

# Introductory Business Law

# CLEP Prep Practice Exam

# (Sample)

## Study Guide



**Everything you need from our exam experts!**

**Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.**

**ALL RIGHTS RESERVED.**

**No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.**

**Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.**

**SAMPLE**

# Table of Contents

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>5</b>
<b>Answers</b> .....	<b>8</b>
<b>Explanations</b> .....	<b>10</b>
<b>Next Steps</b> .....	<b>15</b>

SAMPLE

# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## 1. Start with a Diagnostic Review

**Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.**

## 2. Study in Short, Focused Sessions

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.**

## 3. Learn from the Explanations

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## 4. Track Your Progress

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## 5. Simulate the Real Exam

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## 6. Repeat and Review

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!**

## **Questions**

SAMPLE

- 1. A contract of sale is generally enforceable when:**
  - A. When one party is willing to perform**
  - B. When it has been signed by both parties**
  - C. When all the necessary elements are included**
  - D. Both B and C**
  
- 2. What type of law deals with disputes between two countries?**
  - A. International law**
  - B. Tax law**
  - C. Civil law**
  - D. Administrative law**
  
- 3. What type of law governs business conducted between states?**
  - A. Civil Law**
  - B. Federal Statutory Law**
  - C. Contract Law**
  - D. Interstate Law**
  
- 4. What type of rights do secured creditors have?**
  - A. Preferential rights**
  - B. Proprietary rights**
  - C. Property rights**
  - D. Plenary rights**
  
- 5. Who is responsible for upholding and enforcing contracts?**
  - A. Business owners**
  - B. Attorneys**
  - C. Employers**
  - D. Courts**
  
- 6. What are the two types of bankruptcy?**
  - A. Chapter 7 and Chapter 11**
  - B. Chapter 5 and Chapter 13**
  - C. Chapter 9 and Chapter 11**
  - D. Chapter 7 and Chapter 13**

**7. What is a claimant?**

- A. A person who has been found guilty of a crime**
- B. A person seeking compensation for the wrongful act of another**
- C. A person who has been sued by another party**
- D. A person responsible for repaying a debt**

**8. According to the Uniform Commercial Code, when a contract is made, what are the three criteria for a valid acceptance?**

- A. Legitimate, clear, and unambiguous**
- B. Legitimate, mutual, and complete**
- C. Legitimate, complete, and binding**
- D. Legitimate, mutual, and equitable**

**9. What type of law is in effect in a state legislature?**

- A. Common law**
- B. Natural law**
- C. Administrative law**
- D. Statutory law**

**10. Which of the following is a source of law?**

- A. Administrative agency rule**
- B. Judicial precedent**
- C. Opinion of non-attorney**
- D. State legislature**

## **Answers**

SAMPLE

1. D
2. A
3. D
4. A
5. D
6. D
7. B
8. A
9. D
10. A

SAMPLE

## **Explanations**

SAMPLE

**1. A contract of sale is generally enforceable when:**

- A. When one party is willing to perform**
- B. When it has been signed by both parties**
- C. When all the necessary elements are included**
- D. Both B and C**

A contract of sale is generally enforceable when both parties have signed it and all the necessary elements are included. Choice A is incorrect because both parties must be willing to perform for the contract to be enforceable. Choice B is incorrect because a signature alone does not guarantee that the contract is valid and enforceable, as all necessary elements must also be included. Choice C is incorrect because a signature from both parties alone is not enough to make the contract enforceable; it must also have all the necessary elements included. Therefore, the correct answer is D, as it includes both elements that are needed for a contract of sale to be enforceable.

**2. What type of law deals with disputes between two countries?**

- A. International law**
- B. Tax law**
- C. Civil law**
- D. Administrative law**

International law is the correct answer because it is a set of rules and agreements that govern relations between sovereign states. It deals with issues such as trade, diplomacy, and disputes between countries. Tax law (B), civil law (C), and administrative law (D) all deal with disputes on a smaller scale, such as between individuals, organizations, or with government agencies. These types of law may not have jurisdiction or authority over disputes between two countries.

**3. What type of law governs business conducted between states?**

- A. Civil Law**
- B. Federal Statutory Law**
- C. Contract Law**
- D. Interstate Law**

Interstate law, also known as Interstate Commerce law, is a type of law that governs business activities conducted between different states. It deals specifically with the regulation and control of trade, transportation, and other commercial activities that cross state borders. While civil law, federal statutory law, and contract law may all play a role in regulating business activities, they primarily govern transactions and cases within a single state. As such, they would not be the correct choice for a law that specifically deals with interactions between states.

