

# MBE Contracts Practice Test (Sample)

## Study Guide



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

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# Table of Contents

**Copyright** ..... 1

**Table of Contents** ..... 2

**Introduction** ..... 3

**How to Use This Guide** ..... 4

**Questions** ..... 5

**Answers** ..... 10

**Explanations** ..... 12

**Next Steps** ..... 18

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# 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

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- 1. A wedding cupcake contract involves assignment to a substitute pastry chef who performs properly. Which statement best describes the contract status?**
  - A. Yes, because assignment was permitted and the substitute performed.**
  - B. No, because assignments cannot be used for personal services contracts.**
  - C. Yes, but the bakery remains liable for the performance.**
  - D. No, because the substitute's performance changes the essential terms.**
  
- 2. A widow sells a business to a nonprofit organization for \$25,000. The contract is silent on a zoning-board approval condition, but the organization's agent says it is a condition. The organization later sues for breach after zoning approval would have been granted. The court should rule:**
  - A. Yes, because the condition is an express term in the contract.**
  - B. Yes, because the condition can be waived by the organization.**
  - C. No, because zoning approval cannot affect performance.**
  - D. No, because the condition is impossible to meet.**
  
- 3. A contract breach in which a party fails to perform a promise that goes to the essence of the contract is called?**
  - A. Material breach**
  - B. Minor breach**
  - C. Anticipatory breach**
  - D. Performance breach**

- 4. For a party-kit contract, a company agreed to deliver 500 kits to the buyer by November 1. Selections of kit types and quantities were to be made by October 15, but neither side made selections by that date. On October 16, the company claims breach and refuses to ship. On October 17, the store tells the company its selections, but the company declines to ship. The company had surplus and could fill any combination. Which statement is true?**
- A. The store's two-day delay in making its selection is a material breach excusing performance.**
  - B. The delay constitutes a material breach.**
  - C. The contract is void because selections were late.**
  - D. The store's two-day delay did not affect the company's ability to perform; there is no material breach.**
- 5. Under contract law, a third party who is an intended beneficiary may sue to enforce the contract. Is that true?**
- A. Yes, if the third party is an intended beneficiary.**
  - B. Yes, regardless of intent or status.**
  - C. No, third parties cannot sue on contracts.**
  - D. Only if the contract is in writing.**
- 6. A clothing maker's contract provides returns only for non-coquelicot colored t-shirts, yet a store argues past practice allowed returns of coquelicot shirts. The court should do which of the following?**
- A. Exclude any evidence of past practice.**
  - B. Admit all past practice to show merchant's flexibility.**
  - C. Admit the past practice to show the merchant's acceptance of such returns in the past.**
  - D. Admit only evidence regarding the past handling of coquelicot shirts.**

- 7. An artist is hired to paint a portrait using a live-model method that requires two months of daily sessions. The subject dies after one week. Is the artist required to complete the painting?**
- A. Yes, the contract survives death.**
  - B. No, because the celebrity died after only one week.**
  - C. No, the artist can substitute a different subject.**
  - D. Yes, if the family consents.**
- 8. A fully integrated contract with a merger clause generally bars extrinsic evidence of prior terms, but collateral agreements may still be admitted. Which statement is most accurate?**
- A. Collateral agreements are always admissible.**
  - B. Collateral agreements may be admissible if they are separate and do not contradict the main contract.**
  - C. Collateral agreements are never admissible under a merger clause.**
  - D. Collateral agreements override the main contract.**
- 9. Which statement best describes termination of an offer?**
- A. An offer cannot be revoked once communicated.**
  - B. An offer terminates when the offeree rejects it or makes a counteroffer.**
  - C. An offer remains open until performance occurs regardless.**
  - D. An offer terminates only after a specified time passes.**

**10. A math tutor entered into an agreement with a father to provide one month of tutoring for the father's son. The agreement provides for eight lessons at \$1,000 total, plus \$350 for materials from a particular educational services provider. The provider, a new company, is expected to make a sale. A week after the agreement, the tutor demands an additional \$250 to tutor, and the father refuses. The provider sues. The provider is an incidental beneficiary. What is the likely outcome?**

- A. No, because it was only an incidental beneficiary of the agreement.**
- B. Yes, because the provider was an intended beneficiary.**
- C. No, because the provider is not a party to the contract.**
- D. Yes, because there was consideration.**

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## **Answers**

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

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## **Explanations**

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**1. A wedding cupcake contract involves assignment to a substitute pastry chef who performs properly. Which statement best describes the contract status?**

- A. Yes, because assignment was permitted and the substitute performed.**
- B. No, because assignments cannot be used for personal services contracts.**
- C. Yes, but the bakery remains liable for the performance.**
- D. No, because the substitute's performance changes the essential terms.**

The key idea is that a contract can be fulfilled if the promised performance is delivered by an authorized substitute. When a wedding cupcake contract allows the obligation to be performed by someone else and that substitute actually bakes and delivers proper cupcakes, the promised performance has been satisfied. Because the substitute was permitted and completed the work as required, the contract is discharged—the customer has received what was promised, and no further obligation remains from the baker. That's why the other points don't fit here. It isn't automatically true that personal service contracts cannot involve substitution; if the contract permits assignment or substitution and the substitute performs, the contract can still end with satisfaction of the promise. Saying the bakery remains liable would imply ongoing liability despite proper performance by the substitute, which isn't the case when substitution is authorized and completed. And replacing the original chef doesn't change the essential terms if authorization exists, so there's no mismatch in terms.

