

CLEP Business Law Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Questions

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- 1. What type of judgment does a trial judge issue when there is no genuine issue of material fact in dispute?**
 - A. Directed verdict**
 - B. Summary judgment**
 - C. Judgment N.O.V.**
 - D. Remittitur**
- 2. What is the primary reason why Employer committed the tort of invasion of privacy against Joan?**
 - A. Employer had a company policy allowing searches of personal property.**
 - B. Joan had a reasonable expectation of privacy in her purse.**
 - C. Employer suspected theft and had an obligation to investigate.**
 - D. Employer was unaware of the legal implications of the search.**
- 3. Which type of contracts must be in writing under the Statute of Frauds?**
 - A. Contract for the sale of goods for \$400**
 - B. Contract more than one year in length**
 - C. Contract to guaranty the debt of another**
 - D. All of the above**
- 4. What describes the status of a contract entered into by a legally insane person?**
 - A. Valid and enforceable.**
 - B. Void at the outset.**
 - C. Voidable at the discretion of the party.**
 - D. Enforceable with limitations.**

- 5. The Commerce Clause authorizes federal regulation of private citizens under which condition?**
- A. Only if the private activity alone affects interstate commerce significantly.**
 - B. If the private activity, taken cumulatively, affects interstate commerce.**
 - C. If the activity relates to a business being conducted.**
 - D. Only if the government specifically states it wants to regulate the activity.**
- 6. Which school of legal thought is concerned with adhering to common religious notions of equity and accountability?**
- A. Positive law school of legal thought**
 - B. Legal realism school of legal thought**
 - C. Natural law school of legal thought**
 - D. Sociological school of legal thought**
- 7. Which defense applies when a debtor tenders a check marked 'paid in full' and the creditor cashes it?**
- A. Accord and satisfaction.**
 - B. Novation.**
 - C. Discharge by substituted agreement.**
 - D. Discharge by alteration of the contract.**
- 8. What is the significance of the strict scrutiny test in constitutional law?**
- A. It requires the government to prove a compelling interest for limiting rights.**
 - B. It is used for all laws affecting businesses.**
 - C. It allows for more lenient evaluation of laws governing speech.**
 - D. It applies only to laws affecting economic regulations.**
- 9. Under Title VII of the Civil Rights Act, which behavior is considered sexual harassment?**
- A. A coworker making persistent lewd comments.**
 - B. Bantering about sexual relations that all parties consent to.**
 - C. A supervisor requiring sexual favors for job benefits.**
 - D. A director reprimanding employees uniformly.**

10. If a minor wants to disaffirm a contract, what must they do?

- A. Notify the other party.**
- B. Return the other party's consideration.**
- C. Make restitution to the other party.**
- D. All of the above.**

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Answers

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- 1. B**
- 2. B**
- 3. C**
- 4. B**
- 5. B**
- 6. C**
- 7. A**
- 8. A**
- 9. C**
- 10. B**

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Explanations

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1. What type of judgment does a trial judge issue when there is no genuine issue of material fact in dispute?

A. Directed verdict

B. Summary judgment

C. Judgment N.O.V.

D. Remittitur

A trial judge issues a summary judgment when no genuine issue of material fact is in dispute. This legal ruling allows the judge to decide a case without going to trial because the evidence presented (whether in the form of affidavits, depositions, or documents) demonstrates that one party is entitled to judgment as a matter of law. The concept behind summary judgment is that if there are no factual disagreements that would necessitate a trial, the court can resolve the case based solely on the law. This helps streamline judicial processes and ensures that cases that do not require a trial are resolved efficiently. In other contexts, a directed verdict refers to a ruling made during a trial, indicating that no reasonable jury could reach a different conclusion based on the presented evidence. Judgment N.O.V. (non obstante veredicto) occurs after a jury verdict, indicating that the judge believes that no reasonable jury could have reached that verdict based on the evidence. Remittitur is a process used by a judge to reduce an excessive jury award. Each of these concepts differs significantly from summary judgment, which pertains directly to resolving cases before they reach trial based on undisputed facts.

