



TEXAS TECH UNIVERSITY

**Division of Outreach  
& Distance Education**

Box 42191, Lubbock, TX 79409  
(806) 742-7200  
FAX (806) 742-7222  
www.ode.ttu.edu

**BLAW 1B  
Business and Consumer Law,  
Second Semester**  
(v.2.0)

**To the Student:**

After your registration is complete and your proctor has been approved, you may take the Credit by Examination for BLAW 1B.

**WHAT TO BRING**

- blue or black ink pen

**ABOUT THE EXAM**

The BLAW 1B CBE will consist of multiple-choice questions, case questions, statement completion, true/false questions, and matching of legal terms. The exam is designed for all types of testing. Some students do better on true/false and some do better on other types of testing. You should find the exam to be fair, thorough, and easy to follow. The CBE for BLAW 1B contains 100 questions similar to the practice exam included in this letter. You will be given an answer sheet for the exam, but you need to bring a blue or black ink pen with you. You have three hours to complete the exam.

Prepare for the exam by reviewing any of the state-adopted textbooks that are used at your school. If you do not have a textbook or any other study material available locally, you may contact the Outreach & Distance Education Bookstore. The bookstore carries the textbook used with our BLAW 1B Distance Education course. The textbook is:

Brown Gordon W. and Sukys, Paul A. (2006). *Understanding Business and Personal Law*. McGraw Hill Companies, Woodland Hills, California.

This semester of BLAW covers:

- relationships between ethics and the law;
- how to acquire and properly use credit;
- how to explain the laws that apply to credit;
- how to distinguish between the different types of negotiable instruments;
- how to transfer negotiable instruments;
- how to select a bank and open a checking account;
- how to identify the various indorsements and when to use each;

- identifying the three major forms of business;
- advantages and disadvantages of the three forms of business;
- how the federal government regulates businesses;
- different types of marriages;
- how the laws of state and federal governments affect marriages, divorces, and child custody;
- guidelines to follow when leasing a piece of property;
- how to purchase a home and get a mortgage;
- how to plan for retirement;
- insurance protection needed for yourself, property, and/or family; and
- the Alternative Dispute Resolution System of the State of Texas.

The Texas Education Agency establishes Texas Essential Knowledge and Skills (TEKS) requirements for all courses taught in Texas. To fulfill the TEKS requirements for this course, you will have questions on the exam about the Alternative Dispute Resolution System of the State of Texas. You may not be a resident of Texas, but you will find the methods of research for this topic to be of benefit to you in your home state. The information that will be addressed can found on the Internet. If you do not have access to a computer at home, at school, or at a local library, you can check with a district court administrator's office for information needed for this exam. If you have access to a computer, go to the Lubbock County **Dispute Resolution Center (DRC)** website <http://www.co.lubbock.tx.us/drc/drc.htm> to research this topic. Read the information under the links "About Us," "Alternative Dispute Resolution (ADR) Services," "Dispute Resolution Fees," and "Court vs. Mediation" (at <http://www.co.lubbock.tx.us/drc/court.htm>)

Many events in life present some conflicts. Conflicts arise within families. Some conflicts arise from business transactions. Other conflicts arise from interactions with neighbors, landlords, employers, and employees, etc. Different states have their own methods of resolving disputes. Research some of the methods that the State of Texas uses to resolve conflicts. This website listed above is provided by Lubbock County, which handles all of the USDA disputes for the State of Texas. Their website is very informative about the functions of the DRC. Read the overview provided on this website (click the "About Us" link). It has information about the policy for **Alternative Dispute Resolution (ADR)** for the State of Texas.

Study the legal vocabulary at the end of the chapters in a business law textbook. Knowledge of legal terms will help you analyze the exam questions and give you a

background for the legal questions. You probably have had an opportunity to be exposed to many of the laws covered in this exam. Our daily lives are touched by so many areas of negotiable instruments, the types of businesses used in the United States and government regulation of banking, business organizations, marriages, retirement funds, insurance, and real property that we tend to forget we know something about the legal system. The exam is focused on the most common areas of these topics. It is a thorough exam, not designed so that the student has to “quote the law” word for word, but you must be able show an understanding of personal and business law. You will find some questions about the ADR of Texas on the review exam.

