Contracts and Agency Exam Cheat Sheet

National / General | 16 scored items | about 13% of all scored items

STUDY RULE

Name the legal status before choosing the remedy. A contract question becomes easier once you identify whether the agreement is valid, void, voidable, unenforceable, executed, or executory.

What Pearson Tests

- Contract types, required elements, electronic signatures, and the Statute of Frauds
- Offer, counteroffer, contingencies, earnest money, breach, damages, rescission, and termination
- Creation and termination of agency, client duties, customer duties, and disclosure

Exam Traps

- A void contract never had legal effect. A voidable contract is valid until the protected party avoids it.
- An executed contract has been fully performed. An executory contract still has duties left to perform.
- Agency duties depend on the relationship and the party. Do not give a customer the same duties owed to a client.

Essential Vocabulary

- Valid contract: An agreement that has every required legal element and can be enforced.
- Mutual assent: Agreement created by a valid offer and an unqualified acceptance.
- Consideration: Something of legal value exchanged by the parties.
- Bilateral contract: A promise exchanged for another promise.
- Executory contract: A contract with one or more duties still left to perform.
- Statute of Frauds: The rule requiring specified agreements, including most real estate sale contracts, to be in writing.
- Fiduciary duties: The duties an agent owes a client, including loyalty, obedience, disclosure, confidentiality, accounting, and reasonable care.
- Novation: Substitution of a new party or obligation with the required agreement, releasing the replaced party or duty.

Recall Check

- What separates a bilateral contract from a unilateral contract? Answer: A bilateral contract exchanges promises. A unilateral contract exchanges a promise for performance.
- Is an unenforceable contract automatically void? Answer: No. It may be valid but unavailable as a court-enforced remedy because of a legal defense.
- Who receives fiduciary duties? Answer: The client. A customer receives honesty, fair dealing, and required disclosures, but not the full client-level fiduciary relationship.

My Miss Log

Write the rule you missed, then schedule the next rep.