**Chapter Six**

**The Law of Contract**

**Multiple Choice Questions**

1. The term “contract” refers to

A) A binding agreement that always involves two or more parties over the age of twenty.

B) A binding agreement that always involves two or more parties who are not family members.

C) A binding agreement between two or more parties to regulate a legal relationship.

D) A nonbinding agreement between two or more parties to regulate a legal relationship.

Answer:

2. The expression “contractual freedom” means

A) Freedom to enter into contracts.

B) Freedom to select the contract type.

C) Freedom to choose the contracting party.

D) All of the above.

Answer:

3. A non-reciprocal contract is a contract that

A) Depends upon another contract.

B) Creates certain rights or benefits for each party.

C) Creates only obligations on one party and only rights on the other party.

D) Is given a special designation under the Civil and Commercial Code.

Answer:

4. Most of the contracts come into existence when

A) Parties shake their hands.

B) Parties have signed a written document.

C) Parties have agreed on the essential provisions.

D) Parties deliver the property which is the object of the contract.

Answer

5. In order to form a contract, an agreement must include:

A) An offer and an acceptance.

B) A transparent commitment of the parties.

C) A meaningful commitment of the parties.

D) A written document stating the price of the sale.

Answer:

6. Which of the following is not a basic element of a valid offer?

A) Intention of the offerer.

B) Communication of the offer.

C) Definiteness of the offer.

D) Morality of the offer.

Answer:

6. An offer will lapse if:

A) It is made verbally.

B) It is made in writing.

C) It is rejected by the offeree.

D) It is not accepted before the expiration of the period stated in the offer.

Answer:

7. The deathof the offerer after the offer has been sent

A) Does not terminate an offer.

B) Terminates the offer if, before accepting, the offeree has notice of the death.

C) Both A and B are correct.

D) None of the above.

Answer

8. A late acceptance constitutes

A) A valid acceptance.

B) A new offer.

C) Mere silence.

D) Counteroffer.

Answer:

9. Silence or inaction can amount to acceptance only when it follows

A) Usage.

B) Custom.

C) Course of dealing.

D) All of the above.

Answer:

10. According to Section 359, paragraph 2, of the Civil and Commercial Code, a counteroffer is deemed to be

A) A refusal.

B) A new offer.
C) An acceptance.

D) A refusal coupled with a new offer.

Answer:

11. Parties must agree upon all essential elements of a contract. In case of doubt, the contract

A) Is deemed concluded.

B) Is deemed not concluded.

C) It is considered as a preliminary agreement.

D) It is considered as an invitation to negotiate.

Answer:

12. If a contract contains some stipulations granting benefits for a third party, the latter

A) Does not have any right.

B) Has the right to demand performance.

C) Has the right to demand partial performance.

D) Has a right to demand performance but cannot enforce the contract.

Answer:

13. According to the Civil and Commercial Code, the contract is terminated

A) Upon the consent of both parties.

B) If both parties have performed their obligations completely.

C) The performance of one party becomes wholly or partly impossible.

D) All of the above.

Answer:

14. In contracts where both parties commit themselves to render a performance, a contractual party has the right to terminate the contract

A) In any circumstances.

B) Only in case the other party is a minor.

C) Only in case the other party is a quasi-incompetent person.

D) Only in case the other party does not perform the obligation.

Answer:

15. Supervening impossibility by a cause attributable to the debtor

A) Never terminates the contract.

B) Always terminates the contract.

C) Allows the creditor to terminate the contract.

D) Allows the creditor to ask performance to the debtor’s family.

Answer: