**Business Law Consumer Law Test**

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Hour \_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**True/False**

*Indicate whether the statement is true or false.*

\_\_\_\_ 1. The warranty of merchantability applies to nonmerchants as well as merchants.

\_\_\_\_ 2. The cooling-off rule gives you three business days to change your mind about a transaction that was made away from the seller’s regular place of business.

\_\_\_\_ 3. A limited warranty gives limited information.

\_\_\_\_ 4. If the seller fails to deliver the goods that were promised, the buyer can buy the goods from someone else and charge the difference in price back to the original seller.

\_\_\_\_ 5. Sales law applies to the sale of goods and property.

**Multiple Choice**

*Identify the choice that best completes the statement or answers the question.*

\_\_\_\_ 6. The law requiring that written express warranties on products costing more than ten dollars meet certain requirements is the

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| --- | --- | --- | --- |
| a. | parol evidence rule. | c. | Nader-Clayton Warranty Act. |
| b. | Right of Warranty Law. | d. | Magnuson-Moss Warranty Act. |

\_\_\_\_ 7. The UCC laws govern all of the following business transactions EXCEPT the sale of

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| --- | --- | --- | --- |
| a. | stocks. | c. | gasoline. |
| b. | cars. | d. | clothing. |

\_\_\_\_ 8. A guarantee of quality imposed by law and not in writing is a(n)

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| --- | --- | --- | --- |
| a. | implied warranty. | c. | oral warranty. |
| b. | limited warranty. | d. | express warranty. |

\_\_\_\_ 9. A guarantee that goods are free of financial obligation, or lien, is called a

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| --- | --- | --- | --- |
| a. | limited warranty. | c. | warranty of privity. |
| b. | warranty of merchantability. | d. | warranty of title. |

\_\_\_\_ 10. The FTC is a governmental agency created to

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| --- | --- |
| a. | protect you when you lease a car or other big-ticket item. |
| b. | set safety standards for consumer products.  |
| c. | promote free and fair trade competition. |
| d. | protect you from risk of injury when using consumer products. |

\_\_\_\_ 11. The Better Business Bureau is a private agency created to

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| --- | --- |
| a. | recall unsafe products. |
| b. | sue companies with questionable business practices. |
| c. | develop warranties for products made locally. |
| d. | hear consumer complaints at the local and state levels. |

\_\_\_\_ 12. When a store advertises bargains that do not exist, this is a form of

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| --- | --- | --- | --- |
| a. | FTC advertising. | c. | negative option advertising. |
| b. | bait and switch advertising. | d. | cooling-off advertising. |

\_\_\_\_ 13. As interstate commerce developed, a need for consistent laws regarding the sale and lease of goods arose. These laws are called the

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| --- | --- | --- | --- |
| a. | Federal Trade Commission. | c. | Uniform Contract Laws. |
| b. | Federal Sales Act. | d. | Uniform Commercial Code. |

\_\_\_\_ 14. The law that protects you from unreasonable risk when using shampoos and other hair supplies is called the

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| --- | --- | --- | --- |
| a. | Consumer Product Safety Act. | c. | Federal Consumer Protection Act. |
| b. | Consumer Leasing Act. | d. | State Trade Commission Act. |

\_\_\_\_ 15. In Texas, the Texas Deceptive Trade Practices Act was designed to protect consumers against

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| --- | --- |
| a. | false and misleading business and insurance practices. |
| b. | deceptive products that might be dangerous to the consumer. |
| c. | fraudulent lease agreements. |
| d. | misleading charges on utility bills. |

**Matching**

*Match each term with its definition.*

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| --- | --- | --- | --- |
| a. | warranty | f. | warranty of merchantability |
| b. | express warranty | g. | voidable title |
| c. | full warranty | h. | firm offer |
| d. | limited warranty | i. | title |
| e. | implied warranty | j. | bill of sale |

\_\_\_\_ 16. Warranty implied by retailers every time they make a sale

\_\_\_\_ 17. Guarantee of quality imposed by law, not in writing; comes about only when goods are sold

\_\_\_\_ 18. Warranty that provides restricted protection

\_\_\_\_ 19. Only proves you once had title, not that you still own the goods

\_\_\_\_ 20. Guarantee by a seller that its products are not defective and are suitable for the use for which they are intended

\_\_\_\_ 21. Assurance that a defective product will be fixed or replaced free within a reasonable time after a complaint has been made about it

\_\_\_\_ 22. The right of ownership to goods

\_\_\_\_ 23. Cannot be revoked during the time stated in the offer

\_\_\_\_ 24. May be canceled if the injured party chooses to do so

\_\_\_\_ 25. Oral or written guarantee by a manufacturer or a seller

**Short Answer**

 26. The federal government has created a variety of laws and agencies to protect consumers. List and describe two consumer protection laws and discuss how they protect you.