



## Chapter 11 Quiz

1. If the proposed contract contains a contingency for the sale of the buyer's present home, the seller often requires that it also includes an
  - A. option.
  - B. addendum.
  - C. escape clause.
  - D. assignment.
2. To be legally valid, a contract of sale must be
  - A. accompanied by earnest money.
  - B. witnessed by a notary public.
  - C. acknowledged by the parties to the contract.
  - D. negotiated between competent parties.
3. A rescission of a contract is
  - A. a ratification of a contract.
  - B. a modification of a contract.
  - C. an extension of a contract.
  - D. a cancellation of a contract.
4. The substitution of a new contract for an existing one is called
  - A. an option.
  - B. an assignment.
  - C. novation.
  - D. specific performance.
5. A meeting of the minds refers to
  - A. agreement on terms.
  - B. creation of counteroffer.
  - C. notification of acceptance.
  - D. creation of good faith.
6. A void contract is one that is
  - A. not in writing.
  - B. not legally enforceable.
  - C. rescindable by agreement.
  - D. voidable by only one of the parties.

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7. The legal proceeding or legal action brought by either the buyer or the seller under a purchase contract to enforce the terms of the contract is known as
  - A. an injunction.
  - B. a lis pendens.
  - C. an attachment.
  - D. specific performance.
8. If, upon the receipt of an offer to purchase their property under certain conditions, the sellers make a counteroffer, the prospective buyers are
  - A. bound by the original offer.
  - B. bound to accept the counteroffer.
  - C. bound by whichever offer is lower.
  - D. relieved of their original offer.
9. If the buyer defaulted some time ago on a written contract to purchase a seller's real estate, the seller can still sue for damages if they are not prohibited from doing so by the
  - A. statute of frauds.
  - B. law of agency.
  - C. statute of limitations.
  - D. broker-attorney accord.
10. What is the effect of an option?
  - A. Requires the optionee to complete the purchase
  - B. Allows the optionee an easement on the property
  - C. Keeps an offer open for a specified time
  - D. Makes the seller liable for a commission