MBE CONTRACTS PRACTICE TEST (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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

1. **A wheat farmer hires an agricultural services company to provide five workers for five days. The company's workers go on strike on day five; the strike ends and they work the full five days. The farmer refuses to pay, claiming the delay excuses performance. Is the farmer's obligation to pay excused?**

   A. Yes, because the delay affected performance.

   B. No, because the contract did not contain a time is of the essence clause.

   C. Yes, because the delay was substantial.

   D. No, because delays due to a strike do not automatically excuse performance.

2. **Under a unilateral contract, what constitutes acceptance?**

   A. The offeree's promise to perform in the future.

   B. The offeree's inquiry about the terms.

   C. The start of performance by the offeree.

   D. A written contract signed by both parties.

3. **Which principle allows a party to enforce a promise to pay even without new consideration when the promise was relied upon to the promisee's detriment?**

   A. Parol evidence rule

   B. Promissory estoppel

   C. Statute of limitations

   D. Mailbox rule

4. **During a divorce settlement, an ex-husband purchases an annuity to be paid quarterly for the life of his ex-wife. The wife learns she is terminally ill and dies two months later, before any payments are made. The ex-husband sues to rescind the annuity. Will he succeed?**

   A. Yes, because death of the payee nullifies the contract.

   B. No, because the ex-husband assumed the risk of her death.

   C. Yes, because the annuity is for life.

   D. No, because there was misrepresentation.

5. Under common law, what is required for a contract offer to be valid?

A. An invitation to negotiate with indefinite terms.

B. A definite and certain manifestation of willingness to enter into a contract, communicated to the offeree, with the intent to be bound upon acceptance.

C. The offeree's counteroffer.

D. An improper motive to cause harm.

6. Under the swing set arrangement, did the woodworker's delivery within two weeks create a binding contract given the father's request to deliver within one week?

A. Yes, because delivery within the original two-week period satisfied the contract.

B. No, because the one-week deadline modified terms unilaterally.

C. Yes, because the woodworker accepted the father's request by starting work.

D. No, because there was no written agreement.

7. Which statement about the implied warranty of merchantability in the sale of goods is true?

A. A merchant seller is required to disclose all latent defects.

B. If the seller is not a merchant, the implied warranty of merchantability may still apply in some cases.

C. The implied warranty of merchantability generally applies only to merchants in the sale of goods.

D. Non-merchant sellers are always exempt from warranties.

8. When are consequential damages recoverable for breach of contract and what must the plaintiff show?

A. Consequential damages are recoverable if they were foreseeably caused by the breach at the time of contracting, and the breaching party knew or should have known.

B. They are recoverable only if the breach was willful.

C. They are never recoverable for standard contracts.

D. They require punitive damages.

9. Which scenario best demonstrates mutual mistake that undermines contract validity?

A. Both parties share a basic mistaken assumption about a central fact.

B. Only one party is mistaken and the other party is aware.

C. The mistake concerns a clerical error not affecting the essential purpose.

D. The contract is for goods with a fixed price that is settled later.

10. A jeweler and a man negotiating a ring sale exchange emails that include a counteroffer and a near-simultaneous acceptance. Is there a binding contract?

A. Yes, because both parties conveyed an intent to contract through prior negotiations and the simultaneous emails.

B. No, because there was no written contract.

C. Yes, because the price met the man's budget.

D. No, because there was no consideration.

Answers

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

Explanations

1. A wheat farmer hires an agricultural services company to provide five workers for five days. The company's workers go on strike on day five; the strike ends and they work the full five days. The farmer refuses to pay, claiming the delay excuses performance. Is the farmer's obligation to pay excused?

A. Yes, because the delay affected performance.

B. No, because the contract did not contain a time is of the essence clause.

C. Yes, because the delay was substantial.

D. No, because delays due to a strike do not automatically excuse performance.

The main concept is that time is of the essence makes timely performance a material term of the contract; without such a clause, delays do not automatically excuse performance. Here, the contract called for five workers for five days and there is no time is of the essence clause. The workers did complete the full five-day service, even if a strike occurred on the fifth day, so there was no delay beyond the agreed period. Because there's no clause making punctual completion essential, a delay does not automatically excuse performance, and payment is due. If time had been of the essence or the delay extended beyond the five days, the outcome could differ.

