REGULATORY FRAMEWORK FOR BUSINESS TRANSACTIONS (RFBT) CEGG PRACTICE EXAM (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 bill of exchange drawn on a bank and payable on demand is called a

A. Check
B. Bill of lading
C. Domestic bill
D. Treasury bill

2. The following are the remedies of the creditor to pursue against the debtor, except

A. Pursue the property owned and in possession of the debtor
B. Accion subrogatoria
C. Accion pauliana
D. Compel the debtor to perform the service in obligations to do

3. Which member in a cooperative may invest in the common stocks of the cooperative?

A. Provisionary member
B. Regular member
C. Associate member
D. Temporary member

4. Who may call on the SEC to appoint a trustee when there is no BOD/BOT?

A. The management
B. The shareholders
C. Creditors
D. Creditors may ask the SEC to appoint them as trustee

5. A debt is secured by a collateral but the creditor accepts it as payment in kind. This results in the loan being extinguished regardless of collateral value.

A. True, always.
B. False, only if values are equal.
C. True only if the creditor agrees.
D. True, but only for short-term loans.

6. An obligation to deliver a specific car to a person if that person passes a professional licensure exam is which type of obligation?

A. Pure obligation

B. Obligation with a suspensive condition

C. Obligation with a resolutory condition

D. Obligation with a period

7. If no trustee has been designated by the end of the three-year life, who may complete liquidation?

A. The creditors

B. The SEC

C. The board of directors or trustees themselves

D. The shareholders

8. Which right is not available to an assignee of a limited partner?

A. The receipt of the assignor's share of the profits.

B. The receipt of the assignor's salary compensation by way of income

C. The return of the assignor's contribution

D. The inspection of partnership book or account of partnership transactions.

9. Which option best describes a merger?

A. It forms a new corporation through the combination of two companies

B. It results in the acquisition of a company by another without creating a new entity

C. It is the absorption of one company by another

D. It involves only the sale of assets

10. In the loan scenario where D pledged a laptop as collateral and later the parties agree that the laptop will be used to settle the loan at maturity, which statement is correct?

A. The agreement is pactum commissorium and therefore null and void.

B. Ownership of the laptop was acquired by C and the loan is extinguished by dacion en pago.

C. Ownership of the laptop was acquired by C by reason of pactum commissorium.

D. The loan is extinguished only if the value of the laptop equals the loan.

Answers

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

Explanations

1. A bill of exchange drawn on a bank and payable on demand is called a

A. Check

B. Bill of lading

C. Domestic bill

D. Treasury bill

A check is a bill of exchange drawn on a bank and payable on demand. In negotiable instruments, a bill of exchange is an order to pay money; when that order is directed to a bank and payment is required immediately on demand, it becomes a check. This distinguishes it from a bill of lading, which is a document of title for goods; from a treasury bill, which is a government debt instrument with a fixed maturity; and from a generic "domestic bill," which doesn't specify the essential feature of being drawn on a bank for immediate payment.

2. The following are the remedies of the creditor to pursue against the debtor, except

A. Pursue the property owned and in possession of the debtor

B. Accion subrogatoria

C. Accion pauliana

D. Compel the debtor to perform the service in obligations to do

The main idea is that creditors have tools that reach the debtor's assets or rights, or that undo steps aimed at shielding those assets. Attacking property owned and in the debtor's possession is a direct enforcement method: you attach or seize assets to satisfy the debt. Accion subrogatoria lets the creditor step into the debtor's rights against third parties who owe the debtor money or performance, enabling recovery from those sources to satisfy the claim. Accion pauliana is used to counteract transfers or acts by the debtor intended to defraud or prejudice creditors, allowing the creditor to set aside such dispositions so assets remain available for payment. Compelling the debtor to perform a service, while a form of enforcement in contract law, is not treated here as a creditor remedy aimed at recovering the debt through the debtor's assets or through third-party obligations. In this context, the standard creditor remedies focus on asset recovery, rights against third parties, or undoing transfer of assets, rather than personal performance of services by the debtor. Therefore, this option does not fit with the others.

3. Which member in a cooperative may invest in the common stocks of the cooperative?

A. Provisionary member

B. Regular member

C. Associate member

D. Temporary member

Regular membership is the status that gives full ownership rights in a cooperative, including the ability to invest in its capital through common stock. The common stock represents ownership and voting interest in the cooperative, and only those who are fully admitted members have the authority and obligation to subscribe to and hold that stock. Other categories—provisional, associate, or temporary members—are granted restricted rights and typically cannot own common stock or participate in governance through ownership. They may have patronage rights or other limited privileges, but not the capital stock that signifies full ownership. So, the member who may invest in the common stocks is the regular member.

4. Who may call on the SEC to appoint a trustee when there is no BOD/BOT?

A. The management

B. The shareholders

C. Creditors

D. Creditors may ask the SEC to appoint them as trustee

When there is no board or governance body to run the company, a neutral manager is needed to protect assets and keep affairs orderly. The law gives the SEC the authority to appoint a trustee (a receiver or manager) to take charge in this situation. Creditors have standing to seek this intervention because they have a financial stake in the company and a strong interest in preserving the estate and ensuring that obligations are handled properly. A petition from creditors helps ensure there is someone capable and independent to manage the company's affairs, collect assets, and oversee liquidation or rehabilitation if needed. This arrangement aims to prevent mismanagement and safeguard the interests of those owed money, which is why creditors may ask the SEC to appoint them as trustee.

5. A debt is secured by a collateral but the creditor accepts it as payment in kind. This results in the loan being extinguished regardless of collateral value.

