

Regulatory Framework for Business Transactions

PHILIPPINE DEPOSIT INSURANCE CORPORATION

1. A has two separate single bank accounts with P1,000,000 and P2,000,000 balance, respectively in the same bank which is closed by BSP. B, on the other hand, has two separate single bank accounts with P3,000,000 and P2,000,000 balance, respectively with the said bank. Aside from that, A has two separate joint accounts with different persons in the same bank. The first joint account of A is with B with balance of P10,000,000 while the other joint account of A is with C with balance of P4,000,000. How much is the maximum insured amount by PDIC from these deposits concerning A and B, respectively?
- A. P500,000 and P500,000
 - B. P1,000,000 and P750,000**
 - C. P1,000,000 and P1,000,000
 - D. P1,000,000 and P500,000

Computation

	A	B	C
Maximum Insured Deposit for Single Account	P500,000	P500,000	
Maximum Insured Deposit for Joint Account (A&B)	250,000	250,000	
Maximum Insured Deposit for Joint Account (A&C)	<u>250,000</u>	<u> </u>	<u>250,000</u>
	<u>P1,000,000</u>	<u>P750,000</u>	<u>P250,000</u>

BANK SECRECY LAW

2. Under R.A. 1405, which of the following is not covered by the Bank Secrecy Law?
- A. Investment in bonds issued by the Government of the Philippines, its political subdivisions and its instrumentalities.
 - B. Investment in time deposit
 - C. Investment in bonds issued by publicly traded corporations.**
 - D. Savings deposit and demand deposit

FOREIGN CURRENCY DEPOSIT

3. A nonresident alien has been convicted of crime of raping a minor. The RTC judge issued a writ of garnishment for the satisfaction of civil damages caused to the victim. Is the issuance of writ of garnishment a violation of Foreign Currency Deposit Act of the Philippines considering that a BSP circular provides that foreign currency deposits shall be exempted from attachment, garnishment, or any other order or process of any court, legislative body, government agency or any administrative body whatsoever?
- A. No, because if that foreign currency deposit will be exempted from garnishment, injustice would result especially to a citizen aggrieved by a foreign guest.**
 - B. Yes, because foreign currency deposit is absolutely confidential in nature.
 - C. Yes, because RA 6426 was enacted in order to encourage foreign investment.
 - D. Yes, even RA 6426 failed to anticipate the inequitous effects producing outright injustice and inequality to Filipinos.

UNCLAIMED BALANCES LAW

4. What petition shall be filed by the Solicitor General or his representative in behalf of the Republic of the Philippines before the RTC for the unclaimed balances to be forfeited in favor of the state where a deceased dies intestate in the Philippines leaving no heir or person by law entitled to the same?
 - A. Petition for partition proceedings
 - B. Petition for estate settlement proceedings
 - C. Petition for escheat proceedings**
 - D. Petition for certiorari

5. In which office shall the letter requesting the reactivation of unclaimed balances or dormant account be filed by the applicant depositor?
 - A. Bureau of Treasury**
 - B. Bureau of Customs
 - C. Bureau of Internal Revenue
 - D. Bureau of Immigration

GENERAL BANKING LAW

6. Which of the following powers is not allowed to be conducted by a commercial bank?
- Accepting drafts and issuing letters of credit and receiving other types of deposits and deposit substitutes
 - Discounting and negotiating promissory notes, drafts, bills of exchange, and other evidences of debt
 - Accepting or creating demand deposits and buying and selling foreign exchange and gold or silver bullion
 - Engaging in the businesses of preneed plans and insurance or reinsurance**
7. Which of the following shall not be included in the computation of Single Borrower's Limit?
- association or any other entity, the liabilities of said entities to such bank.
 - In the case of a corporation, all liabilities to such bank of all subsidiaries in which such corporation owns or controls a majority interest.
 - In the case of a partnership, association or other entity, the liabilities of the members thereof to such bank.
 - Loans, credit accommodations and acceptances under letters of credit to the extent covered by margin deposits.**
8. It refers to a public and fully government-owned and controlled corporation organized with original capital stock of P50 billion which has the powers to provide policy directions in the areas of money, banking, and credit and to supervise the operations of banks, finance companies and non-bank financial institutions performing quasi-functions. It has the sole authority to issue currency to be considered legal tender within Philippine territory.
- Bangko Sentral ng Pilipinas**
 - Philippine Depositor Insurance Corporation
 - Landbank of the Philippines
 - Development Bank of the Philippines
9. All of the following are the qualifications of members of Monetary Board, **except**
- He must be a Natural born-citizens of the Philippines
 - He must be of 35 years of age with the exception of BSP governor who must be 40 years of age.
 - He must be of good moral character, of unquestionable integrity, of known probity and patriotism and with recognized competence in social and economic disciplines.
 - He must be a director or officer of a banking institution.**
10. Unless otherwise changed by Monetary Board, what is the interval for examination of banking institution by supervising and examining department head of BSP?
- Once every 12 months (annually)**
 - Once every 3 months (quarterly)
 - Once every 6 months (semi-annually)
 - Once every month (monthly)
11. May the BSP Monetary Board order the closing of a bank with the hearing to follow despite the absence of prior hearing for closure?
- Yes, because close now hear later has already been justified as a measure for the protection of the public interest.**
 - No, because right to due process always requires prior hearing before closure.
 - No, because that is violative of right to property of the bank's stockholders.
 - Yes, even there is not justifiable or factual basis for the closure.

FINANCIAL REHABILITATION INSOLVENCY LAW

12. What is the maximum period of conservatorship of a bank or quasi-bank?
- A. It shall not exceed 1 month.
 - B. It shall not exceed 1 year.**
 - C. It shall not exceed 6 months
 - D. It shall not exceed 3 months.
13. Who shall be appointed by BSP Monetary Board as receiver of a bank?
- A. Philippine Deposit Insurance Corporation**
 - B. Development Bank of the Philippines
 - C. Landbank of the Philippines
 - D. Philippine National Bank
14. What is the ground for placing a bank under liquidation proceedings by BSP Monetary Board?
- A. Whenever, on the basis of a report submitted by the appropriate supervising or examining department, the Monetary Board finds that a bank or a quasi-bank is in a state of continuing inability to maintain a condition of liquidity deemed adequate to protect the interest of depositors and creditors.
 - B. The bank has insufficient realizable assets, as determined by the Bangko Sentral, to meet its liabilities.
 - C. The bank cannot continue in business without involving probable losses to its depositors or creditors.
 - D. If the receiver determines that the institution cannot be rehabilitated or permitted to resume business.**
15. May a bank be placed by BSP Monetary Board under receivership without undergoing conservatorship?
- A. No, because it is violative of right to due process of bank's shareholders.
 - B. Yes, because designation of a conservator is not a precondition to the designation of a receiver.**
 - C. No, because conservatorship proceedings is mandatory.
 - D. Yes, but only if approved by at least majority of the bank's Board of Directors and ratified by at least 2/3 of the outstanding stockholders.
16. What is the ground before an individual debtor may file a verified petition praying for declaration of state of suspension of payments?
- A. When an individual debtor possessed sufficient property to cover all his debts but he foresees the impossibility of meeting them when they respectively fall due.**
 - B. When an individual debtor possessed sufficient property but he can pay his obligations when they fall due.
 - C. When the total assets of the individual debtor exceed his total liabilities.
 - D. When the capital of the individual debtor is more than the liabilities of the individual debtor.
17. What is the effect of issuance by the court of an order suspending any pending execution against individual debtor upon motion filed by an insolvent individual debtor?
- A. No creditor shall sue or institute proceedings to collect claim from the debtor from the time of the filing of the petition for suspension of payments and for as long as proceedings remain pending.**
 - B. Those creditors having claims for personal labor, maintenance, expense of last illness and funeral of the wife or children of the debtor incurred in the sixty (60) days immediately prior to the filing of the petition shall not institute or sue proceedings to collect claim from the debtor.
 - C. Secured creditors shall not institute or sue proceedings to collect claim from the debtor.
 - D. Properties held as security by secured creditors shall be the subject of such suspension order.

18. What is the duration of a court's order suspending any pending execution against individual debtor upon motion filed by an insolvent individual debtor?
- A. **The suspension order shall lapse when three months shall have passed without the proposed agreement being accepted by the creditors or as soon as such agreement is denied.**
 - B. The suspension order shall lapse when twelve months shall have passed without the proposed agreement being accepted by the creditors or as soon as such agreement is denied.
 - C. The suspension order shall lapse when six months shall have passed without the proposed agreement being accepted by the creditors or as soon as such agreement is denied.
 - D. The suspension order shall lapse when the ten months shall have passed without the proposed agreement being accepted by the creditors or as soon as such agreement is denied.
19. What is the quorum required for the validity of meeting of creditors for the approval of insolvent individual debtor?
- A. **The presence of creditors holding claims amounting to at least 3/5 of the liabilities shall be necessary for holding of meeting.**
 - B. The presence of creditors holding claims amounting to at least 1/4 of the liabilities shall be necessary for holding of meeting.
 - C. The presence of creditors holding claims amounting to at least 2/3 of the liabilities shall be necessary for holding of meeting.
 - D. The presence of creditors holding claims amounting to at least 3/4 of the liabilities shall be necessary for holding of meeting.
20. What is the minimum claim by a creditor or group of creditors before they may file a petition for involuntary liquidation of insolvent individual debtor?
- A. **Claims aggregating at least P500,000**
 - B. Claims aggregating at least P1,000,000
 - C. Claims aggregating at least P100,000
 - D. Claims aggregating at least P1,500,000
21. Which of the following is not considered an act of insolvency by an individual insolvent debtor?
- A. That such person is about to depart or has departed from the Republic of the Philippines, with intent to defraud his creditors.
 - B. That being absent from the Republic of the Philippines, with intent to defraud his creditors, he remains absent.
 - C. That he conceals himself to avoid the service of legal process for the purpose of hindering or delaying the liquidation or of defrauding his creditors
 - D. **That he has neither confessed nor offered to allow judgment in favor of any creditor or claimant for the purpose of hindering or delaying the liquidation or of defrauding any creditor or claimant.**
22. Which of the following is considered an act of insolvency by an individual insolvent debtor?
- A. That for a period of three days, he has failed, after demand, to pay any moneys deposited with him or received by him in a fiduciary capacity.
 - B. That he has while in state of solvency, made an payment, gift, grant, sale, conveyance or transfer of his estate, property, rights or credit.
 - C. That being a merchant or tradesman, he has generally defaulted in the payment of his current obligations for a period of five days.
 - D. **That he has made any assignment, gift, sale, conveyance or transfer of his estate, property, rights or credits with intent to hinder or delay the liquidation or defraud his creditor.**
23. It refers to a corporate rehabilitation proceedings initiated by the insolvent juridical person by filing it in court.
- A. **Voluntary court-supervised rehabilitation proceedings**
 - B. Involuntary court-supervised rehabilitation proceedings
 - C. Informal rehabilitation proceedings
 - D. Prenegotiated rehabilitation proceedings

24. What is the minimum claim of creditors or group of creditors in order to file a petition for involuntary court-supervised rehabilitation proceedings of an insolvent corporation?
- A. Any creditor or group of creditors with a claim of. or the aggregate of whose claims is, at least P1,000,000 or at 25% of the subscribed capital stock, whichever is higher.**
 - B. Any creditor or group of creditors with a claim of. or the aggregate of whose claims is, at least ten P10,000,000 or at least 50% of the subscribed capital stock, whichever is higher.
 - C. Any creditor or group of creditors with a claim of. or the aggregate of whose claims is, at least One billion pesos or at least 40% of the subscribed capital stock, whichever is higher.
 - D. Any creditor or group of creditors with a claim of. or the aggregate of whose claims is, at least One hundred million pesos or at least 10% of the subscribed capital stock, whichever is higher.

ANTI MONEY LAUNDERING COUNCIL

25. Which of the following is a covered person, therefore, required to report to AMLC reportable or suspicious transactions?
- A. Educational institution
 - B. Casinos**
 - C. Mining companies
 - D. Transportation companies
26. Anti-Money Laundering Council refers to the financial intelligence unit of the Republic of the Philippines which is the government agency tasked to implement the AMLA. Which of the following statements regarding the composition of AMLC is incorrect?
- A. The chairperson of AMLC is the BSP governor.
 - B. The Insurance Commissioner is a member of AMLC.
 - C. The SEC Chairperson is a member of AMLC.
 - D. The BIR Commissioner is a member of AMLC.**

COOPERATIVE

27. What is the maximum ownership of Foreigners in a cooperative in the Philippines?
- A. None**
 - B. 40%
 - C. 60%
 - D. 100%

INTELLECTUAL PROPERTY

28. It refers to an intellectual property granted or issued by IPO which gives an exclusive right to an inventor of a product, process or an improvement of a product or process which is new, inventive and useful to exclude others from making, using, or selling the product of his invention during the life of the intangible asset.
- A. Copyright
 - B. Patent**
 - C. Trademark
 - D. Tradename
29. Newton and Einstein invented separately the technology for time machine. On January 1, 2018, Newton obtained patent for his technology in USA. On April 1, 2018, Einstein registered his right over the same technology with IPO of Philippines. On May 1, 2018, Newton filed an application for patent for the same technology with IPO of Philippines and such local application claims priority. On June 1, 2018, Newton submitted a certified copy of the foreign application together with an English translation with IPO of Philippines. Who has better right over the patent?
- A. Einstein because he has earlier local application filing date.
 - B. Newton because he has earlier priority date.**
 - C. None of them
 - D. Government
30. What is the legal term of trademark or service mark?
- A. Life of the right holder plus 50 years after his death
 - B. 20 years
 - C. 10 years but subject to unlimited renewal**
 - D. Indefinite
31. It refers to trademark infringement test that focuses on the similarity of the main, prevalent or essential features of the competing trademarks that might cause confusion.
- A. Literal infringement test
 - B. Doctrine of Equivalents Infringement test
 - C. Holistic test
 - D. Dominancy test**
32. As a general rule, what is the legal term of copyright?
- A. Life of the author plus 50 years after his death**
 - B. 20 years
 - C. 10 years but subject to unlimited renewal
 - D. Indefinite

CORPORATION CODE

33. It shall mean any sale of a security which the seller does not own or any sale which is consummated by the delivery of a security borrowed by, or for the account of the seller with the commitment of the seller or securities borrower to return or deliver said securities or their equivalent to the lender on a determined or determinable future date.
- Short sale**
 - Long sale
 - Middle sale
 - Wide sale
34. Who is prohibited from making a short sale in securities of the corporation?
- Creditor of the corporation
 - Stockbroker of the corporation
 - Employees of the corporation
 - Director, officer or principal shareholder of a corporation**
35. It refers to the framework of rules, systems and processes in the corporation that governs the performance by the Board of Directors and Management of their respective duties and responsibilities to the shareholders.
- By-Laws
 - Corporate Governance**
 - Articles of Incorporation
 - Internal Control
36. What is the required number of independent directors to corporations covered by Revised Code of Corporate Governance?
- Always two**
 - Always three
 - Always one
 - Always four
37. Which of the following is a ground for permanent disqualification of a director of a corporation covered by Revised Code of Corporate Governance?
- Conviction by final judgment of an offense involving moral turpitude such as fraud, estafa, theft, forgery bribery or perjury**
 - Absence in more than fifty percent of all regular and special meetings of the Board during his incumbency, or any twelve month period during the said incumbency
 - If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent of its subscribed capital stock
 - Dismissal or termination for cause as director of any corporation covered by this Code
38. The articles of incorporation of ABC Corporation provide for 7 directors. In the monthly meeting of the board of directors held on April 8, 2009, directors B, C, D and E were present and the following resolutions were approved:
- A resolution for the purchase of a delivery truck from E Trading, a sole proprietorship owned by E. B, C, D and E voted for the resolution
 - A resolution appointing T as the new corporate secretary where B, C, D and E voted for the resolution.
- Which is correct?
- Both resolutions are valid and do not need shareholders' approval
 - Both resolutions are valid but need shareholders' approval
 - Resolution I needs shareholders' approval. Resolution II is valid**
 - Resolution I is not valid. Resolution II needs shareholders' approval