2. Under a unilateral contract, what constitutes acceptance?

A. The offeree's promise to perform in the future.

B. The offeree's inquiry about the terms.

C. The start of performance by the offeree.

D. A written contract signed by both parties.

In a unilateral contract, acceptance happens by performing the requested act, not by making a promise. The offer promises payment in exchange for completing a specified task, so the offeree accepts by starting that task. Once the offeree begins performance, the contract is formed and the offeror is obligated to pay once the act is completed (or as specified). Merely promising to perform later isn't acceptance, and asking questions about terms shows no acceptance yet. A written contract isn't required for formation in a unilateral contract. For example, if someone offers to pay you to paint a fence, starting to paint constitutes acceptance and forms the contract, even if you haven't finished yet.

3. Which principle allows a party to enforce a promise to pay even without new consideration when the promise was relied upon to the promisee's detriment?

A. Parol evidence rule

B. Promissory estoppel

C. Statute of limitations

D. Mailbox rule

Promissory estoppel is the principle that allows enforcing a promise without new consideration when the promise is relied on to the promisee's detriment to prevent injustice. When someone makes a clear, definite promise and the other person reasonably relies on it, acting or forbear-ing in reliance (such as spending money or giving up a benefit), the law can enforce the promise even though there isn't a new bargain supported by consideration. The key elements are a definite promise, reasonable reliance by the promisee, actual detriment from that reliance, and the need to prevent injustice. The parol evidence rule, statute of limitations, and the mailbox rule address different legal issues—interpretation of written contracts, timing of when a lawsuit must be filed, and when an acceptance becomes effective, respectively—so they don't govern enforcement based on reliance without consideration.

4. During a divorce settlement, an ex-husband purchases an annuity to be paid quarterly for the life of his ex-wife. The wife learns she is terminally ill and dies two months later, before any payments are made. The ex-husband sues to rescind the annuity. Will he succeed?

A. Yes, because death of the payee nullifies the contract.

B. No, because the ex-husband assumed the risk of her death.

C. Yes, because the annuity is for life.

D. No, because there was misrepresentation.

The main idea is that a life-contingent contract allocates the risk of the payee's death to the person who buys the arrangement. A life annuity is payable for the life of the annuitant, so the contract ends when that person dies. By purchasing an annuity to be paid for her life, the ex-husband assumed the risk that she might die before any payments are made. When she dies, there is no obligation left to perform, and there's no basis for rescission because there was no misrepresentation or other improper conduct. So he cannot rescind the contract. The other options don't fit: death of the payee does not "nullify" the contract in a way that requires rescission; the fact that the annuity is for life explains why payments wouldn't occur after death rather than providing a right to rescind; and there's no misrepresentation shown.

5. Under common law, what is required for a contract offer to be valid?

A. An invitation to negotiate with indefinite terms.

B. A definite and certain manifestation of willingness to enter into a contract, communicated to the offeree, with the intent to be bound upon acceptance.

C. The offeree's counteroffer.

D. An improper motive to cause harm.

For a contract offer to be valid under common law, there must be a definite and certain manifestation of willingness to enter into a contract, communicated to the offeree, with the intent to be bound upon acceptance. Definite and certain terms ensure the terms are knowable and enforceable if the offer is accepted. The offer must be communicated to the person who could accept, so they have knowledge of the terms and the ability to assent. And there must be an intent to be bound simply upon acceptance, not merely a preliminary invitation or wish. An invitation to negotiate lacks the definiteness of a contract offer, so it isn't itself an offer. A counteroffer operates as a rejection of the original offer and creates a new offer, not a valid offer standing on the original terms. An improper motive to cause harm isn't what makes an offer valid; it doesn't address whether the terms, communication, and intent meet the requirements for an offer.

6. Under the swing set arrangement, did the woodworker's delivery within two weeks create a binding contract given the father's request to deliver within one week?

A. Yes, because delivery within the original two-week period satisfied the contract.

B. No, because the one-week deadline modified terms unilaterally.

C. Yes, because the woodworker accepted the father's request by starting work.

D. No, because there was no written agreement.

The key idea is that a contract modification requires mutual assent and new consideration to be binding. If the father asked to deliver in one week, that would be a proposed change to the terms. But without the woodworker's explicit agreement to modify the contract (and without new consideration or a written modification), the original two-week delivery deadline governs. Delivering within that original two-week period satisfies the contract as it stood, so no new, binding one-week deadline was created. Merely starting work in response to the request does not by itself bind the parties to a modified term; there must be a true, supported modification. Therefore, the woodworker's delivery within two weeks meets the initial contract, and no new contract was formed by the one-week request.