**2. A widow sells a business to a nonprofit organization for \$25,000. The contract is silent on a zoning-board approval condition, but the organization's agent says it is a condition. The organization later sues for breach after zoning approval would have been granted. The court should rule:**

- A. Yes, because the condition is an express term in the contract.**
- B. Yes, because the condition can be waived by the organization.**
- C. No, because zoning approval cannot affect performance.**
- D. No, because the condition is impossible to meet.**

Waiver of a condition can preserve or enforce performance even when the contract is silent about that condition. A condition that would benefit the party to whom performance is owed is typically waivable by that party. Here, zoning approval would benefit the nonprofit buyer. If the contract is silent on this contingency, the buyer can still treat the zoning requirement as a condition that it may waive. If the buyer chooses to waive or effectively proceed without requiring zoning approval, the seller's obligation to close remains enforceable. Thus, the ability of the organization to waive the condition supports enforcing the contract and allows the organization to sue for breach if the seller refused to close after zoning would have been granted. The other options are off because there is no express zoning contingency in the contract, zoning can affect the timing or feasibility of performance, and the claim isn't about impossibility or non-existence of the condition.

**3. A contract breach in which a party fails to perform a promise that goes to the essence of the contract is called?**

- A. Material breach**
- B. Minor breach**
- C. Anticipatory breach**
- D. Performance breach**

When a promise central to the agreement isn't performed, it goes to the heart of the contract. This is a material breach: it defeats the main purpose of the bargain, so the non-breaching party can suspend performance, terminate the contract, and sue for damages because the value of the deal has been substantially undermined. By contrast, a minor breach involves only a small deviation that doesn't destroy the contract's overall purpose, so termination isn't typically allowed—the harmed party can claim damages but still must perform or accept the remaining terms. Anticipatory breach is a different scenario where a party signals ahead of time that they won't perform, giving the other side the option to treat it as a breach now. The term "performance breach" isn't a standard category and doesn't specify the seriousness of the failure. So the breach that goes to the essence of the contract is best described as a material breach.

**4. For a party-kit contract, a company agreed to deliver 500 kits to the buyer by November 1. Selections of kit types and quantities were to be made by October 15, but neither side made selections by that date. On October 16, the company claims breach and refuses to ship. On October 17, the store tells the company its selections, but the company declines to ship. The company had surplus and could fill any combination. Which statement is true?**

- A. The store's two-day delay in making its selection is a material breach excusing performance.**
- B. The delay constitutes a material breach.**
- C. The contract is void because selections were late.**
- D. The store's two-day delay did not affect the company's ability to perform; there is no material breach.**

The key idea is how a time delay affects material breach when performance remains possible. A two-day delay in the buyer's selections does not impair the seller's ability to perform here because the seller had surplus and could fill any combination to meet the 500 kits. Time is not stated to be of the essence, so a short delay by the buyer does not automatically constitute a material breach. Since the seller could still deliver the required quantity of kits regardless of which types were selected, there is no substantial impairment of the contract's purpose. Therefore, the store's two-day delay did not excuse performance, and there is no material breach.

**5. Under contract law, a third party who is an intended beneficiary may sue to enforce the contract. Is that true?**

- A. Yes, if the third party is an intended beneficiary.**
- B. Yes, regardless of intent or status.**
- C. No, third parties cannot sue on contracts.**
- D. Only if the contract is in writing.**

Intended beneficiaries can sue to enforce a contract because the promisor promised to perform for the benefit of the third party, not merely for the promisee. When the parties intend to confer rights on that third party and those rights vest, the beneficiary has the right to enforce the contract or seek damages for breach. Incidental beneficiaries do not have enforceable rights, so only those who were intended to benefit can sue. The ability to sue does not depend on the contract being in writing, nor on privity between the third party and the contracting parties; the crucial factor is the promisee's and promisor's intent to benefit the third party. Therefore, the statement is true if the third party is an intended beneficiary.