39. This vacancy in the board of directors may be filled by the board of directors if the remaining directors still constitute a quorum.
- Removal of a director
 - Death of a director**
 - Increase in the number of directors
 - Expiration of the term of a director
40. Which is supreme in the matter of management of the corporation?
- President
 - Chairman of the Board of Directors
 - Stockholders
 - Board of Directors**
41. Which of the following statements is correct?
- When a vacancy in the board arises, such vacancy maybe filled by the remaining directors provided they still constitute a quorum
 - The officers of a non-stock corporation maybe elected directly by the members instead of by the board of trustees**
 - The number of trustees in a nonstock corporation maybe five but not more than fifteen
 - A director individually and acting as such can bind the corporation because he is an agent of the corporation
42. Land Corporation is a nonstock, nonprofit corporation whose articles of incorporation provide for 9 trustees. The trustees elected and their respective terms are: A, B and C for 3 years, D, E and F for 2 years, and G, H and I for 1 year. After one year, J, K and L were elected to replace G, H and I whose term expired, while M and N were elected to replace B and E, respectively who resigned after one year in office. What is the term of office of L, M and N?
- | | L | M | N |
|-----------|----------------|----------------|---------------|
| A. | 3 years | 3 years | 3 years |
| B. | 3 years | 2 years | 1 year |
| C. | 1 year | 2 years | 1 year |
| D. | 2 years | 2 years | 2 years |
43. A, B, C, D and E formed Super Corporation and submitted their Articles of Incorporation to the SEC. Inadvertently, through an oversight; the SEC approved the Articles and issued a certificate of incorporation. Thereafter, it was discovered that they have not completed their required period of residency in the Philippines. As a result, which of the following is not correct?
- The corporation shall be considered as a de-facto corporation and shall be allowed to function as a corporation under the color of law
 - The right to exercise corporate powers, shall not be inquired into collaterally in any private suit to which the corporation maybe a party
 - The Solicitor General has the right to question or contest the validity of its corporate existence through a quo-warranto proceedings
 - In a suit filed against the corporation for breach of contract, the plaintiff can allege that the corporation has no legal personality and therefore all incorporators shall be held personally liable for damages**
44. A law was passed disqualifying former members of Congress from sitting in the Board of Directors of government owned or controlled corporations. Because of this, the Board of Directors of ABC Corp, a government owned and controlled corporation, disqualified C, a former Congressman, from continuing to sit as one of its members. C objected, however, insisting that under the Corporation Code, members of the board of directors of corporations may only be removed by vote of shareholders' holding 2/3 of its outstanding capital stock in a regular or special meeting called for that purpose. Is C correct?
- Yes, since the new law cannot be applied to members of the board of directors already elected prior to its passage
 - No, since the disqualification takes effect by operation of law and it is sufficient that C was declared no longer a member of the board**
 - Yes, since the provisions of the Corporation Code apply as well to government owned and controlled corporations
 - No, since the board has the power to oust C even without the new law.

NEGOTIABLE INSTRUMENT

45. A is maker and B is payee of a negotiable promissory note payable to order. There is no valuable consideration for the note. B delivers the instrument to C, without indorsement, under circumstances that otherwise would have made C a holder in due course such as, that C did not know of the absence of consideration. May C recover from A?
- A. Yes, because A's personal defense cannot be used against C
 - B. Yes, because the promissory note is negotiable
 - C. No, because A has a real defense which can be used even against a holder in due course
 - D. No, because C acquires only B's rights and A can set up against B the defense of absence of consideration**
46. A issued a check dated April 2, 2017, in favor of B in payment of A's obligation to B amounting to P100,000. B kept the check in his drawer and failed to encash it due to his busy schedule. On February 16, 2018, B presented the check to the drawee bank for payment. The bank refused to pay the check for failure of B to present the check within the reasonable time after its issue. In this case
- A. A's obligation to B is extinguished because the impairment of the check is due to B's fault
 - B. B can sue the bank because as drawee it is the party primarily liable
 - C. A's obligation to B is not extinguished because the failure of B to present the check for payment within a reasonable time did not cause any injury to A**
 - D. When B accepted the check when A tendered payment, A's obligation is extinguished
47. M delivers a negotiable promissory note payable to P or order. Later, P makes a special indorsement to A and A delivers the note to B. Who is the holder?
- A. B, because he is in possession of the note
 - B. A, because he is the indorsee
 - C. P, because he is the payee
 - D. No one can be considered as holder**
48. A owes B P10,000 as gambling debt and A issued a promissory note to B to cover the debt, as follows:
 "I promise to pay B or order P10,000. Sgd. A"
 Which of the following statements is correct?
- A. B can collect from A because the note is negotiable
 - B. B cannot negotiate the note because the consideration between A and B is illegal
 - C. If B negotiates to C, a holder in due course, C can collect from A**
 - D. A is not liable because of illegal consideration
49. A made a negotiable promissory note payable to the order of B. Later, B made a blank indorsement to C and C delivered the note to D, who likewise delivered the note to E. E made a special indorsement to F and F made a qualified indorsement to G. Which of the following is correct?
- A. The indorsement made by E is not necessary because the instrument was converted to bearer, hence the indorsement made by F can be stricken out
 - B. C and D are not liable because they negotiated the instrument by delivery
 - C. If the instrument is dishonored by A, the present holder G cannot go after C and D**
 - D. B's indorsement can be stricken out because B's blank indorsement converted the instrument to bearer
50. A promissory note reads:
 "I promise to pay B or bearer P20,000. Sgd. A."
 B delivered the note to C. C indorsed the note to D. Then Y stole the note from D and indorsed the note to E. E delivered the note to F. As a result
- A. If A pays F in good faith, A's obligation is extinguished**
 - B. F can collect from D or E
 - C. F cannot be a holder in due course
 - D. F can go after indorsers C and Y

51. A promissory note reads:
“I promise to pay B or order P20,000. Sgd. A”
B made a special indorsement to C and C made a conditional indorsement to D. If the condition is not yet fulfilled, which of the following is correct?
- A. If A dishonors the note, D can collect from B or C
 - B. If A pays D, A’s obligation is extinguished**
 - C. If A pays, A becomes liable if D fails to fulfill the condition
 - D. If A dishonors the note D can collect from B but not from C
52. Which of the following instruments is negotiable?
- A. “Pay to the order of A or B the sum of P100,000.” Sgd. C and D
 - B. “I promise to pay to the order of A or B the sum of P100,000”. Sgd. C and D**
 - C. “Pay to B or order the sum of P100,000 30 days after sight”. Sgd. A
 - D. “We promise to pay A and B the sum of P100,000”. Sgd. C and D
53. A bill of exchange states on its face: “One month after sight, pay to the order of Mr. R, the amount of Php 50,000 chargeable to the account of Mr. S Signed, Mr. T”. Mr. S, the drawee, accepted the bill upon presentment by writing on it the words “I shall pay Php 30,000 three months after sight.” May he accept under such terms, which varies the command in the bill of exchange?
- A. Yes, since a drawee accepts according to the tenor of his acceptance**
 - B. No, since, once he accepts, a drawee is liable according to the tenor of the bill
 - C. Yes, provided the drawer and payee agree to the acceptance
 - D. No, since he is bound as drawee to accept the bill according to its tenor
54. X, a drawee of a bill of exchange, wrote the words: “Accepted, with promise to make payment within two days. Signed X.” The drawer questioned the acceptance as invalid. Is the acceptance valid?
- A. Yes, because the acceptance is in reality a clear assent to the order of the drawer to pay**
 - B. Yes, because the form of the acceptance is really immaterial
 - C. No, because the acceptance must be clear assent to the order of the drawer to pay
 - D. No, because the document must not express that the drawee will perform his promise within two days

PARTNERSHIP

55. A and B are co-owners of a parcel of land from where they share the profits equally as co-heirs in inheritance. Is there a partnership?
- A. There is a prima facie presumption of partnership because of the equal sharing of profits
 - B. There is no partnership because co-ownership by itself does not establish a partnership despite the sharing of profits**
 - C. There is no partnership since in partnership, division of profits is not always necessary among partners
 - D. There is prima facie presumption of partnership they being co-owners and co-possessors
56. A and B are partners in AB partnership. While A was performing his duties as a partner in the course of business, he negligently caused damage to X, a third person. Who shall be liable to X and up to what extent?
- A. Only the partnership shall be liable it being a juridical person separate and distinct from the partners
 - B. Only A shall be liable for he is the only one at fault
 - C. Both A and B shall be liable solidarily to X
 - D. A, B, and the Partnership are all liable solidarily to X**
57. A and B entered into a universal partnership of all present property. No stipulation was made regarding future property. After the perfection of the contract, A inherited a parcel of land and B acquired a car as remuneration for services rendered. The properties acquired after the perfection of the contract belong to whom?
- | | <u>Land</u> | <u>Car</u> |
|----|-------------|-------------|
| A. | A | B |
| B. | A | Partnership |
| C. | Partnership | B |
| D. | Partnership | Partnership |
58. On April 1, 2018, A and B entered into a contract of partnership for the purpose of selling cows' milk, with the former as capitalist partner and the latter as industrial partner. It was agreed that A shall contribute 1,000 cows to the common fund on May 2, 2018. Upon the arrival of the designated date, A failed to deliver the contribution he promised. As a result
- A. B should make a demand upon A for the delivery of his contribution and its fruits to render A in default
 - B. The contract of partnership becomes void because A failed to give his contribution to the common fund
 - C. B can compel A to deliver his contribution and its fruits without the necessity of demand**
 - D. The contract of partnership was never perfected because there was no delivery of contributions by the partners
59. In case a managing partner collects a demandable debt from his debtor who also owes the partnership a demandable debt, which of the following is not correct if payment is not enough to cover the two debts?
- A. The sum collected shall be applied to the partnership credit**
 - B. The sum shall be applied to the two credits in proportion to their amounts
 - C. The debtor has the right to have the payment applied to his debt to the partner if it should be onerous to him
 - D. The partner cannot apply the payment to his own credit

SALES

60. A bought a residential house and lot from B Realty for P2,000,000 giving a down payment of P200,000 and promising to pay the balance of P1,000,000 in 15 years in monthly installments of P10,000. After paying 72 installments A defaulted in the payment of subsequent installments. Despite the grace period given, A was not able to make any further payments. Accordingly, B Realty cancelled the sale. How much cash surrender value is A entitled to receive?
- A. P552,000
 B. P396,000
 C. P462,000
D. P506,000

Computation

Maceda Law applies to sale of residential real property in installment. The said law provides that if the buyer has paid 2-5 years of installments and the contract is canceled, the buyer shall have the right to that cash surrender value of the payments on the property equivalent to fifty percent of the total payments made, and after five years of installments, an additional five percent every year but not to exceed ninety percent of the total payments made. In this problem, the buyer has already paid 72 months of installments equivalent to 6 years. Therefore, the buyer is entitled to 55% cash surrender value.

Down payment	P200,000
Add: Installments paid	<u>720,000</u>
Total payments made	P920,000
Multiply by cash surrender value percentage	<u>55%</u>
Cash surrender value	<u><u>P506,000</u></u>

61. A orally offered to sell his rice land to B for P8,000,000. B orally accepted the offer. The land is to be delivered through the execution of a notarized Deed of Sale and the price is to be paid directly two weeks from their oral agreement. Which of the following is most accurate?
- A. If A refuses to deliver the land on the agreed date despite payment made by B, the latter may not successfully sue A because the contract is unenforceable
 B. If A refused to deliver the land, B may successfully sue A for the fulfillment of the obligation before the payment of the purchase price
 C. The contract between A and B is rescissible
D. The contract between A and B is subject to ratification by the parties.
62. If at the time the contract of sale is perfected, the thing which is the object of the contract has been entirely lost, which of the following most accurately completes the statement?
- A. The buyer bears the risk of loss
 B. The seller bears the risk of loss
C. The contract shall be without any effect
 D. The buyer may withdraw from the contract
63. Spouses H and W are under the regime of absolute community of property. H, through violence and intimidation obtained the signature of W to a contract of sale involving W's exclusive property in favor of B. The fair market value of the property is P1,000,000 but the selling price is only P700,000. What is the treatment of the sale?
- A. Rescissible
 B. Voidable
C. Valid
 D. Void

64. A, B and C are co-owners of a parcel of land. A sold his 1/3 share on April 7, 2018, B his 1/3 share on April 15, 2018 and C his 1/3 share on April 23, 2018, all to D and with the right of repurchase. Which of the following is correct?
- A should redeem the whole property if he is required by D to do so
 - A can redeem the entire property even if D allows him to redeem only his 1/3 share
 - A can redeem his 1/3 share even if D requires him to redeem the whole property**
 - A may redeem his 1/3 share only if D allows him to do so
65. A sells to B a Sony Colored TV for P12,000 payable in twelve equal monthly installments beginning May 5, 2018 and every 5th day of each month thereafter. The contract provides that upon failure to pay any installment due, the whole balance becomes due and demandable. To secure the obligation, a chattel mortgage over the TV set was executed. When B defaulted on the 7th and 8th installments, A sued B for the payment of the whole balance of P6,000. The TV set was levied and subsequently sold at a public sale for P5,000. Can A still recover the deficiency of P1,000 from B?
- Yes, if there was stipulation to that effect
 - Yes, even though there was no stipulation**
 - No, any stipulation allowing recovery is void
 - No, if there was no stipulation to that effect
66. S sold his car to B on installments and a chattel mortgage was constituted on the car. B defaulted in two installment payments. S foreclosed the chattel mortgage and sold the car at a public auction. If there is deficiency, can S recover the deficiency?
- Yes, even without stipulation
 - Yes, if there is stipulation
 - No, even if there is stipulation**
 - No, unless there is stipulation
67. H, an Olympic judo champion, with violence and intimidation forced his wife W to sell W's pieces of jewelry to B. What is the treatment of the sale?
- Valid and binding**
 - Voidable, because the consent of W is vitiated
 - Rescissible, if W suffered lesion of at least one-fourth of the value of the property
 - Void, except when a separation of property was agreed upon in the marriage settlement or there has been a judicial separation of property
68. F made a telephone call to his son S, for S to sell F's land. In the deed of absolute sale which was acknowledged before a notary public, S signed as agent of F. Later, in the presence of two witnesses, F ratified the sale executed by S. Which is correct?
- The sale was void at the start but was validated upon the ratification by F
 - The sale remained void despite the ratification by F**
 - The sale was valid from the start since it was made in a public instrument and F, the owner ratified the sale
 - The sale was merely unenforceable at the start but the ratification validated the contract
69. It is a sum of money paid, or a thing delivered upon the making of a contract for the sale of goods to bind the offer, the delivery and acceptance of which makes the final assent of both parties to the contract.
- Option money
 - Arras**
 - Discount
 - Deposit
70. An agricultural land is owned by A and D pro-indiviso. D sells his one-half part to R, who is the owner of the adjoining land. When A learned of the sale, he tried to redeem the portion sold by D by reimbursing R with the purchase price and expenses. Which is not correct?
- A can compel R to permit redemption
 - A co-owner of a thing may exercise the right of redemption in case the shares of the other co-owners or any one of them are sold to a third person
 - The sale to R is valid but A can elect to exercise his right of redemption
 - The sale to R is valid and as adjoining land owner he is the one entitled to redemption**

CREDIT TRANSACTION

71. A contract where the creditor acquires the right to receive the fruits of an immovable of his debtor, with the obligation to apply them to the payment of interest if owing, and thereafter to the principal of his credit is
- Antichresis**
 - Usufruct
 - Real estate mortgage
 - Commodatum
72. A pledged his ring to B for P20,000. A failed to pay his obligation. B sold it at a public auction for P18,000. Can B recover the deficiency?
- Yes, even without stipulation
 - Yes, if there is stipulation
 - No, even if there is stipulation**
 - No, unless there is stipulation
73. A pledged his ring to B for P20,000. A failed to pay his obligation. B sold it at a public auction for P22,000. Can A recover the excess?
- Yes, even without stipulation
 - Yes, if there is stipulation**
 - No, even if there is stipulation
 - No, if there is stipulation
74. C mortgaged his car to B for P200,000. C failed to pay his obligation. B sold it at a public auction for P180,000. Can B recover the deficiency?
- Yes, even without stipulation**
 - Yes, only if there is stipulation
 - No, even if there is stipulation
 - No, unless there is stipulation
75. C mortgaged his car to B for P200,000. C failed to pay his obligation. B sold it at a public auction for P220,000, Can C recover the excess?
- Yes, even without stipulation**
 - Yes, only if there is stipulation
 - No, even if there is stipulation
 - No, unless there is stipulation
76. B borrowed P100,000 from S secured by a pledge on B's diamond ring. The debt is payable in installment. When B defaulted in 2 installment payments, S foreclosed the pledge and sold the diamond ring at a public auction. If there is excess, who is entitled to the excess?
- B, even without stipulation
 - S, only if there is stipulation
 - B unless there is stipulation
 - S, even without stipulation**
77. The sale of the thing pledged
- Absolutely extinguishes the obligation**
 - Extinguishes only the pledge
 - Extinguishes the debt only to the extent of the proceeds
 - Deprives the pledgee to get the excess

78. D borrowed P100,000 from C. The obligation is secured by a mortgage on D's land and building. C registered the mortgage with the Register of Deeds. Thereafter, D sold the land and building to B who was not aware of the existence of the mortgage at the time of sale since only the photocopy of the transfer certificate of title which did not yet contain the annotation of the mortgage was shown to him. It was only when he went to the Register of Deeds to register the sale of the land and building to him that he learned of the mortgage. Which is correct?
- A. **C can collect from D and if D cannot pay, C can foreclose the mortgage**
 - B. C can collect from D, but if D cannot pay, C cannot foreclose the mortgage
 - C. C cannot collect from D. He can only go after the mortgage which was given as security
 - D. C cannot foreclose the mortgage because B is a buyer in good faith
79. Which of the following is a feature common to chattel mortgage and pledge?
- A. Deficiency is recoverable in case of sale of the thing pledged/mortgaged
 - B. **The object of the contract is a movable property**
 - C. The excess of the proceeds of sale over the amount of the obligation belongs to the pledgor/mortgagor
 - D. An affidavit of good faith is required to bind third persons
80. Essential elements of pledge include all of the following, except
- A. Pledgor is the absolute owner of the thing pledged.
 - B. The person constituting the pledge has the free disposal of his property or if he is an agent or representative, that he is legally authorized
 - C. The thing pledged must be placed in the possession of the creditor or of a 3rd person by common agreement
 - D. **To bind third persons there must be an affidavit of good faith**
81. Essential elements of chattel mortgage include all of the following, except
- A. The object is a personal or movable property
 - B. The thing mortgaged is not delivered to the creditor
 - C. The mortgagor can not sell without the consent of the mortgagee
 - D. **Description of the thing mortgaged must appear in a public instrument**
82. Essential elements of real estate mortgage include all of the following, except
- A. In case of foreclosure sale, the mortgagor is entitled to the excess
 - B. The mortgagor can sell even without the consent of the mortgagee
 - C. **The thing mortgaged must be delivered to the creditor**
 - D. To bind third persons it must be recorded in the Registry of Property
83. Which of the following statements is not correct?
- A. **If the thing pledged is returned by the pledgee to the pledgor, the obligation is extinguished**
 - B. In sale at public auction, the pledgor may bid and his bid is valid even if he is the only bidder
 - C. Any stipulation authorizing the pledgee to appropriate the thing pledged is void and without effect
 - D. Shares of stock can be the object of pledge or mortgage

OBLIGATION AND CONTRACT

84. A was having his house repaired by B, who needed construction materials, so A orally told the seller C, "Give B the materials, I shall be responsible. I shall pay in 30 days". C delivered the materials. As a result,
- The contract is unenforceable because A made an oral agreement to answer for the debt of B
 - The contract is enforceable because A did not make a special promise to answer for the default of another person**
 - The contract shall be enforceable if there is ratification by A
 - The contract shall be unenforceable if the value is at least P500.00
85. Which of the following statements is not correct?
- A solidary creditor can assign his right even without the consent of the other creditors**
 - Remission of the debt by any of the solidary creditors shall extinguish the obligation
 - If two or more solidary debtors offer to pay, the creditor may choose which offer to accept
 - The debtor may pay any of the solidary creditors but if any demand has been made by one of them, payment should be made to him
86. Which of the following statements is correct?
- The effect of a conditional obligation to give, once the condition has been fulfilled, shall retroact to the day of the constitution of the obligation**
 - If the obligation is unilateral, the fruits and interest during the pendency of the condition shall be deemed to have been mutually compensated
 - If the obligation imposes reciprocal prestations upon the parties, the debtor shall appropriate the fruits and interests received, unless from the nature and circumstances of the obligation it should be inferred that the intention was different
 - In an obligation to do and not to do, the parties shall determine, in each case the retroactive effect of the condition that has been complied with
87. A, B and C are solidary debtors sharing at 1:2:3 of solidary creditors W and Y sharing at 1:2. The obligation is P12,000. If B is a minor and C is insolvent and W condones the obligation of A without the consent of Y, how much can W collect from A?
- P8,000
 - P6,000**
 - P2,000
 - P0

Computation

Mixed Solidary Debt	P12,000
Less: Share of B, a minor in solidary debt, real defense (P12,000 x 2/6)	(4,000)
Less: Share of A which is condoned by solidary creditor (P12,000 x 1/6)	(2,000)
Amount that W can collect from A	<u>P6,000</u>

Even though the obligation is solidary, the share of the minor debtor may still be setup as a defense because it is a real defense but only in so far as the share of the minor is concerned.

88. A, B and C are solidary debtors of W and Y, joint creditors for P12,000 where the share of the debtors in the obligation is 2:3:5 while the share of the creditors is 1:2. If A is insolvent, which of the following is correct?
- A. W can collect from B P3,200
 - B. Y can collect from C P6,400
 - C. W or Y can collect from B and C P12,000
 - D. Y can collect from either B or C P8,000**

Computation

Share of joint creditor Y from the obligation ($P12,000 \times 2/3$) **P8,000**

Since the obligation is joint only on the part of creditor, Y can only proportionately collect his share of 2/3 out of P12,000 or P8,000 from either B and C, the solidary debtors who are not insolvent. Since the obligation is solidary on the party of debtor, B and C will absorb the insolvency of A.

89. A pointed a gun and threatened to kill B if B will not sign a promissory note which reads “I promise to pay A, P100,000”. Out of fear, B signed the note. It turned out that two days earlier, A’s obligation to B amounting to P100,000 became due and B demanded payment. Now, A alleges compensation. Is A correct?
- A. Yes, because the promissory note is valid**
 - B. No, because the promissory note was signed only because there was intimidation
 - C. Yes, provided B will agree
 - D. No, because A’s obligation does not exist
90. A has two creditors, B and C. the obligation to B is P10,000 and to C is P12,000. Later, with the consent of A and B, W pays B P10,000. Now W and C are the creditors of A. Suppose A has only P12,000, which is correct?
- A. C should be preferred
 - B. W should be preferred
 - C. C and W should be paid proportionately**
 - D. A may choose whom to pay
91. A, minor, sold the ring of his brother without authority for P600,000. The ring has a fair market value of P1,000,000. The contract is
- A. Rescissible
 - B. Voidable
 - C. Unenforceable**
 - D. Void
92. X, Y and Z are W’s sons. Upon the death of W, the three sons found a last will and testament in the cabinet of W. The will showed disposition of a 30-hectare land, the only asset of W at the time of his death in favor of the following: X – 5 hectares, Y – 10 hectares and Z – 15 hectares. X felt discriminated with his share of only 5 hectares. Which is correct?
- A. Reformation of the instrument in order to correct the disparity in the disposal of the property
 - B. Annulment of the instrument is the proper remedy to correct the mistake
 - C. Rescission is the proper remedy to correct the damage on the part of X
 - D. The law does not allow any remedy in this case**

93. A obtained an interest free loan of P50,000 from B evidenced by a promissory note payable six months after date. At maturity, A called B by phone to ask for an extension of one month and offer to pay 20% interest on the loan. Enticed by the 20% interest, B agreed to the extension of maturity. Which is correct?
- The interest is a demandable interest by virtue of an agreement
 - The interest is unenforceable
 - The loan is valid but the interest is void**
 - The loan and interest are both demandable
94. A, husband and B, wife are legally separated. By order of the court, which decreed the legal separation, A is obliged to give a monthly support of P50,000 to B payable in advance within the first five days of the month. B owes A P50,000 by way of loan. On the other hand, A has not yet given B support of P50,000 for the preceding month and another P50,000 of the present month. All the debts are already due. Based on the foregoing, which of the following statements is incorrect?
- If B demands her support for the preceding month, A may set up compensation as regards the loan that B owes him
 - If B demands her support for the current month, A may claim compensation as regards the loan that B owes him**
 - If A demands payment of the loan, B may set up compensation as regards her support for the preceding month that A owes her
 - If A demands payment of the loan, B may set up compensation as regards her support for the current month that A owes her
95. On January 1, 2018, A bought a parcel of land from B who was insane. The deed of sale was duly acknowledged before a notary public. Six months after the sale, A realized that he needed a larger area on which to construct a commercial building. At about the same time, B who had been undergoing psychiatric treatment was declared of sound mind by his neurologist. Which is correct should a court action be filed today?
- A may successfully prosecute a court action to annul the contract on the ground of B's insanity
 - B may successfully prosecute a court action to annul the contract on the ground of his insanity**
 - Neither A nor B may successfully prosecute a court action to annul the contract
 - A may successfully prosecute a court action to annul the contract on the ground of mistake as to the area of the parcel of land
96. A delivered to B the following instrument:
- In payment of a gambling debt, A made a promissory note which reads: "I promise to pay B P10,000 Sgd. A." B indorsed the note in blank before maturity and delivered it to C for value. When due, A refused to pay and C sued B. Could C recover from B?
- No, C could not sue B because B did not write the name of C as indorsee
 - No, the instrument is not negotiable and B is a mere assignor of credit
 - Yes, provided C gives notice of dishonor to B otherwise B is discharged from liability
 - Yes, the endorsement will be considered as an assignment, hence B will be liable as an assignor of the instrument**
97. In payment of merchandise purchased by A from B, A made a promissory note which reads "I promise to pay B P10,000. Sgd. A". B indorsed the note in blank before maturity and delivered to C for value. A failed to pay due to insolvency upon maturity. Could C collect from B?
- No, C could not sue B because B did not write the name of C as indorsee
 - No, the instrument is not negotiable and B is a mere assignor of credit**
 - Yes, provided C gives notice of dishonor to B otherwise B is discharged from liability
 - Yes, the endorsement will be considered as an assignment, hence B will be liable as an assignor of credit

98. A promised to give B P1,000 if B will hear mass for ten consecutive Sundays. This is a
- A. **Civil obligation**
 - B. Natural obligation
 - C. Moral obligation
 - D. Religious obligation
99. Which of the following is a valid stipulation?
- A. **A promises to give B P10,000, and if A fails, A will allow B to have sexual intercourse with her**
 - B. A will give B P10,000, if B will kill C
 - C. A agreed to give B a house and lot if B will be his mistress
 - D. A agreed to put poison on the food of B's wife and if A fails, to pay B P10,000 for damages
100. A, B and C are solidarily indebted to D for P9,000 representing the purchase price of 1 gram of shabu but A's consent has been obtained by violence and intimidation, and B is a minor. How much can D collect from C?
- A. P9,000
 - B. P6,000
 - C. P3,000
 - D. **P0**

REGULATORY FRAMEWORK FOR BUSINESS TRANSACTIONS

(IN ACCORDANCE WITH TABLE OF SPECIFICATIONS)

LAW ON OBLIGATION

1. A, a minor, B and C wrote and signed a promissory note which states "I promise to pay D P30,000." At the maturity date of the note, how much may D validly collect from C if B becomes insolvent?
- A. P10,000
 - B. P20,000**
 - C. P30,000
 - D. P15,000

Computation

Solidary Debt	P30,000
Less: Share of minor A (real defense)	(10,000)
Amount that can be collected	<u>P20,000</u>

2. A, who is domiciled in Lipa City, has an obligation to deliver a 2018 Ltd. Edition Black Fortuner to B, who is domiciled in Batangas City. A 2018 Ltd. Edition Black Fortuner is located in Tanauan City at the time of perfection of obligation while another 2018 Ltd. Edition Black Fortuner is located in Tagaytay City at the agreed delivery date. Where shall the car be delivered by A to B?
- A. Lipa City**
 - B. Batangas City
 - C. Tanauan City
 - D. Tagaytay City
3. What is the prescriptive period of the right to file an action based on quasi-delict?
- A. 10 years
 - B. 6 years
 - C. 5 years
 - D. 4years**
4. A has three outstanding due and demandable obligations to B consisting of: (1) Accounts Payable in the amount of P1,000,000; (2) Notes Payable in the amount of P1,000,000 which is solidary debt with G; (3) Loans Payable with 10% interest in the amount of P1,000,000; and (4) Mortgage Payable in the amount of P1,000,000 which is secured by real estate mortgage over A's land. A paid P1,000,000 to B and designated the payment to the accounts payable. In which debt shall the payment be applied by B?
- A. Accounts payable**
 - B. Notes payable
 - C. Loans payable
 - D. Mortgage payable

5. A, B and C wrote and signed a promissory note which states “We promise to pay D and E P60,000.” At the maturity date of the note, D indorsed back the promissory note to A. How much obligation is extinguished and by what mode of extinguishment of obligation?
- A. P20,000 by confusion
 - B. P60,000 by compensation
 - C. P30,000 by remission
 - D. P10,000 by merger**

Computation

Since the obligation is joint, only the share of D and A will be extinguished amounting to P10,000
($P60,000/3=P20,000/2=P10,000$)

6. A has an obligation to deliver a specific cellphone to B but a specific laptop may be substituted in lieu of the specific cellphone. Who has the right of choice in this type of obligation?
- A. A unless there is stipulation to the contrary
 - B. B unless there is stipulation to the contrary
 - C. Always A**
 - D. Always B
7. In which type of delay is consignation the proper legal remedy of the injured party?
- A. Mora accipiendi**
 - B. Mora solvendi
 - C. Mora obligori
 - D. Mora pactum
8. A has an obligation to pay P100,000 to B but the obligation states that “A will pay the obligation when his means permit him to do so.” Which of the following statements is correct?
- A. The obligation is due and demandable.
 - B. The obligation is subject to a suspensive condition.
 - C. The obligation is subject to a resolutive period.
 - D. The court may fix the suspensive period of the obligation.**
9. A has an outstanding obligation in the amount of P100,000 to C with G serving as guarantor and P pledging his car to secure the fulfilment of A’s obligation. At the maturity date of the obligation, P paid P100,000 to C without the knowledge of A. Which of the following is correct?
- A. P may only recover from A only in so far as the payment is beneficial to A.
 - B. P cannot recover from A because the payment is without the knowledge or consent of A.
 - C. P may go after G with A will not be able to reimburse P because of insolvency.**
 - D. P may recover from C in case of non-reimbursement by A based on the principle of unjust enrichment.
10. Which of the following obligations is due and demandable?
- A. Obligation with a suspensive condition
 - B. Obligation in diem**
 - C. Obligation ex die
 - D. Obligation payable as soon as possible

