

SALES, LEASE and AGENCY

I. FILLING THE BLANKS

- ____1. It is the stipulated sum as the equivalent of the thing sold.
- ____2. It is a contract whereby one of the parties binds himself to give to another the employment or use of a thing for a price certain and for a period which may be definite or indefinite.
- ____3. It is a contract whereby one of the parties binds himself to do something or render service to another with the authority and consent of the latter.
- ____4. It is the amount given by a buyer to the seller to show his eagerness to perfect the contract and it is considered part of the purchase price.
- ____5. It is a contract whereby one person binds himself to do something or render service to another for a price certain but the relation of principal and agent does not exist between them.
- ____6. It refers to a clear mandate specifically authorizing the performance of an act.
- ____7. It is a contract whereby one of the parties binds himself to give one thing in consideration of the other's promise to give another thing.
- ____8. It arises when the contract of sales expires, but the lessee continue enjoying the thing leased for at least fifteen days with the lessor's acquiescence and there is no previous notice to the contrary given by either party.
- ____9. It is a contract whereby a part binds himself to transfer the ownership of and deliver a determinate thing and the other party to pay a price certain in money or its equivalent.
- ____10. It takes place when the vendor reserves the right to purchase the thing sold, with the obligation to return the price of the sale and the incidental expenses of sales, as well as the necessary and useful expenses on the thing sold
- ____11. It is a kind of delivery in which takes place when the vendee is already in possession of the thing sold.
- ____12. It means that the thing is placed under the possession and control of another.
- ____13. It takes place whenever by a final and judgment based on a right prior to the sales on an act imputable to the vendor, the vendee is deprived of the whole or of a part of the thing purchased.
- ____14. This refers to the right of the vendor to retain possession of the thing sold until full payment of the purchase price.
- ____15. This is a right granted by law to some persons to purchase the thing sold from the buyer by reason of public policy.

II. MULTIPLE CHOICE

On January 1, 2012, S offered to sell his house and lot to B for P1M. On January 10, 2012, B made a counter offer of P870,000.00, which was accepted by S on the same day. S and B met on January 12, 2012 and they executed the notarized deed of sale, after B paid the purchase price. On January 13, 2012, B occupied the house and lot and on January 17, 2012, the sale was registered in the office of the Register of Deeds. (Items 1 to 3)

1. When was the contract of sale between S and B perfected?
 - a. January 10, 2012
 - b. January 12, 2012
 - c. January 13, 2013
 - d. January 17, 2013
2. When was it consummated?
 - a. January 10, 2012
 - b. January 12, 2012
 - c. January 13, 2013
 - d. January 17, 2013
3. When is the ownership of the thing sold transferred to the buyer?
 - a. January 10, 2012
 - b. January 12, 2012
 - c. January 13, 2013
 - d. January 17, 2013
4. As a general rule the expenses for the repairs of the leased property are chargeable against the:
 - a. Lessor
 - b. lessee
 - c. both lessor and lessee
 - d. none of them
5. S Agreed to sell his car worth P400,000.00 and B agreed to pay a price of P150,000.00 cash plus jewelries worth P250,000.00 for the car. What is the contract between them?
 - a. Barter
 - b. Sale
 - c. Partly barter and partly sale
 - d. Innominate contract
6. Mr. S sold his cell phone to Mr. S, as vendor is:
 - a. to deliver the cell phone immediately after protection of the contract of sale
 - b. to wait for Mr. B to pay P8,000.00 and then deliver the cell phone
 - c. to deliver the cell phone immediately because the obligation is pure
 - d. to rescind the contract as there is no fixed date for the performance of their obligations
7. The buyer has the right to the fruits of the thing purchased:
 - a. from the time the obligation to deliver arises
 - b. after the delivery of the thing bought
 - c. from the time the sale is perfected
 - d. after the payment of the purchased price
8. Which of the following may be a valid object of the contract of sale?
 - a. future inheritance
 - b. lawful services
 - c. things or goods
 - d. vain hope or expectancy
9. In sale, there is actual delivery
 - a. Upon execution of the public documents evidencing the sale
 - b. When the goods are placed in the control and possession of the buyer
 - c. Upon delivery by the seller to the buyer of the key where the goods are kept
 - d. When the seller pointed to the buyer the thing sold
10. Generally, the expenses for the execution and registration of the sale shall be borne by the
 - a. Vendee
 - b. Vendee and vendor
 - c. vendor
 - d. agent or broker
11. Miss Malou Ang leased to Mr. Adolfo Quizon a Xerox machine for two-years at a lease rental fee of P2,000.00 per month and signed an option in favor Mr. Quizon to buy the machine at the end of the term of the lease at P60,000.00. After 12 months, Mr. Quizon was able to pay the rental for 9 months only. Miss Ang Terminated the lease contract and repossessed the machine. The Consequence of this transaction is:
 - a. Miss Ang can collect the arrears for three months

- b. Miss Ang can collect the rental fees for the unexpired 12 months of the contract
 - c. Miss Ang has no further action against M. Quizon upon her re possession of the machine
 - d. Miss Ang, upon repossession of the machine must refund the 9 month rental fee paid
12. Which of the following statement regarding the contract of lease is correct?
- a. When the leased property is partially destroyed due to fortuitous event, the contract of lease is extinguished
 - b. The lessee has the right to compel the lessor to pay 50% of the value of the useful improvements on the leased property made by him in good faith at the expiration of the contract of lease.
 - c. The lessee has the obligation to return the leased property at the expiration of the lease contract in the same condition as when received it.
 - d. The lessee is responsible for the expenses of the deed of lease, unless otherwise stipulated
13. Mr. Danilo Co order for his workers 700 pieces of T-Shirts from Luzon Garment Corporation. Although not then available, shirts manufactured by the corporation are consigned to its sales outlets regularly. What is the contract between Mr. Co and the Corporation?
- a. Sale
 - b. Barter
 - c. Contract of Services
 - d. Contract for piece of work
14. Which of the following statement is correct?
- a. Ownership of the thing is retained by the seller in "sale or return"
 - b. Ownership of the thing is transferred to the buyer upon payment of the price
 - c. Ownership of the thing is acquired by the buyer upon delivery
 - d. Ownership of the thing is transferred to the buyer in "sale on trial, satisfaction or approval"
15. If the seller decided to exercise his right to purchase, which of the following will not be returned by the seller a retro to the buyer?
- a. Purchase price of the thing sold
 - b. Incidental expenses of the sale
 - c. interest of the price paid by the buyer
 - d. Necessary expenses on the thing sold
16. One of the following is not a right granted to an unpaid seller. Which one?
- a. Right of possessory lien
 - b. Right of stoppage in transit if the buyer will become insolvent
 - c. Right to demand security for the payment of the price
 - d. Right to resell of the goods are perishable in nature
17. One of the following is not an alternative remedy available to the seller of personal property on installment if the buyer defaults?
- a. To file action for specific performance against the buyer
 - b. To foreclose the chattel mortgage on the thing sold
 - c. To take possession of the thing and forfeit the amount paid
 - d. To file action for the rescission of the contract of sale
18. P appoints A to sell his parcel of land
- X - if the authority of A is oral and A sold the land in writing, the sale is void.
- Y - if the authority of A is in writing and he hold the land orally, the sale is valid.
- a. Only X is true
 - b. Only Y is true
 - c. Both are true
 - d. Both are false
19. Luisa is a lessee of a store in a shopping mall. She orally sells/assigns her right to Salud, who subsequently occupies the store. The right of Luisa, in this case, is delivered through:
- a. Keep the goods and ask for damages
 - b. Refuse to accept the goods and ask for damages
 - c. Rescind the sale and retain the goods
 - d. Keeps the goods and set up against the seller by way of recoupment of the price
20. The following except one, are alternative remedies available to the buyer in case of breach of warrant by the seller. Which is the exception?
- a. Keep the goods and ask for damages
 - b. Refuse to accept he goods and ask for damages
 - c. Rescind the sale and retain the goods
 - d. Keep the goods and set up against the seller by way of recoupment of the price
21. Which of the following statement is incorrect?
- a. The full payment of the purchase price is in the nature of suspensive condition before the seller is obliged to transfer the ownership of the thing sol, in a contract to sell
 - b. The seller need not to be the owner of the thing sold at the time of the perfection of the sale.
 - c. The buyer becomes the owner of the thing sold upon payment of the purchase price
 - d. The seller may retain ownership of the thing despite delivery to the buyer.
22. Sale is distinguished from lease in the sense that in lease:
- a. There is no delivery of the thing
 - b. There is no transfer of possession of the thing
 - c. There is no transfer of ownership of the thing
 - d. The contract is perfected upon the meeting of the minds between the parties
23. Which of the following statement is not correct?
- a. Delivery of the thing or payment of the price is not required for the perfection of the sale.
 - b. A stipulation that even if the object is delivered to the buyer, ownership will not pass until the price is fully paid is not valid.
 - c. A sales is consummated upon the delivery of the thing and payment of the purchase price.
 - d. Sale through letter or telegrams are deemed perfected only when the acceptance by the buyer has been received by the seller.
24. Which of the following contract of sale need not to be in writing?
- a. Sale of parcel of land
 - b. Sale of a car to be executed after one year after its perfection
 - c. Sale of a text book worth P450,000.00 to be executed next month
 - d. Sale at public auction
25. S sold and delivered his diamond ring to B. they agreed that within 10days, B will state and fix the price. On the 8th ay, B called S and stated the price of P17,000.00, which S accepted, Is the sale perfected?

- a. No, because at time of perfection, the price was not fixed
- b. Yes, because at the time of the sale the price is already known
- c. No, because the determination of the price cannot be left to the will of one party
- d. Yes, because the price fixed by the buyer was accepted by the seller

A, B and C are co-owners of 12 hectares of land at the rate of 6, 4 and 2 hectares, respectively. A sold his share to C. (Items 26 to 28)

26. How many hectares can be redeemed by B to C?
 - a. 6
 - b. 4
 - c. 2
 - d. none
27. If A sold his share to Z, how many hectares can be redeemed from him by B, if both B and C desired to exercise their rights of redemption?
 - a. 6
 - b. 4
 - c. 2
 - d. none
28. When can B and C exercise their right of redemption against Z?
 - a. Within 4 years from the date of the sale
 - b. Within 1 year from the date of the sale
 - c. Within 6 months from written notice from A
 - d. Within 30 days from written notice from A
29. 1st - in case of double sales, ownership shall be transferred to the buyer who first possessed it in good faith if the subject matter of the sale is a movable property.
 2nd - The seller is liable to the buyer for any hidden defects in the thing sold only if he was aware thereof at the time of the perfection of the sale.
 - a. 1st is true, 2nd is false
 - b. 1st is false, 2nd is true
 - c. Both are false
 - d. Both are true
30. Contract of sale is distinguished from contract to sell in the sense that in a contract to sell
 - a. The buyer's failure to perform his obligation to pay gives the seller the right to rescind the contract of sale
 - b. The delivery of the object of the sale to the buyer transfers ownership
 - c. The perfection of the contract gives rise to a reciprocal suspensive conditional obligation
 - d. Only one document is necessary to be executed by the parties
31. In sale on trial, satisfaction or approval:
 - a. The delivery of the object transfers ownership to the buyer
 - b. The seller has the risk of loss if the thing delivered will be lost due to fortuitous event within the period given to the buyer to approve the sale or not
 - c. The buyer is liable to pay the price if the thing will be lost due to fortuitous event before his approval of the sale
 - d. The seller is entitled to be paid if the thing will be lost due to fortuitous events within the period given to the buyer to approve the sale or not
32. A certified Public Accountant, who had just taken his oath of office as such, sold his review materials in accountancy to 17-year-old CPA board reviewee for P1,200.00. The sale is:
 - a. Valid
 - b. rescissible
 - c. voidable
 - d. unenforceable
33. H sold his gold necklace to his wife. Is the sale valid?
 - a. Yes, provided the consent of both defective or vitiated
 - b. No, if the value of the necklace is P5,000.00 or more
 - c. Yes, if they have separation of property agreed upon in the marriage settlement
 - d. Yes, if they do not know that the sale between them is not allowed by law
34. Which of the following is not an obligation of the agent?
 - a. Carry out the agency strictly in accordance with the instruction of the principal
 - b. Act within the scope of his authority
 - c. Advance the necessary funds, if stipulated
 - d. Finish the business already begun on the death of the principal, should delay entail any danger
35. O leased his house and lot to L for a period of five years ending 2014. It is stipulated in their contract of lease that should O decide to sell the leased property during the period of the lease, L shall have the right of the first refusal. Without offering to sell the house and lot to L, O sold the leased premises to X in 2010. What remedy is available to L in this case?
 - a. Annulment of the sale
 - b. Specific performance
 - c. Rescission of the sale
 - d. Damages

S sold his residential lot to X on January 8, 2013 and then sold it again to Y on January 13, 2013. Who was the better right to the residential lot? (Items 36 - 37)

