

# Chapter 7 Consumer Law and Contracts

## Section 7.1 Sales Contracts



### Note Taking

**Directions** As you read, write notes, facts, and main ideas in the Note Taking column. Write key words and short phrases in the Cues column. Then summarize the section in the Summary box.

Cues	Note Taking
<ul style="list-style-type: none"> <li>• UCC: collection of laws that governs various types of business transactions</li> </ul>	<p><b>SALES OF GOODS</b></p> <ul style="list-style-type: none"> <li>• Sales law governs the sale of goods.</li> <li>• Uniform Commercial Code (UCC) was enacted to make sales law uniform among states.</li> </ul> <p><b>SPECIAL RULES</b></p> <ul style="list-style-type: none"> <li>• Special rules apply to contracts for the sale of goods:</li> </ul> <p><b>TITLE AND RISK OF LOSS</b></p> <ul style="list-style-type: none"> <li>• People who own goods have title to them.</li> </ul> <p><b>BREACH OF SALES CONTRACT</b></p> <ul style="list-style-type: none"> <li>• Buyers and sellers can seek remedies when a contract is breached.</li> </ul>
<p style="text-align: center;"><b>Summary</b></p> <p>A sales contract is bound by law but may be breached by the buyer or seller.</p>	

## Chapter 7 Consumer Law and Contracts

### Section 7.1 Sales Contracts



#### Reading Comprehension

##### Reading a Table

**Directions** Study the table below. Use the facts to answer the questions that follow.

## Chapter 7

Buyers' Remedies	Sellers' Remedies
Cancel contract.	Cancel contract.
Bring a claim against seller for the return of money paid.	Withhold delivery of goods.
Bring a claim against seller for the difference between agreed price and market price.	Stop delivery of any goods held by a carrier.
Refuse to accept goods if something is wrong with them. Give seller time to correct problem.	Bring a claim against buyer for the price of any goods that buyer accepted.
Buy similar goods from someone else and bring a claim against seller for the difference between agreed price and cost of purchase.	Resell any goods that have been rightfully withheld, and bring a claim against buyer for the difference between agreed price and resale price.
Give notice to seller that the goods have been accepted but something is wrong with them. If no adjustment is made, buyer may bring a claim against seller for breach of contract.	If goods cannot be resold, bring a claim against buyer for the difference between agreed upon price and market price.
Revoke acceptance and return goods if a serious defect was undetectable, or if buyer was led to believe seller would fix defect.	

1. What remedy applies to both buyer and seller when a sales contract has been breached?

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2. If you buy new office furniture and notice it is damaged when it is delivered, what options do you have?

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3. If a buyer breaches a sales contract, must the seller still deliver the goods?

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# Chapter 7 Consumer Law and Contracts

## Section 7.1 Sales Contracts



### Study Skills

#### Improving Learning Skills

**Directions** Read the tips below. Then answer the questions that follow.

#### IMPROVING LEARNING SKILLS

- Summarize a section after you read it.
- Ask yourself questions about the subject you are studying.
- Use different sources to obtain information about the subject.
- Use different methods to learn information. For example, read the text aloud. This stimulates more areas of your brain. You are learning both visually and auditorily.
- Find the conditions that are best for you. For example, join a study group, or find a quiet place if you study best alone.
- Think about other things you have learned and how you learned them. Did you learn by reading, having someone show you, looking at pictures and graphs, or listening to someone speak? Use these same ways of learning when studying new material.

## Chapter 7

1. Name something you have learned to do. Explain how you learned to do it.

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2. How might understanding how you learn help you improve your learning skills?

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3. How might summarizing a section after reading it help you learn?

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4. How might asking questions help you learn?

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5. Why is it important to use different sources to learn? Name three sources you might use.

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6. How might using different methods of learning at the same time help you learn?

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## Chapter 7 Consumer Law and Contracts

### Section 7.1 Sales Contracts



#### Test Taking Test-Taking Strategies

**Directions** Read the tips below. Then answer the questions that follow.

#### TEST-TAKING TIPS

- Read all instructions carefully before you begin.
- Make sure you understand the directions. Ask the teacher if you do not understand some of the directions.
- Read the entire test before you start, so you know what types of questions are on the test.
- Take note of the point value of each question or section. This will help you pace yourself.
- Answer the easiest questions first. Then answer the questions with the highest point value.

## Chapter 7

1. Why should you ask your teacher if you do not understand some of the directions?

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2. Why should you read the whole test before you start?

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3. Why do you need to pay attention to the point value of each section?

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4. Why should you answer the easiest questions first?

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5. Why should you answer the questions with the highest point values before answering those with lower point values?

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# Chapter 7 Consumer Law and Contracts

## Section 7.2 Consumer Protection



### Note Taking

**Directions** As you read, write notes, facts, and main ideas in the Note Taking column. Write key words and short phrases in the Cues column. Then summarize the section in the Summary box.

