chooses.
 - C. will not have to sell because the contract is void due to fraud.
 - D. will have to sell but has legal recourse against Bruce.

4. A novation can be any of the following EXCEPT:
 - A. substitution of a new contract for an existing contract.
 - B. substitution of one party for another.
 - C. substitution of a new obligation to discharge a former obligation.
 - D. substitution of a new agreement by one party against the wishes of the other party.

5. An executory contract is one in which:
 - A. something remains to be done by one or both parties.
 - B. the contract has been properly signed.
 - C. contract time limit has expired.
 - D. one of the parties has died before closing and the decedent's executor must act on behalf of the deceased.

6. An implied contract is one in which:
 - A. the parties express their intent orally.
 - B. the parties express their intent in writing.
 - C. the parties' agreement is shown by their acts and conduct.
 - D. one party makes a promise in order to induce another party to act.

Ch 8 Suex Test

7. Which of the following will normally control the contents of a deed?
- A. The listing agreement
 - B. The contract for sale
 - C. The verbal representations of seller and broker
 - D. A properly executed power of attorney by the seller
8. The Statute of Limitations refers to:
- A. rights.
 - B. time.
 - C. terminology.
 - D. legal description.
9. A broker has listed a property for a client who lives in another state. When an offer is received from a cooperating agent, it is FAXED to the owner. He then FAXES back a signed acceptance to his agent who in turn delivers it to the buyer's agent. When did it become a binding agreement?
- A. When the seller signed it
 - B. When it was received by the listing agent
 - C. When it was received by the buyer's agent
 - D. Never because FAXED signatures are not legal
10. Broker Mike Stevens tells Andy Malcolm that certain land is zoned for industrial use. Although Stevens thought he was correct, the land was actually zoned for residential use. Malcolm relied on Stevens' representation and signed a contract to purchase the land.
- A. Malcolm may rescind the contract.
 - B. The contract is void because of fraud.
 - C. The contract lacks mutual assent.
 - D. The contract is valid and enforceable because Stevens made an honest mistake.
11. When there is a conflict between the wording of portions of a sales contract, which of the following takes precedence over all other wording?
- A. Typewritten
 - B. Printed
 - C. Standard
 - D. Handwritten
12. Which of the following parties receives equitable title?
- A. Optionee
 - B. Vendee
 - C. Lessee
 - D. Mortgagee

13. A land contract is:
- A. a financing arrangement where the purchaser pays regular installments of principal and interest to the seller while the seller retains title.
 - B. a method that is used exclusively for the purchase of vacant land.
 - C. illegal.
 - D. unrecordable.
14. An enforceable sales contract must include all but which of the following?
- A. Reality of consent
 - B. An earnest money deposit
 - C. Be in writing
 - D. Mutual assent
15. Mary Jo Davis gives Steve Calvin an option to buy her farm within the next year for \$500,000. Calvin agrees to pay \$10,000 for the option. Regarding this transaction, which of the following is correct?
- A. If Calvin does not exercise his option, Davis must return the option money.
 - B. Davis is the optionee.
 - C. Calvin does not have the right to use the property during the option year.
 - D. If Calvin exercises his option, the \$10,000 will automatically be applied to the purchase price.
16. If a seller deposits the deed with an escrow agent but the seller dies before it is delivered to the purchaser, the transfer of title becomes effective on the date the deed was deposited into escrow. This procedure is allowed by:
- A. the parties reality of consent.
 - B. the law of contracts.
 - C. the parol evidence rule.
 - D. the doctrine of relation back.
17. In order to enter into a contract to buy real estate, a corporate official who signs the agreement must obtain the authority from:
- A. the President of the corporation.
 - B. a majority vote of the stockholders.
 - C. a corporate resolution passed by the Board of Directors.
 - D. the Chairman of the Board of Directors.

Ch 8 Suex Test

18. Seller Evans, having signed a contract for the sale of her home, verbally promised the buyer that the living room would be freshly painted. When the buyer moved in, the buyer discovered that the room had not been painted as promised. Under these circumstances:
- A. the seller breached the sales contract.
 - B. the buyer has no legal recourse.
 - C. the seller must reimburse the buyer a reasonable amount for failure to paint the room.
 - D. the buyer has a legal basis for a suit for damages.
19. Before being notified of the seller's acceptance, the prospective purchaser may:
- A. withdraw the offer and receive a full refund of the earnest money deposit.
 - B. not withdraw the offer until the seller has had a reasonable time to consider it.
 - C. withdraw the offer and receive a full refund of the earnest money deposit unless the offer had a time limit that has not yet expired.
 - D. withdraw the offer but forfeit the earnest money.
20. The provision in a sales contract that obligates the seller to repair a leaking basement one year after closing is called:
- A. a liquidated damages clause.
 - B. time is of the essence.
 - C. a survival clause.
 - D. relation back clause.

You have completed the test!