2. What is the primary reason why Employer committed the tort of invasion of privacy against Joan?

A. Employer had a company policy allowing searches of personal property.

B. Joan had a reasonable expectation of privacy in her purse.

C. Employer suspected theft and had an obligation to investigate.

D. Employer was unaware of the legal implications of the search.

The primary reason Employer committed the tort of invasion of privacy against Joan is that she had a reasonable expectation of privacy in her purse. The concept of a "reasonable expectation of privacy" is a key aspect of privacy law; it pertains to the individual's ability to expect that certain personal spaces or belongings will not be intruded upon without consent. In this case, Joan's purse is a private item where one typically keeps personal belongings, and it falls under the ambit of spaces that people generally expect to remain private. In legal terms, if an employer conducts a search of an employee's personal property—like a purse—without consent or a reasonable justification, it can be seen as an infringement on the employee's privacy rights. Thus, the factor that Joan had a reasonable expectation in that context substantiates her claim against the Employer for invasion of privacy. Understanding this principle helps clarify why the search might not be justified, especially in the absence of overwhelming factors like explicit company policies that allow for such searches or a clear and pressing need to address potential misconduct. In this context, policies allowing searches or obligations to investigate suspected theft might be relevant, but they do not override the expectation of privacy standard that governs an individual's rights. Similarly, ignorance of legal implications doesn't mitigate

3. Which type of contracts must be in writing under the Statute of Frauds?

- A. Contract for the sale of goods for \$400**
- B. Contract more than one year in length**
- C. Contract to guaranty the debt of another**
- D. All of the above**

The correct answer is that contracts must be in writing under the Statute of Frauds when they involve specific types of transactions to ensure clarity and prevent fraud. Among these are contracts that guarantee the debt of another person, which require written evidence because they involve a promise that is collateral and dependent on the obligation of another party. The rationale is that such agreements can involve significant financial commitments and complexities, making it crucial to have a written record. In addition to guarantees, the Statute of Frauds also requires certain contracts to be in writing, including contracts for the sale of goods over a specified amount (such as \$500 in the Uniform Commercial Code) and contracts that cannot be completed within one year. Thus, options regarding the sale of goods and contracts longer than a year also meet the Statute of Frauds requirements, indicating they should be written to be enforceable. In short, these requirements are meant to reduce the potential for misunderstandings and disputes regarding the terms of agreements involving significant commitments. Therefore, while option C identifies one specific requirement, options A and B also fall under the same statute's requirements for certain conditions, leading to a broader understanding that includes all elements highlighted in the choices.

4. What describes the status of a contract entered into by a legally insane person?

- A. Valid and enforceable.**
- B. Void at the outset.**
- C. Voidable at the discretion of the party.**
- D. Enforceable with limitations.**

A contract entered into by a legally insane person is classified as void at the outset. This means that such a contract lacks the legal validity and enforceability from the moment it is created. The law recognizes that individuals who are legally insane do not possess the mental capacity required to understand the nature and consequences of entering into a contract. Consequently, they cannot provide informed consent, which is a fundamental element necessary for the formation of a contract. When assessing contractual capacity, the notion of mutual assent, or the meeting of the minds, is essential. In the case of a legally insane person, this mutual assent is fundamentally absent because their mental condition prevents them from comprehending the terms or implications of the agreement. Therefore, the law treats contracts made by individuals deemed legally insane as null and void, protecting them from the implications of agreements they cannot fully grasp. The other options suggest varying degrees of validity for contracts made by individuals with mental incapacity, but given the unequivocal principle that such contracts are void from the outset, those interpretations do not align with established legal doctrine.

5. The Commerce Clause authorizes federal regulation of private citizens under which condition?
- A. Only if the private activity alone affects interstate commerce significantly.
 - B. If the private activity, taken cumulatively, affects interstate commerce.**
 - C. If the activity relates to a business being conducted.
 - D. Only if the government specifically states it wants to regulate the activity.

The Commerce Clause grants Congress the power to regulate commerce among the states, and this has been interpreted to include activities that may not directly engage in interstate commerce but, when considered in the aggregate, have a substantial effect on it. Therefore, the correct answer reflects the broader interpretation established by landmark Supreme Court cases, which hold that even private activities that may appear local or limited can be regulated if, when considered cumulatively with similar activities across the nation, they would have a significant effect on interstate commerce. This interpretation allows federal regulation of activities that might seem disconnected from interstate commerce on an individual basis but can disrupt market dynamics and trade when viewed as part of a larger legislative framework influencing economic conditions across state lines. The importance of the cumulative effect is underscored by how the government can implement regulations aimed at achieving a greater economic stability or market fairness across states.

6. Which school of legal thought is concerned with adhering to common religious notions of equity and accountability?
- A. Positive law school of legal thought
 - B. Legal realism school of legal thought
 - C. Natural law school of legal thought**
 - D. Sociological school of legal thought

The natural law school of legal thought is centered on the belief that there are inherent moral principles that inform our understanding of justice and law. This school posits that law should align with ethical standards and universal principles derived from human nature, reason, and a common moral foundation, often influenced by religious beliefs. Adhering to common religious notions of equity and accountability resonates with natural law because it emphasizes the idea that laws should reflect moral truths that exist independently of human-made statutes. This perspective holds that there are fundamental rights and values that govern human behavior and that legal systems should aspire to uphold these principles. Thus, in the context of this question, the natural law school highlights the relationship between legal norms and ethical considerations, particularly those arising from shared religious or moral frameworks.