36. If Y registered the sale ahead of X without knowledge of the first sale?
 - a. X
 - b. Y
 - c. Both of them
 - d. None of them
37. If X registered the sale ahead of Y without knowledge of the second sale?
 - a. X
 - b. Y
 - c. Both of them
 - d. None of them
38. Delivery of the object of the sale does not transfer ownership to the buyer in the following cases, except:
 - a. In sale on trial, satisfaction or approval
 - b. When there is reservation of ownership by the seller
 - c. When the seller's title over the object is voidable
 - d. When the seller is not the owner of the thing sold
39. Which of the following distinguishes authority from instruction?
 - a. Affects only the principal and the agent
 - b. It need not be verified by third persons
 - c. Its violation renders the contract unenforceable
 - d. It refers to the manner by which the power must be exercised by the agent

S offered to sell his car to B for P300,000.00. B requested for a period of 10 days within which to decide whether to buy it or not, which request was granted by S. Four (4) days later, S informed B that he is withdrawing his offer because he is going to sell it to W for a better price. (Items 40 to 41)

40. Is the withdrawal by S of his offer valid?

- a. No, because S is bound by his agreement with B
 - b. Yes, because S is the owner of the car who can decide whether to sell it or not
 - c. No, because the withdrawal of the offer is unfair to B
 - d. Yes, because the offer can be withdrawn anytime before it is available to him?
41. If B paid P500.00 for the period of 10 days to decide, what remedy is available to him?
- a. File action for specific performance against S
 - b. File action for the rescission of the sale between S and W
 - c. File action for the annulment of the sale between S and W
 - d. File action for damages against S

In 2005, S sold his house and lot to B for P1M with a right to repurchase the same. (42 to 43)

42. Until when can S redeem the house and lot from B
- a. 2009
 - b. 2011
 - c. 2014
 - d. 2015
43. If the agreed period for the repurchase is within seven years beginning in 2010, until when can S redeem the house and lot from B?
- a. 2009
 - b. 2013
 - c. 2015
 - d. 2017
44. When the lessee of rural land lost more than one-half of the fruits, he has the right to demand for the reduction of the rent, if such loss was caused by:
- a. Sterility of the land
 - b. Extraordinary fortuitous event
 - c. earthquake
 - d. all of these

P issued a special power of attorney to A to sell his car at an agreed commission of 5% based on the purchase price. P instructed A to sell his car for P300,000.00. (Nos. 45-49) On June 20, 2013, A sold the car to X for P300,000.00, but on June 22, 2013, P sold and delivered the car to Y for P300,000.00. Who has right to the car if both buyers are in good faith?

45. On June 20, 2013, A sold the car to X for P300,000.00, but on June 22, 2013, P sold and delivered the car to Y for P300,000.00. Who has the better right to the car if both buyers are in good faith?
- a. X because he is the first buyer
 - b. Y because he is the first processor
 - c. Y, because he deals directly with the owner
 - d. X, because A is duly authorized to sell it.
46. Assuming that A sold the car for P400,000.00 payable in six months, what right if, any, is available to P in this case?
- a. Ratify the sale on credit
 - b. Sue A for damages
 - c. Compel A to immediately pay in cash
 - d. Either a or c
47. In relation to No. 46 assuming that A is compelled to pay in cash, how much can P compel A to pay?
- a. P400,000.00
 - b. P300,000.00
 - c. P400,000.00 without commission
 - d. P300,000.00 without commission
48. Assuming that A sold the car to Z for P220,000.00 in violation of P's instruction, the sale is:
- a. Unenforceable
 - b. Void
 - c. Voidable
 - d. Valid
49. In relation to No. 48, what right is available to P?
- a. Forfeit A's commission
 - b. Sue A for estafa
 - c. Sue A for damages
 - d. Disregard the sale between A and Z

50. The lessee has the right to sublease the leased property:

- a. Only if it is expressly stipulated in the contract
- b. Only if there is express consent from the lessor
- c. When there is no prohibition in the contract
- d. Both a and b

A, the agent of P, died and S the eldest son of A informed P about his father's death and he continues the business of agency. (Nos. 51-52)

51. The agency between P and A is created by:
- a. Ratification
 - b. implication
 - c. estoppels
 - d. operation of law
52. Can S compel P to appoint him as the new agent in lieu of his father?
- a. Yes, because his father is already dead
 - b. No, because agency is fiduciary in character
 - c. Yes, because it is beneficial to P
 - d. No, because he may not be qualified
53. Which of the following is a real contract?
- a. Sale
 - b. Lease
 - c. Agency
 - d. None of these
54. The lessee can assign his right as such:
- a. Only if it is expressly stipulated in the contract
 - b. Only if there is express consent from the lessor
 - c. When there is no prohibition in the contract
 - d. Both a and b
55. The lessee is excused for what has been lost or impaired in the leased property, except if such loss or impairment was due to:
- a. Lapse of time
 - b. Acts of other persons
 - c. ordinary wear and tear
 - d. fortuitous event