7. Which statement about the implied warranty of merchantability in the sale of goods is true?

A. A merchant seller is required to disclose all latent defects.

B. If the seller is not a merchant, the implied warranty of merchantability may still apply in some cases.

C. The implied warranty of merchantability generally applies only to merchants in the sale of goods.

D. Non-merchant sellers are always exempt from warranties.

The key idea is that the implied warranty of merchantability attaches in the sale of goods primarily when the seller is a merchant who deals in goods of the kind sold. When a merchant sells such goods, the law implies that the goods are fit for the ordinary purpose for which they are used and meet reasonable expectations for quality and labeling. This warranty is created automatically in those merchant sales unless it is disclaimed. That's why the statement identifying the warranty as generally applying only to merchants in the sale of goods is the best answer. It captures the core rule: merchant status matters, and the warranty isn't typically extended to casual nonmerchant sellers in the same automatic way. Of course, nonmerchants can still have other types of warranties in play (such as express promises or the implied warranty of fitness for a particular purpose) if the circumstances support them, but the implied warranty of merchantability itself is not the standard rule for nonmerchants. In contrast, requiring a merchant to disclose all latent defects isn't correct—the warranty focuses on fitness for ordinary use and conformity to the goods' expected quality, not a broad duty to disclose every hidden flaw. And the idea that non-merchant sellers are always exempt ignores that other warranties can apply and that, in some contexts, a nonmerchant who acts in a business of selling goods can still implicate merchantability.

8. When are consequential damages recoverable for breach of contract and what must the plaintiff show?

A. Consequential damages are recoverable if they were foreseeably caused by the breach at the time of contracting, and the breaching party knew or should have known.

B. They are recoverable only if the breach was willful.

C. They are never recoverable for standard contracts.

D. They require punitive damages.

Consequence damages hinge on foreseeability at the time of contracting. They are recoverable when the breach causes damages that the parties could foresee as a probable result, and the breaching party knew or should have known about those damages because of any special circumstances the plaintiff disclosed. To prove this, the plaintiff must show that the breach caused the damages and that, at the time of contracting, those damages were foreseeable as a natural or probable result of the breach. If there are special, unusual circumstances, the plaintiff must also show that the breaching party was aware of them (or should have been) so that they could anticipate the impact. There is no requirement that the breach be willful, and punitive damages are not necessary or typical for breach of contract. Example: if a supplier fails to deliver components on time, causing a manufacturer to halt production and lose profits, those profits are recoverable as consequential damages only if the losses were foreseeable to both parties (and the supplier knew of the production needs or the buyer's reliance on timely delivery).

9. Which scenario best demonstrates mutual mistake that undermines contract validity?

A. Both parties share a basic mistaken assumption about a central fact.

B. Only one party is mistaken and the other party is aware.

C. The mistake concerns a clerical error not affecting the essential purpose.

D. The contract is for goods with a fixed price that is settled later.

Mutual mistake is when both parties share a mistaken belief about a fact central to the contract at the time it's formed. If that shared misbelief goes to the essence of the bargain, there isn't true assent, and the contract can be rescinded or reformed because the foundation of the agreement never really existed. The scenario that fits this best is when both parties are mistaken about a central fact. A clerical error, by contrast, is a mistake in the written terms rather than a shared misunderstanding about the contract's fundamental subject matter; it's typically correctable or adjustible without voiding the contract for mutual mistake. Unilateral mistake (one party mistaken while the other is aware) doesn't show mutuality, and a fixed price with later settlement deals with performance terms rather than a shared erroneous belief about the contract's core purpose.

10. A jeweler and a man negotiating a ring sale exchange emails that include a counteroffer and a near-simultaneous acceptance. Is there a binding contract?

A. Yes, because both parties conveyed an intent to contract through prior negotiations and the simultaneous emails.

B. No, because there was no written contract.

C. Yes, because the price met the man's budget.

D. No, because there was no consideration.

The key idea is contract formation through mutual assent. A binding contract forms when there is an offer, a counteroffer, and an acceptance that mirrors the terms of that counteroffer, with both sides showing intent to be bound. In this scenario, the exchange includes a counteroffer and a near-simultaneous acceptance. A counteroffer operates as a rejection of the original offer and creates a new offer. If the other party then accepts that new offer—especially in close timing—the acceptor's assent to those terms completes the contract. Emails are valid communications for acceptance, so the parties' intent to be bound is evidenced by their words and the rapid exchange. With acceptance matching the terms of the counteroffer, mutual assent is achieved, and a contract is formed. Consideration is present because the ring is exchanged for the agreed price, satisfying the basic requirement that each party exchange something of value. The absence of a separate written contract does not defeat enforceability here, especially since electronic communications can satisfy writing requirements for contract formation and the sale of goods can be formed by conduct and communications showing agreement. So the binding contract arises from the counteroffer and its near-simultaneous acceptance, underpinned by evident intent to be bound and the exchanged consideration.

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.

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