

4.3.E: Assessment Questions

1. What is a sales contract?

Answer

A sales contract is a specific type of contract in which one party is obligated to deliver and transfer ownership of a good to a second party, who in turn is obligated to pay for the good in money, or its equivalent.

2. All of the following are features of sales contracts except:

- a. Consensual.
- b. Bilateral.
- c. Cumulative.
- d. Principal.

3. What source of law governs sales contracts?

- a. Common Law.
- b. The Uniform Commercial Code.
- c. Statutory Law.
- d. Federal Law.

Answer

b

4. What is the definition of a good?
5. Distinguish a shipment contract from a destination contract.

Answer

A shipment contract occurs when it is the responsibility of the seller to make the shipping arrangements and to transfer the goods to the common carrier. Under this contract, title passes to the buyer at the time of shipment, so the buyer bears the risk of loss, even when he or she has not taken possession of the goods. A destination contract occurs when the seller is required to deliver the goods to a location that is stipulated in the contract. Under this contract, title transfers when the goods are delivered, but the seller bears the risk of loss until that time.

6. What is a warranty in a sales contract?
7. Describe the difference between an express and implied warranty.

Answer

An express warranty is one in which the seller explicitly guarantees the quality of the good or service sold. Typically, the vendor provides a statement, or other binding document, as part of the sales contract. In certain circumstances where no express warranty was made, the law implies a warranty. This statement means that the warranty automatically arises from the fact that a sale was made.

8. Examples of a defect in a breach of the implied warranty of merchantability, include all of the following except:

- a. Design defect.
- b. Manufacturing defect.
- c. Inadequate instructions.
- d. Product defect.

9. The following are possible remedies to buyers under the UCC:

- a. Cancel the contract.
- b. Obtain Cover.
- c. Sue.
- d. All of the above.

Answer

d

10. What is a breach of warranty?

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