11. What is the status of oral contract of lease of public streets or thoroughfares entered by a city government with private market stallholders at a monthly rental of P500?
- Unenforceable
 - Rescissible
 - Voidable
 - Void**
12. Which of the following executory contracts is not required to be in writing to be enforceable under the Statute of Fraud?
- Contract of sale of a condominium unit at a price of P400
 - Contract for a piece of work of a table at a price of P500**
 - Contract of guaranty
 - Contract of lease of land for a period of two years at a monthly rental of P300
13. A, an illiterate, borrowed P100,000 from B. Aside from that, A mortgaged his land to B which the latter accepted to secure the payment of the loan. B prepared a deed of sale with a right to repurchase of the land at a price of P100,000 which A signed after B explained that such document evidenced their agreement. What is the proper legal remedy available to A?
- Action for reformation of instrument**
 - Action for rescission of contract
 - Action for annulment of contract
 - Action for declaration of nullity of contract
14. Which of the following contracts is perfected by the delivery of the subject matter of the contract?
- Contract of sale
 - Contract of partnership
 - Contract of pledge**
 - Contract of real estate mortgage
15. A delivered a specific calculator to B so that the latter will be able to use it for a period of one month without any rental payment. In case of doubt in the incidental circumstance of this contract, how shall it be interpreted?
- It shall be interpreted in favor of greatest reciprocity of interest.
 - It shall be interpreted in such a manner to make the contract null and void.
 - It shall be interpreted in favor of least transmission of rights.**
 - It shall be interpreted in favor of the beneficiary B.
16. A, an insane sold his specific laptop to B at a price of P10,000. After obtaining knowledge of the contract, C, a childhood friend of A, filed an action before the court for annulment of the contract of sale. What principle of contract is violated by the filing of such action?
- Mutuality of contract
 - Relativity of contract**
 - Liberality of contract
 - Legality of contract

17. A delivered P1,000 cash to B as a contract of deposit which the latter thought to be a contract of loan. What is the proper legal remedy on the part of the injured party?
- A. Action for reformation of instrument
 - B. Action for rescission of contract
 - C. Action for annulment of contract
 - D. Action for declaration of nullity of contract**
18. A sold in writing an authentic Coach Bag at a price of P10,000 to B. At the time of delivery of the bag, A delivered a counterfeited Coach Bag to B with a price of P7,400 only. What is the proper legal remedy on the part of B?
- A. Action for rescission of rescissible contract by reason of lesion of more than $\frac{1}{4}$ the value of the authentic bag
 - B. Action for damages for breach of contract by reason of fraud in the performance of contract**
 - C. Action for annulment of voidable contract by reason of dolo causante.
 - D. Action for declaration of nullity of contract by reason of illegality of contract.
19. A borrowed P10,000 from B. B filed an action to collect a sum of money against A which resulted to the issuance of writ of attachment. The cellphone of A is the first to be attached by the sheriff. Afterwards, A orally sold and delivered his laptop to C at a price of P5,000. Payment of the price will happen after one week from the perfected of contract. What is the status of contract of sale of laptop?
- A. Rescissible**
 - B. Voidable
 - C. Perfectly valid
 - D. Unenforceable
20. Under the New Civil Code of the Philippines, what is the moment of perfection of contract entered into through telegram?
- A. The contract is perfected from the moment the acceptance is declared or made.
 - B. The contract is perfected from the moment the offeree transmits the notification of acceptance to the offeror.
 - C. The contract is perfected from the moment that the notification of acceptance is in the hands of the offeror.
 - D. The contract is perfected from the moment the offeree's acceptance comes to the knowledge of the offeror.**

21. S sold a residential condominium unit to B at an instalment price of P6,000,000 payable in 50 years at a monthly rental of P10,000 per month. After payment of several instalments totalling P1,200,000, B defaulted in the payment of remaining instalments which resulted to the cancellation of the contract of sale after the lapsing of the grace period. What is the amount of cash surrender value to be received by B from S as a result of cancellation?
- A. P600,000
 - B. P900,000**
 - C. P840,000
 - D. P960,000

Computation

Under Maceda Law, 10 years instalment will entitle the buyer to 75% of total amount paid (P1,200,000 x 75% = P900,000) in case of cancellation

22. In which of the following instances are the goods still in transit which will allow the unpaid seller to exercise his right of stoppage in transitu in case of insolvency of the buyer?
- A. If the buyer obtains delivery of the goods before arrival at the appointed destination.
 - B. If the carrier or other bailee acknowledges to the buyer or his agent, that he is holding the goods in his behalf, after arrival of the goods at their appointed destination.
 - C. If the carrier or other bailee wrongfully refuses to deliver the goods to buyer or his agent.
 - D. If the goods are rejected by the buyer, and the carrier or other bailee continues in possession of them, even if the seller has refused to receive them back.**
23. S sold his lot with an area of 100 square meters to B at a selling price of P1,000 per square meter. After delivery of the lot, B discovered that the actual area is only 91 square meters. What is the legal remedy available to B?
- A. B may ask for proportionate reduction of price and must pay P91,000 only.**
 - B. B can ask for cancellation of the contract of sale.
 - C. Either A or B.
 - D. Neither A nor B.

Computation

(91 square meters x P1,000 = P91,000) Note: Cancellation is allowed only if the lacking area is at least 10% of stated area.

24. A, B, and C are co-owners of a rural lot with an area of 1,000 square meters in the ratio of 6:1:3, respectively. The co-owned lot is bounded by farm lots of D and E with an area of 50 square meters and 75 square meters, respectively. A sold his share of the co-owned lot to F. Who shall have the preferred right to repurchase the lot sold by A to F?
- A. B because his share in the co-owned lot is smaller.
 - B. B and C with an area of 150 square meters and 450 square meters, respectively**
 - C. D because his adjoining rural lot has smaller area.
 - D. E because his adjoining rural lot has larger area.

Computation

1,000 x 6/10 = 600 SQM x ¼ = 150SQM to B and 600 SQM x ¾ = 450SQM

25. What is the prescriptive period of the right to file an action based on breach of warranty of sale of immovable against non-apparent and unregistered burden or servitude?
- A. **40 days from the date of contract of sale or from the discovery of burden**
 - B. 6 months from the date of contract of sale or from the discovery of burden
 - C. 1 year from the date of contract of sale or from the discovery of burden
 - D. 3 days from the date of contract of sale or from the discovery of burden
26. A and B are legally married and their property regime is governed by absolute community of property. A orally sold his specific cellphone to B at a price of P500 with a carrying amount of P800 after B pointed a gun to A. Delivery of the specific cellphone will happen after three years. What is the status of the contract of sale?
- A. Rescissible
 - B. Voidable
 - C. Unenforceable
 - D. **Void**
27. B rented the specific truck of S. After the end of the contract, S sold the property to B. As a result of sale, B continues to have possession of the property. What type of constructive delivery is present?
- A. Traditio clavium
 - B. Traditio longa manu
 - C. **Traditio brevi manu**
 - D. Traditio constitutum possessorium

28. A borrowed P100,000 from B and mortgaged his house to secure the payment of the loan. The contract of real estate mortgage is not notarized and not registered with Registry of Deeds. The contract of real estate mortgage provides that A is prohibited from selling the mortgaged house and in case of default of A at the maturity date of the loan, B will become the automatic owner of the mortgaged house. Which of the following statements is correct?
- A. A may still sell the house to third person despite the prohibition in the contract of real estate mortgage.**
 - B. B becomes the owner of the mortgaged house upon default of A.
 - C. The contract of real estate mortgage is null and void because of the stipulation of pactum commissorium which is contrary to law and public policy.
 - D. The contract of real estate mortgage is unenforceable because it is not in public document and not registered with Registry of Deeds
29. P borrowed P1,000 from C. P pledged and delivered his specific cellphone to C as collateral for the loan. The contract of pledge provides that C may recover the deficiency as a result of foreclosure sale. P failed to pay his obligation at the maturity date which prompted C to sell the pledged cellphone at public auction. The cellphone was sold at a price of P900. Which of the following statements is correct?
- A. The contract of pledge is extinguished but the contract of loan is extinguished up to P900 only.
 - B. Pledgee P may still recover the deficiency of P100 because there is stipulation to that effect.
 - C. The contract of pledge is not extinguished.
 - D. Both the contract of pledge and contract of loan are extinguished by the public sale.**
30. D borrowed P100,000 from C and entered into a chattel mortgage involving his land to secure the payment of his loan. D failed to pay the loan at maturity date. Which of the following statements is correct?
- A. The contract of chattel mortgage is null and void in so far as the contracting parties are concerned because the subject matter is a land.
 - B. C cannot foreclose the chattel mortgage over the land because the subject matter must be a movable property.
 - C. C may still foreclose the chattel mortgage on the land on the basis of doctrine of estoppel.**
 - D. Third person directly affected by the contract of chattel mortgage is not allowed to file an action for declaration of nullity because of relativity of contract.