### **Questions?**

For more information about CBE policies, visit <http://www.ode.ttu.edu/takeacbe/> or see your course Policies & Forms Guide.

Good luck on your examination!

## Sample BLAW 1B CBE

The CBE includes matching of legal terms, statements to complete, true or false questions, and multiple choice. A sample exam is given below, with the correct answers at the end.

**Completion.** Write the correct word in the blank to complete each statement.

1. Polygamy means having more than \_\_\_\_\_ spouse(s) at the same time.
2. “For deposit only” is a(n) \_\_\_\_\_ indorsement.
3. Something of value that is used to secure a loan is called \_\_\_\_\_.

**Multiple Choice.** Circle the letter of the answer that best completes each statement.

4. The act of giving a worker a guaranteed right to receive a future pension is called
  - A. portability.
  - B. work credit.
  - C. intestate.
  - D. vesting.
5. Congress passed the Securities Act of 1933 and the \_\_\_\_\_ Act of 1934 to protect corporate investors.
  - A. Fair Labor Standards
  - B. Federal Trade Commission
  - C. Securities Exchange
  - D. Sherman Antitrust
6. The defenses that can be used against a holder in due course are
  - A. both personal and real defenses.
  - B. only real defenses.
  - C. only personal defenses.
  - D. neither personal nor real defenses.

*continued* →

**Matching.** Match the description in Column A with its corresponding legal term in Column B.

**Column A**

**Column B**

- |   |                    |
|---|--------------------|
| _____ 7. credit that can be increased up to a certain point               | A. annulment       |
| _____ 8. a declaration by the court that there never was a valid marriage | B. open-end credit |
| _____ 9. an interest in real property for an indefinite period of time    | C. tenancy at will |

**True/False.** Read each statement. Write a *T* in the blank if the statement is true or an *F* if it is false.

- \_\_\_\_\_ 10. A company incorporated in Georgia but operating in Texas would be considered a domestic corporation in Texas.
- \_\_\_\_\_ 11. Stock ownership is demonstrated by the possession of a stock certificate.
- \_\_\_\_\_ 12. Although a partnership agreement is usually express, it can be implied.

**Alternative Dispute Resolution System of Texas**

Read the question and answer it in the spaces provided.

13. ADR (Alternative Dispute Resolution) generally refers to the use of third parties to
- A. \_\_\_\_\_
  - B. \_\_\_\_\_
  - C. \_\_\_\_\_
- in a cost-effective manner.
14. The most common type of ADR process is
- A. a jury trial.
  - B. going before a judge.
  - C. mediation.
  - D. None of the above.

15. The ADR generally refers to the use of a(n) \_\_\_\_\_ third party to facilitate or evaluate a dispute.
16. The Lubbock County Dispute Resolution Center (DRC) was started over \_\_\_\_\_ years ago and has emerged as a leader in Texas for the ADR system.

**True/False.** Read each statements. Write a *T* in the blank if the statement is true or an *F* if it is false.

- \_\_\_\_\_ 17. One of the beneficial features of ADR is the speedy disposition of most cases.
- \_\_\_\_\_ 18. DRC's fees for child protective services are paid for by the participating parties.
- \_\_\_\_\_ 19. The Lubbock County Dispute Resolution Center serves only local counties.
- \_\_\_\_\_ 20. The DRC in Lubbock County is the largest in the geographical area because it is the only DRC that serves rural communities.

## Sample CBE Answer Key

- |                |       |
|----------------|-------|
| 1. 2           | 7. B  |
| 2. restrictive | 8. A  |
| 3. collateral  | 9. C  |
| 4. D           | 10. F |
| 5. C           | 11. T |
| 6. B           | 12. T |

## ADR System of Texas

13. facilitate, evaluate, or decide a dispute (in any order)
14. C
15. neutral
16. 20
17. T
18. F
19. F
20. T