**Unit 10 Quiz**

1. A bilateral contract is one in which
	1. only one of the parties is obligated to act.
	2. the promise of one party is given in exchange for the promise of the other party.
	3. something is to be done by one party only.
	4. a restriction is placed in the contract by one party to limit the performance by the other.
2. Every real estate contract must have
	1. a grantor and a grantee.
	2. acknowledgment by a notary.
	3. an offer and acceptance.
	4. earnest money.
3. At the time a buyer was negotiating the purchase of a lot on which to build a new home, the seller represented that the soil was firm enough to support the construction of a building when, in fact, the seller knew it was not. This contract is
	1. voidable by neither party because no harm was done yet.
	2. void.
	3. voidable by the seller because of the mistake.
	4. voidable by the buyer because of fraud.
4. The statute of frauds, which requires that a contract be in writing to be enforceable, applies to
	1. all real estate contracts of any sort.
	2. all contracts.
	3. bilateral contracts only.
	4. all real estate sales agreements.
5. A contract for the sale of real estate that does not state the consideration to be paid for the property and is not signed by the parties is considered
	1. enforceable.
	2. voidable.
	3. executory.
	4. void.
6. A contractor has finished a home except for a few small details. The homebuyer and the contractor agree that the work is complete enough to consider the contract discharged. In this situation, the contractor is entitled to final payment based on
	1. forfeiture.
	2. operation of law.
	3. partial performance.
	4. specific performance.
7. A contract agreed to under duress is
	1. breached.
	2. voidable.
	3. void.
	4. discharged.
8. Which of the following keeps an offer open?
	1. Revocation of the offer before acceptance
	2. A counteroffer by the offeree
	3. Death of the offeror before acceptance
	4. An offer from a third party
9. A broker took a listing and later discovered that the client had previously been declared legally incompetent. The listing is now
	1. binding because the broker was acting as the owner's agent in good faith.
	2. renegotiable.
	3. the basis for the recovery of a commission if the broker produces a buyer.
	4. of no value to the broker because it is now void.
10. A lender agrees to release the first borrower from all financial obligations and let the second buyer be responsible for the repayment of the debt. This is an example of
	1. an assignment.
	2. an addendum.
	3. a novation.
	4. a breach.
11. The Plain Language Consumer Contract Act in Pennsylvania applies to
	1. mortgage documents.
	2. agreements of sale and leases.
	3. title insurance contracts.
	4. deeds.
12. In Pennsylvania, under what conditions may real estate licensees fill in the blanks on certain preprinted documents, such as agreements of sale?
	1. As long as they charge only a minimal fee
	2. With written permission from the consumer
	3. As long as they do not charge a fee for this service
	4. Only if the forms are subsequently reviewed by an attorney at law
13. A contract for an illegal purpose, such as setting up a business in a residential neighborhood, is considered
	1. void.
	2. voidable.
	3. valid between the parties.
	4. unenforceable.
14. All of the following terminates an offer *EXCEPT*
	1. a signature with no changes.
	2. a counteroffer.
	3. an outright rejection.
	4. a few minor changes.
15. The contract may include a clause that limits the amount of money to which the seller is entitled in case the buyer breaches the contract. What is this clause?
	1. Liquidated damages
	2. Actual damages
	3. Punitive damages
	4. Suit for performance
16. The Plain Language Consumer Contract Act in Pennsylvania requires simple and easy-to-understand language in all of the following contracts *EXCEPT*
	1. deeds and mortgages.
	2. when the consumer borrows money.
	3. buys or leases real property.
	4. engages services for cash or on credit for family and household purposes.
17. The essential elements of a contract include all of the following *EXCEPT*
	1. offer and acceptance.
	2. notarized signatures.
	3. competent parties.
	4. consideration.
18. The law that requires real estate contracts to be in writing to be enforceable is the
	1. law of descent and distribution.
	2. statute of frauds.
	3. parol evidence rule.
	4. statute of limitations.
19. After the buyer and the seller have signed a sales contract, the seller changes his mind and defaults. The buyer sues the seller to force him to go through with the contract. This is known as a suit for
	1. specific performance.
	2. damages.
	3. rescission.
	4. forfeiture.
20. Which of the following *BEST* describes a contract that is voidable?
	1. The contract has no legal effect.
	2. The contract is oral.
	3. The contract may be valid.
	4. The contract has not been signed.