Cues	Note Taking
<ul style="list-style-type: none"> <li>• Consumer buys or leases goods, real estate, or services for personal, family, or household purposes.</li> <li>• FTC promotes free and fair trade competition.</li> </ul>	<p><b>CONSUMER PROTECTION LAWS</b></p> <ul style="list-style-type: none"> <li>• Federal and state governments have laws to protect the well-being of consumers.</li> <li>• Unfair and deceptive practices:</li> <li>• Federal Trade Commission rules:</li> </ul> <p><b>WARRANTIES</b></p> <ul style="list-style-type: none"> <li>• A warranty is a guarantee that a product will perform as promised.</li> <li>• Types of express warranties:</li> <li>• Types of implied warranties:</li> </ul>
<p style="text-align: center;"><b>Summary</b></p> <p>Agencies, laws, and warranties all help protect consumers.</p>	



# Chapter 7 Consumer Law and Contracts

## Section 7.2 Consumer Protection



### Study Skills

### Study Strategies

**Directions** Read the tips below. Then answer the questions that follow by circling the letter of the word or phrase that best completes each sentence.

#### TIPS FOR STUDY STRATEGIES

- Use a monthly calendar or student planner to record class assignments as soon as you learn about them. Include the date the assignment is due. Block out study time so you can complete the assignment on time.
- Use a different color pen or highlighter for each class.
- Record upcoming test dates. Highlight these dates so they stand out. Block out extra study time.

## Chapter 7

1. A fraudulent misrepresentation is any statement that
  - a. describes a buyer.
  - b. cancels a contract.
  - c. deceives a buyer.
  - d. advertises a product.
2. The negative option rule applies to products that are sent
  - a. by mistake.
  - b. randomly.
  - c. on a regular basis.
  - d. to a business.
3. The cooling-off rule gives you three business days to
  - a. extend a written sales contract to a buyer.
  - b. cancel a transaction made away from a seller's regular place of business.
  - c. refuse to promise delivery of the advertised product within a reasonable time.
  - d. disclose something that is important to the consumer.
4. A warranty in the form of an actual sample of a product would be
  - a. an express warranty.
  - b. a warranty of fitness.
  - c. a limited warranty.
  - d. a warranty of title.
5. An implied warranty is a guarantee imposed by
  - a. law.
  - b. the manufacturer.
  - c. the seller.
  - d. the buyer.

# Chapter 7 Consumer Law and Contracts

## Section 7.2 Consumer Protection



### Test Prep Using a Checklist

**Directions** Read the tips below to help you fill in the checklist. Then use what you have learned to take the practice test that follows.

#### CHECKLIST TIPS

- Leave an inch in the left-hand border on the paper you will use for your checklist.
- Gather all the materials you will need, including your textbook and old tests.
- Gather all your notes, including your notes from reading the text and notes you took in class.
- Identify all the text material that you will need to know.
- Ask your teacher what else you need to know.
- Use your materials and notes to prepare. Turn headings into questions and answer those questions. Answer end-of-section questions. Answer any other questions in the text and in the margins.

Completed	Task
✓	Gather all materials and notes: <ul style="list-style-type: none"> <li>• textbook</li> <li>• old tests</li> <li>• notes I took from the text</li> <li>• notes I took in class</li> </ul>
	Identify all material I need to know. Ask my teacher what else I need to know.
	Turn headings into questions and answer them. Answer end-of-section questions. Answer questions in text and margins.

1. How would you define *consumer*?

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2. What have individual states done to help protect consumers?

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3. Name three FTC trade regulation rules.

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# Chapter 7 Consumer Law and Contracts

## Chapter Content Vocabulary



### English Language Arts

#### Writing

**Directions** Choose ten terms from the list below. Use each in a sentence that shows you understand the definition of the word.

Uniform Commercial Code (UCC)	insurable interest	full warranty
firm offer	voidable title	limited warranty
title	risk of loss	implied warranty
bill of sale	express warranty	warranty of merchantability
warranty		

## Chapter 7

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

## Chapter 7 Consumer Law and Contracts

### Chapter Academic Vocabulary



#### English Language Arts Reading Skills

**Directions** Fill in the blank with the correct vocabulary word.

uniform	disclose
dominant	option
revoke	exclude

### Chapter 7

1. The \_\_\_\_\_ element determines the law that will apply when a contract includes goods and services.
2. When a seller does not \_\_\_\_\_ something important to the consumer, a fraudulent misrepresentation occurs.
3. The negative \_\_\_\_\_ rule applies when you subscribe to a magazine.
4. The UCC helps to make laws related to the sale of goods \_\_\_\_\_ among the states.
5. The word *merchantability* must be specifically mentioned in order to \_\_\_\_\_ the warranty of merchantability.
6. A merchant cannot \_\_\_\_\_ a firm offer during the time stated in the offer.