

Business Law Consumer Law Test

Name _____

True/False

Hour _____ Date _____

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
 - a. parol evidence rule.
 - b. Right of Warranty Law.
 - c. Nader-Clayton Warranty Act.
 - d. Magnuson-Moss Warranty Act.
- _____ 7. The UCC laws govern all of the following business transactions EXCEPT the sale of
 - a. stocks.
 - b. cars.
 - c. gasoline.
 - d. clothing.
- _____ 8. A guarantee of quality imposed by law and not in writing is a(n)
 - a. implied warranty.
 - b. limited warranty.
 - c. oral warranty.
 - d. express warranty.
- _____ 9. A guarantee that goods are free of financial obligation, or lien, is called a
 - a. limited warranty.
 - b. warranty of merchantability.
 - c. warranty of privity.
 - d. warranty of title.
- _____ 10. The FTC is a governmental agency created to
 - 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
 - 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
 - a. FTC advertising.
 - b. bait and switch advertising.
 - c. negative option 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
 - a. Federal Trade Commission.
 - b. Federal Sales Act.
 - c. Uniform Contract Laws.
 - d. Uniform Commercial Code.

- ___ 14. The law that protects you from unreasonable risk when using shampoos and other hair supplies is called the
- a. Consumer Product Safety Act.
 - b. Consumer Leasing Act.
 - c. Federal Consumer Protection Act.
 - d. State Trade Commission Act.
- ___ 15. In Texas, the Texas Deceptive Trade Practices Act was designed to protect consumers against
- 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.

- | | |
|---------------------|--------------------------------|
| 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.