**6. A clothing maker's contract provides returns only for non-coquelicot colored t-shirts, yet a store argues past practice allowed returns of coquelicot shirts. The court should do which of the following?**

- A. Exclude any evidence of past practice.**
- B. Admit all past practice to show merchant's flexibility.**
- C. Admit the past practice to show the merchant's acceptance of such returns in the past.**
- D. Admit only evidence regarding the past handling of coquelicot shirts.**

The key idea here is how prior dealings between the same merchant and buyer can interpret a contract term. Under the UCC, evidence of a course of dealing shows how the parties have acted in the past and helps explain what the contract means and how it's to be applied. If there's a history of accepting returns for coquelicot shirts, that past practice documents the parties' actual dealings and can illuminate that the term about returns isn't meant to be strictly rigid in this relationship. Admitting the past practice to show the merchant's acceptance of such returns in the past makes sense because it demonstrates a consistent pattern between the parties. It supports interpreting the contract in light of their established dealings, rather than treating the express limit as an absolute, one-time directive that never reflects real-world practice. Other options would either sidestep relevant evidence or overreach by importing all past practices or restricting the evidence too narrowly, which would fail to capture how these parties actually conducted themselves in prior transactions.

7. An artist is hired to paint a portrait using a live-model method that requires two months of daily sessions. The subject dies after one week. Is the artist required to complete the painting?
- A. Yes, the contract survives death.
  - B. No, because the celebrity died after only one week.**
  - C. No, the artist can substitute a different subject.
  - D. Yes, if the family consents.

The main idea is that contracts for personal services can be discharged when performance becomes impossible due to the death of the person involved. Here, the artist's obligation is to complete a portrait created by a live-model method, which relies on the living subject posing for two months. If the subject dies after one week, the essential condition for performing the contract—having the living subject to pose—cannot be met. Without that subject, the specific performance promised cannot occur, so the contract is discharged by impossibility. Substituting another subject or waiting for family consent would alter the fundamental nature of the agreed performance, and thus aren't compatible with the original contract.

8. A fully integrated contract with a merger clause generally bars extrinsic evidence of prior terms, but collateral agreements may still be admitted. Which statement is most accurate?
- A. Collateral agreements are always admissible.
  - B. Collateral agreements may be admissible if they are separate and do not contradict the main contract.**
  - C. Collateral agreements are never admissible under a merger clause.
  - D. Collateral agreements override the main contract.

The main idea here is the parol evidence rule and how merger clauses shape what extrinsic terms can be used. A fully integrated contract with a merger clause is meant to be the complete and exclusive statement of the agreed terms, so extrinsic terms that would modify it are typically barred. But collateral agreements—separate side promises that exist independently of the main contract and do not contradict its terms—may still be admitted. They're allowed because they reflect a separate understanding, not an attempt to vary the written agreement. As long as the collateral agreement is truly independent and consistent with the main contract, it can be admitted to show that a separate agreement exists. If the collateral agreement would contradict or modify the main contract, it won't be admissible. So the correct view is that collateral agreements may be admissible if they are separate and do not contradict the main contract.

**9. Which statement best describes termination of an offer?**

- A. An offer cannot be revoked once communicated.
- B. An offer terminates when the offeree rejects it or makes a counteroffer.**
- C. An offer remains open until performance occurs regardless.
- D. An offer terminates only after a specified time passes.

The key idea is how an offer ends when the other party's actions show they don't accept it. An offer is terminated when the offeree rejects it or makes a counteroffer. Rejection ends the deal as proposed, and a counteroffer is treated as a rejection plus a new offer with different terms, so the original offer can no longer be accepted. This is why that choice best describes termination. Other statements miss important realities. An offer can be revoked by the offeror, and offers can lapse or end for other reasons (like death or destruction of subject matter), or stay open only if there's an enforceable option contract or a specified timeframe. Saying it remains open until performance occurs is not universally true, and stating it terminates only after a specified time ignores the ways it can end earlier.

**10. A math tutor entered into an agreement with a father to provide one month of tutoring for the father's son. The agreement provides for eight lessons at \$1,000 total, plus \$350 for materials from a particular educational services provider. The provider, a new company, is expected to make a sale. A week after the agreement, the tutor demands an additional \$250 to tutor, and the father refuses. The provider sues. The provider is an incidental beneficiary. What is the likely outcome?**

- A. No, because it was only an incidental beneficiary of the agreement.
- B. Yes, because the provider was an intended beneficiary.
- C. No, because the provider is not a party to the contract.**
- D. Yes, because there was consideration.

The key idea here is who has the right to sue to enforce a contract. In contract law, standing to sue typically comes from being a party to the contract or from being an intended beneficiary of the promise. An incidental beneficiary—someone who would benefit from the contract but isn't intended to be protected by it—has no enforceable rights. In this scenario, the agreement is strictly between the father and the math tutor. The educational services provider is not a party to that contract, and there's no clear promise in the contract that it will be paid or that it will receive a benefit directly. So the provider does not have standing to sue to enforce the contract. Thus, the reason given—"the provider is not a party to the contract"—directly explains why the provider cannot recover. While it's true that the provider would benefit from performance, that alone doesn't create enforceable rights unless the provider is a party or an intended beneficiary.

## 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://mbecontracts.examzify.com>**

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

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