Dr. G gave a special power of attorney to S, a fifteen year old student, authorizing S to sell his motorcycle. S sold and delivered the motorcycle to his professor, W. (Nos. 56-57)

56. The contract of agency between Dr. G and A is:
- a. Valid
 - b. voidable
 - c. unenforceable
 - d. rescissible

57. The contract of sale between S and W is:
d. Valid b. voidable c. unenforceable d. rescissible

58. X – Husband and wife can enter into contract of lease of a conjugal property because in a lease contract, there is no transfer of ownership.

Y – Consumable goods can never be the subject matter of a contract of lease because the leased property must be returned at the expiration of the term.

- a. Only X is true c. Both are true
b. Only Y is true d. Both are false

59. A – When the leased property had been totally destroyed, the lessee has the right to rescind the contract of lease.

B – When the original contract of lease has expired, but it was impliedly renewed, all the terms of the original are revived.

- a. Only A is true c. Both are true
b. Only B is true d. Both are false

O leased his house and lot to L for a monthly rent of P50,000.00 beginning on August 1, 2013. On August 20, 2013, O sold the leased premises to B. (60 to 62)

60. When shall be the expiration of the contract of lease between them?

- a. December 31, 2013 c. August 31, 2013
b. August 31, 2014 d. upon demand to vacate by O

61. Is the sale between O and B valid?

- a. No, because the house and lot is occupied by L
b. Yes, provided L is duly notified of the sale
c. No, because the lessee has the right of first refusal in case the leased property will be sold by the lessor during the period of the lease
d. Yes, because ownership is not transferred to the lessee in a contract of lease

62. Can B validly demand L to vacate the leased premises immediately after the sale?

- a. No, because the existing contract of lease must be respected by him
b. Yes, because he is now the owner of the property
c. No, because O failed to inform him about the contract of lease
d. Yes, because the contract of lease is not binding upon him

63. Which of the following cases does not terminate the agency?

- a. P issued a general power of attorney to A and later on issued another power of attorney to B, after notifying A
b. A writes his principal giving authority to B to take delivery of sugar on behalf of A without time limit for the authority.
c. A sues P, his principal, in court for the collection of his commission
d. A notified his principal that he could no longer administer P's property and turned over the administration to B after rendering his account.

64. X, Y and Z were appointed by P as his agents to administer his building while P was abroad for three years in the course of the management, X, through his fault, caused damage to the building which was assessed at P30,000.00. P can claim:

- a. P10,000.00 each from X, Y and Z c. P30,000.00 from X
b. P30,000.00 each from Y and Z d. P30,000.00 from X, Y and Z

65. A – If a person sends a letter by mail appointing a certain person as his agent and the latter remains silent about it, such silence cannot be interpreted as acceptance of the appointment.

B – If a person sends a letter by mail appointing a certain person as his agent in connection with the business the latter is habitually engaged and the latter remains silent about it, an implied agency is created.

- a. First statement is true but the second statement is false
b. Both statements are false
c. Both statements are true
d. First statement is false but the second statement is true

66. In 2011, S sold his house and lot to B for P1M. Until when can S repurchase his house and lot?

- a. 2015 b. 2019 c. 2021 d. None of these

67. The principal is not liable for the expenses incurred by the agent in the following cases, except:

- a. When the expenses were incurred due to the agent's fault
b. When the Agent incurred the expenses with the knowledge that an unfavorable result will ensue
c. When the agent violated the principal's instruction
d. When the business of agency is not successful

S sold his 300 square meter lot to B for P1M. (68 to 70)

68. If the area is found to be 291 square meter only, what remedy is available to B?

- a. Rescission of the sale c. Sue for violation of warranty
b. Proportionate reduction of the price d. None of these

69. If the said lot was sold for P400.00 per square meter but the area is only 291 square meter, what remedy is available to B?

- a. Rescission of the sale c. Sue for violation of warranty
b. Proportionate reduction of the price d. None of these

70. In relation to No. 69, when may B exercise his right against S?

- a. Within six months from delivery c. within four years from discovery
b. Within one year from the sale d. within ten years from the sale