7. Which defense applies when a debtor tenders a check marked 'paid in full' and the creditor cashes it?

- A. Accord and satisfaction.**
- B. Novation.**
- C. Discharge by substituted agreement.**
- D. Discharge by alteration of the contract.**

The defense of accord and satisfaction is applicable in the scenario where a debtor pays a creditor with a check that is marked 'paid in full', and the creditor subsequently cashes that check. This legal concept involves an agreement (the accord) between the parties to discharge an existing obligation by substituting it with a new performance (the satisfaction). When the creditor accepts the check marked 'paid in full', they are indicating their agreement to accept that amount as complete payment for the debt, effectively resolving the original obligation. In accord and satisfaction, it is crucial that the payment offered is of a disputed or unliquidated amount, meaning that the parties have a disagreement about the amount owed or the validity of the debt. By cashing the check, the creditor acknowledges the offer and accepts it, leading to a resolution of the debt involved. This principle protects debtors from being pursued for additional payments after they have made a good faith effort to resolve the debt based on the situation as they understood it. Other options, such as novation, where one party is substituted in a contract, discharge by substituted agreement, which involves creating a new agreement that replaces the original, and discharge by alteration of the contract, which involves changes to the terms of the contract itself,

8. What is the significance of the strict scrutiny test in constitutional law?

- A. It requires the government to prove a compelling interest for limiting rights.**
- B. It is used for all laws affecting businesses.**
- C. It allows for more lenient evaluation of laws governing speech.**
- D. It applies only to laws affecting economic regulations.**

The significance of the strict scrutiny test in constitutional law lies in its requirement for the government to demonstrate a compelling interest when enacting laws that limit fundamental rights or discriminate against suspect classifications, such as race or religion. This standard is the highest level of judicial scrutiny applied by courts, indicating that if a law infringes upon fundamental rights, the burden of proof shifts to the government to justify the law's necessity and appropriateness. When a law is subjected to strict scrutiny, it must serve a compelling governmental interest, and the means chosen to achieve that interest must be narrowly tailored, meaning they should be the least restrictive way to achieve the desired outcome. This high threshold reflects the importance of protecting certain fundamental rights against undue government interference, ensuring that any constraints imposed are truly warranted under the most careful scrutiny. This standard does not apply to all laws affecting businesses, nor does it provide leniency for laws governing speech, as these areas often have their own sets of legal tests depending on the context and specific rights involved. Additionally, strict scrutiny is not limited to economic regulations, as it primarily concerns fundamental rights and certain classifications that are suspect under constitutional law.

9. Under Title VII of the Civil Rights Act, which behavior is considered sexual harassment?
- A. A coworker making persistent lewd comments.
 - B. Bantering about sexual relations that all parties consent to.
 - C. A supervisor requiring sexual favors for job benefits.**
 - D. A director reprimanding employees uniformly.

Sexual harassment under Title VII of the Civil Rights Act includes any unwelcome sexual advances, requests for sexual favors, and other verbal or physical harassment of a sexual nature. The behavior described in the correct answer involves a supervisor leveraging their position of authority to require sexual favors as a condition for receiving job benefits. This clearly demonstrates a coercive environment where the employee's compliance is dictated by the potential loss or gain of job-related advantages, which constitutes a severe violation of Title VII protections. Such behavior creates a hostile work environment and undermines the integrity and fairness of the workplace. In contrast, other options may describe behavior that does not meet the legal definition of harassment or is based on mutual consent, which lacks the coercive element central to the violation. Therefore, requiring sexual favors for job benefits is a clear-cut example of sexual harassment under Title VII, highlighting the seriousness with which the law regards misuse of power in workplace interactions.

10. If a minor wants to disaffirm a contract, what must they do?
- A. Notify the other party.
 - B. Return the other party's consideration.**
 - C. Make restitution to the other party.
 - D. All of the above.

In the context of a minor disaffirming a contract, the correct choice emphasizes the need for the minor to return the other party's consideration. When a minor enters into a contract, they typically have the legal right to disaffirm it due to their lack of legal capacity. This means they can void the contract without penalty. Upon disaffirming, the minor is generally required to return any consideration they received as part of the contract, if it's still in their possession. This is to maintain a level of fairness in the transaction and to prevent unjust enrichment of the minor at the other party's expense. Essentially, the law aims to restore both parties to their original positions as much as possible. The other choices contribute to the process but focus on aspects that are not strictly required under the law. While notifying the other party can be considered a courteous step, it is not an absolute requirement for disaffirmation. Similarly, making restitution could come into play in certain circumstances, such as if the minor has consumed or damaged the consideration received. However, the primary legal requirement is returning the consideration to effectuate the disaffirmation.