#### 4. What type of rights do secured creditors have?

- A. Preferential rights**
- B. Proprietary rights**
- C. Property rights**
- D. Plenary rights**

Secured creditors have preferential rights because they have a higher priority in repayment compared to unsecured creditors. Proprietary and property rights may refer to ownership rights over assets, but they are not specific to creditors. Plenary rights generally refer to full or complete rights, but this term is not commonly used in the context of creditors' rights. Therefore, A is the most accurate and specific answer.

#### 5. Who is responsible for upholding and enforcing contracts?

- A. Business owners**
- B. Attorneys**
- C. Employers**
- D. Courts**

Contracts are legally binding agreements and therefore the responsibility of upholding and enforcing them falls on a legal authority such as the courts. Business owners and employers may be involved in the creation and execution of contracts, but they do not have the authority to enforce them. Attorneys may assist in the drafting and negotiation of contracts, but their responsibility lies in representing their clients' interests rather than upholding and enforcing the contract after it has been made.

#### 6. What are the two types of bankruptcy?

- A. Chapter 7 and Chapter 11**
- B. Chapter 5 and Chapter 13**
- C. Chapter 9 and Chapter 11**
- D. Chapter 7 and Chapter 13**

Chapter 5 and Chapter 13 are not types of bankruptcy, but rather sections of the bankruptcy code. Chapter 9 bankruptcy is specifically for municipalities and not individuals or businesses. Chapter 11 bankruptcy is typically used by businesses and differs from Chapter 13 in terms of eligibility requirements and debt repayment options. Therefore, the correct answer is D Chapter 7 and Chapter 13.

## 7. What is a claimant?

- A. A person who has been found guilty of a crime**
- B. A person seeking compensation for the wrongful act of another**
- C. A person who has been sued by another party**
- D. A person responsible for repaying a debt**

A claimant is a person who is seeking compensation for the wrongful act of another party. Option A is incorrect because a person who has been found guilty of a crime is typically referred to as a criminal, not a claimant. Option C is incorrect because a person who has been sued is referred to as a defendant, not a claimant. Option D is incorrect because a person responsible for repaying a debt is known as a debtor, not a claimant. Therefore, the correct answer is option B.

## 8. According to the Uniform Commercial Code, when a contract is made, what are the three criteria for a valid acceptance?

- A. Legitimate, clear, and unambiguous**
- B. Legitimate, mutual, and complete**
- C. Legitimate, complete, and binding**
- D. Legitimate, mutual, and equitable**

A valid acceptance in a contract must meet three criteria according to the Uniform Commercial Code: it must be legitimate, clear, and unambiguous. Option B is incorrect because mutual agreement, while important, is not one of the required elements for a valid acceptance. Similarly, option C is incorrect because while a contract must be complete, it does not necessarily have to be binding at the time of acceptance. Finally, option D is incorrect because equitable consideration is not one of the criteria for a valid acceptance.

## 9. What type of law is in effect in a state legislature?

- A. Common law**
- B. Natural law**
- C. Administrative law**
- D. Statutory law**

Statutory law refers to laws that are created and passed by a governing body, such as a state legislature. This differs from common law, which is based on court decisions and traditions, and natural law, which is based on moral and ethical principles. Administrative law refers to rules and regulations created by government agencies. While all of these types of laws may be relevant in a state legislature, the answer that specifically addresses the type of law that is created within this governing body is statutory law.

**10. Which of the following is a source of law?**

- A. Administrative agency rule**
- B. Judicial precedent**
- C. Opinion of non-attorney**
- D. State legislature**

The inclusion of administrative agency rules as a source of law is based on the extensive framework provided by administrative law. Administrative agencies are created by legislative bodies and are empowered to create regulations that have the force of law. These rules implement and interpret statutes passed by legislatures, filling in the details necessary for their enforcement. This makes administrative agency rules a vital source of law because they address specific regulatory needs across a wide range of industries—from environmental protection to labor relations. The process through which these agencies create rules usually involves public notice and the opportunity for public comment, ensuring that the rules are not only laws but also reflect public interest and accountability. While judicial precedents, created through court decisions, are also significant as they establish legal principles and interpretations that influence future cases, they stem from judicial interpretations rather than from the rule-making authority of an administrative body. An opinion of a non-attorney does not constitute a source of law, as it reflects personal views rather than legal authority. State legislatures, on the other hand, create statutes, contributing another essential source of law but distinct from the regulatory framework established by administrative agencies.

SAMPLE

# Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://introductorybusinesslawcleppractice.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**

**SAMPLE**