A. True, always.

B. False, only if values are equal.

C. True only if the creditor agrees.

D. True, but only for short-term loans.

When a secured debt is settled by offering the collateral in place of cash and the creditor accepts it as full satisfaction, the obligation is extinguished. The creditor's acceptance acts as a complete discharge of the loan, so the debt ends even if the collateral's value doesn't match the outstanding balance. This is because the agreement to accept the collateral in full satisfaction removes the debtor's liability and releases the security interest. The other ideas aren't correct here: you don't need equal value for the debt to be extinguished, because the acceptance of the collateral as full satisfaction is itself the discharge. The creditor's acceptance already serves as the necessary agreement to settle the debt, so extra conditions about the creditor approving aren't required. And the loan's term (short-term vs long-term) doesn't change this principle.

6. An obligation to deliver a specific car to a person if that person passes a professional licensure exam is which type of obligation?

A. Pure obligation

B. Obligation with a suspensive condition

C. Obligation with a resolutory condition

D. Obligation with a period

This tests suspensive conditions, where an obligation only arises if a future event happens. Here, the duty to deliver a specific car comes into existence if the person passes the professional licensure exam. Until that event occurs (passing), there is no obligation to deliver. If the person passes, the obligation becomes due; if they don't, no obligation arises. This differs from a pure obligation (unconditional), which would require delivery regardless of any event. It also differs from a resolutory condition, which would terminate an existing obligation when the event occurs, rather than creating the obligation upon the event. And it differs from a period, which deals with time rather than a conditional event.

7. If no trustee has been designated by the end of the three-year life, who may complete liquidation?

A. The creditors

B. The SEC

C. The board of directors or trustees themselves

D. The shareholders

When there is no trustee designated by the end of the three-year life, the responsibility to wind up the arrangement falls to the governing fiduciaries who already sit in charge—namely, the board of directors or the trustees themselves. These bodies have the authority and duty to manage and dispose of assets and to finalize all affairs of the trust. If a successor trustee hasn't been named, they can appoint an interim administrator or step forward to complete liquidation in a manner consistent with the trust instrument and applicable law, ensuring orderly wind-down and protection for creditors and beneficiaries. Creditors don't have the authority to direct or execute the liquidation process; their role is to claim what they're owed. The SEC oversees compliance and enforcement but does not personally carry out liquidation. Shareholders generally lack the fiduciary role to wind down a trust unless they happen to be the governing body in a corporate context, which a trust ordinarily is not. Thus, the completion of liquidation is best handled by the board of directors or the trustees themselves.

8. Which right is not available to an assignee of a limited partner?

A. The receipt of the assignor's share of the profits.

B. The receipt of the assignor's salary compensation by way of income

C. The return of the assignor's contribution

D. The inspection of partnership book or account of partnership transactions.

The key idea is that an assignment of a limited partner's interest can transfer financial rights tied to the partnership, but not rights that relate to internal governance or access to the partnership's confidential records unless the assignee is formally admitted as a partner. An assignee of a limited partner generally can receive the share of profits and participate in distributions to the extent of the assigned interest, and, on dissolution, may receive a portion of contributed capital as provided by the partnership agreement. Those are essentially economic rights attached to the interest. However, the right to inspect partnership books or accounts is a governance/control right tied to being a partner. Without being admitted as a partner, the assignee does not automatically gain access to the partnership's books and records. This restriction protects the partnership's confidentiality and decision-making processes. So, the right not available to an assignee of a limited partner is the right to inspect the partnership's books or accounts.

9. Which option best describes a merger?

A. It forms a new corporation through the combination of two companies

B. It results in the acquisition of a company by another without creating a new entity

C. It is the absorption of one company by another

D. It involves only the sale of assets

A merger is when two companies come together into a single result, with one company typically surviving by absorbing the other, which ceases to exist as a separate entity. This makes the option describing the absorption of one company by another the best fit, because it directly captures the common form of a merger in which the acquired company is integrated into the acquiring one. Forming a new corporation through the combination of two companies describes a consolidation, which is a different way two firms can merge into a fresh entity rather than one surviving. An acquisition is when one company takes over another without creating a new merged entity. Selling assets is not about combining two firms at all.

10. In the loan scenario where D pledged a laptop as collateral and later the parties agree that the laptop will be used to settle the loan at maturity, which statement is correct?

A. The agreement is pactum commissorium and therefore null and void.

B. Ownership of the laptop was acquired by C and the loan is extinguished by dacion en pago.

C. Ownership of the laptop was acquired by C by reason of pactum commissorium.

D. The loan is extinguished only if the value of the laptop equals the loan.

This item tests the distinction between pactum commissorium and dacion en pago in the context of a pledge. Pactum commissorium is a pact where the creditor automatically gains ownership of the pledged property upon default, without needing the creditor's further consent, and that arrangement is generally void. Here, the laptop is pledged as security and later the parties agree that it will be used to settle the loan at maturity. That setup is a voluntary transfer of payment in kind: the debtor offers the laptop and the creditor accepts it as payment, extinguishing the obligation. When the creditor accepts the laptop as payment, ownership passes to the creditor and the loan is extinguished through dacion en pago. It's not automatic transfer upon default, which would be characteristic of pactum commissorium, and the arrangement relies on the creditor's acceptance, not an automatic provision. Additionally, the extent of extinguishment in dacion en pago depends on the value of the thing given; if the value differs from the debt, there may be deficiency or surplus, but the fundamental mechanism described is the debtor offering the laptop and the creditor accepting it to settle the debt.

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.

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

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