31. It refers to the financial condition of a debtor that is generally unable to pay its or his liabilities as they fall due in the ordinary course of business or financial condition of a debtor when he has liabilities that are greater than its or his assets.
- A. Illiquidity
 - B. Insolvency**
 - C. Bankruptcy
 - D. Impoverishment
32. An individual debtor possesses sufficient property to cover all his debts but he foresees the impossibility of meeting them when they respectively fall due. What is the proper petition that must be filed by such insolvent individual debtor?
- A. File a petition for rehabilitation
 - B. File a petition for voluntary liquidation
 - C. File a petition for declaration of state of suspension of payments**
 - D. File a petition for involuntary liquidation
33. An insolvent individual debtor made a proposal in his petition for the settlement of his obligations the payment of which is suspended by the suspension order issued by the Regional Trial Court. What is the required vote by the creditors affected for the approval of such proposal of insolvent individual debtor?
- A. 4/5 of the creditors voting to unite upon the same proposition and the claims represented by said majority vote amount to at least 3/5 of the total liabilities mentioned in the petition.
 - B. 3/5 of the creditors voting to unite upon the same proposition and the claims represented by said majority vote amount to at least 2/3 of the total liabilities mentioned in the petition.
 - C. 1/3 of the creditors voting to unite upon the same proposition and the claims represented by said majority vote amount to at least 4/5 of the total liabilities mentioned in the petition.
 - D. 2/3 of the creditors voting to unite upon the same proposition and the claims represented by said majority vote amount to at least 3/5 of the total liabilities mentioned in the petition.**
34. An individual debtor has liabilities exceeding P500,000 but his assets are not sufficient to cover his liabilities. What is the proper petition that must be filed by such insolvent individual debtor?
- A. File a petition for rehabilitation
 - B. File a petition for voluntary liquidation**
 - C. File a petition for declaration of state of suspension of payments
 - D. File a petition for involuntary liquidation
35. What is the quantitative threshold before any creditor or group of creditors may file a petition for involuntary liquidation of an insolvent individual debtor?
- A. Claim of at least P500,000**
 - B. Claim of at least P1,000,000
 - C. Claim of at least P5,000,000
 - D. Claim of at least P25,000,000

36. It shall refer to the restoration of the debtor to a condition of successful operation and solvency, if it is shown that its continuance of operation is economically feasible and its creditors can recover by way of the present value of payments projected in the plan, more if the debtor continues as a going concern than if it is immediately liquidated.
- A. Dissolution
 - B. Liquidation
 - C. Rehabilitation**
 - D. Reorganization
37. Which of the following cases is not stayed by the suspension order issued by the Rehabilitation Court?
- A. Civil action to collect unpaid taxes pending before Municipal Trial Court
 - B. Judicial foreclosure of real estate mortgage involving the land of the corporation pending before Regional Trial Court
 - C. Criminal action against the corporate officer pending before Municipal Trial Court**
 - D. Civil action for damages involving corporate tort pending before Regional Trial Court
38. What is the quantitative threshold before any creditor or group of creditors may file a petition for involuntary corporate rehabilitation of an insolvent corporation?
- A. Claim of at least P1,000,000 or at least 25% of subscribed capital stock, whichever is higher**
 - B. Claim of at least P500,000 or at least 10% of subscribed capital stock, whichever is higher
 - C. Claim of at least P10,000,000 or at least 15% of subscribed capital stock, whichever is higher
 - D. Claim of at least P5,000,000 or at least 20% of subscribed capital stock, whichever is higher
39. What is the required vote by the creditors affected by the rehabilitation of a corporation for the approval of the proposed rehabilitation plan?
- A. Approval by at least 2/3 of all classes of creditors whose rights are affected.
 - B. Approval by at least 1/3 of all classes of creditors whose rights are affected.
 - C. Approval by all classes of creditors whose rights are affected.**
 - D. Approval by at least 1/4 of all classes of creditors whose rights are affected.
40. It is a type of rehabilitation wherein the insolvent debtor and its creditors already negotiated and prepared the rehabilitation plan before they file a verified petition to the court for the approval of such plan.
- A. Voluntary court-supervised rehabilitation
 - B. Involuntary court-supervised rehabilitation
 - C. Out-of court or informal rehabilitation
 - D. Pre-negotiation rehabilitation**

NEGOTIABLE INSTRUMENTS LAW

41. Which of the following is not a warranty of a qualified indorser of negotiable instrument?

- A. That all prior parties had capacity to contract.
- B. That the instrument, is at the time of his indorsement, is valid and subsisting.**
- C. That the instrument is genuine and in all respects what it purports to be.
- D. That he has good title to the instrument.

42. Which of the following is a defense that is available against a holder in due course?

- A. Fraud in factum**
- B. Acquisition of instrument by force or duress
- C. Illegality of consideration
- D. Absence of delivery of complete instrument

43. Which of the following is not a requisite of a holder in due course?

- A. He holds an instrument that is complete and regular upon its face.
- B. He becomes the holder of the instrument after it is overdue, and with notice that it had been previously dishonored if such was the fact.**
- C. He takes the instrument in good faith and for value.
- D. At the time the instrument is negotiated to him, he has no notice of infirmity in the instrument or defect in the title of the person of the person negotiating it.

44. Which type of indorsement may prohibit the further negotiation of a negotiable instrument?

- A. Conditional indorsement
- B. Qualified indorsement
- C. Restrictive indorsement**
- D. Facultative indorsement

BOUNCING CHECKS LAW

45. Which of the following is not an element of criminal violation of Batas Pambansa Bilang 22 for issuance of worthless checks?

- A. There must be making, drawing, and issuance of any check to apply for account or for value.
 - B. There must be knowledge of the maker, drawer, or issuer that at the time of issue he does not have sufficient funds in or credit with the drawee bank for the payment of the check in full upon its presentment.
 - C. There must be intent to commit fraud upon the issuance of worthless check.**
 - D. There must be subsequent dishonor of the check by the drawee bank for insufficiency of funds or creditor dishonor for the same reason had not the drawer, without any valid cause, ordered the bank to stop payment.
46. What is the prima facie evidence that the drawer of issuer of check has knowledge that check he issued has insufficient fund?
- A. The making, drawing and issuance of a check payment of which is refused by the drawee because of insufficient funds in or credit with such bank, when presented within sixty (60) days from the date of the check.
 - B. The making, drawing and issuance of a check payment of which is refused by the drawee because of insufficient funds in or credit with such bank, when presented within thirty (30) days from the date of the check.
 - C. The making, drawing and issuance of a check payment of which is refused by the drawee because of insufficient funds in or credit with such bank, when presented within twenty (20) days from the date of the check.
 - D. The making, drawing and issuance of a check payment of which is refused by the drawee because of insufficient funds in or credit with such bank, when presented within ninety (90) days from the date of the check.**
47. What is the evidence or defense that may be used by the issuer of a worthless check to destroy the prima facie evidence that he has knowledge of insufficiency of fund of the check?
- A. The maker or drawer pays the holder thereof the amount due thereon, or makes arrangements for payment in full by the drawee of such check within (10) banking days after receiving notice that such check has not been paid by the drawee.
 - B. The maker or drawer pays the holder thereof the amount due thereon, or makes arrangements for payment in full by the drawee of such check within (15) banking days after receiving notice that such check has not been paid by the drawee.
 - C. The maker or drawer pays the holder thereof the amount due thereon, or makes arrangements for payment in full by the drawee of such check within (5) banking days after receiving notice that such check has not been paid by the drawee.**
 - D. The maker or drawer pays the holder thereof the amount due thereon, or makes arrangements for payment in full by the drawee of such check within (3) banking days after receiving notice that such check has not been paid by the drawee.

LAW ON PARTNERSHIP

48. In the absence of agreement as to sharing of partnership losses, how shall the losses be distributed to the partners?

- A. It should be divided equally among the capitalist partners.
 - B. It should be divided proportionately to the capitalist partners in accordance to the capital contribution ratio.
 - C. It should be divided in accordance with the profit agreement among the capitalist partners.**
 - D. It should be dividend equally to all partners including the capitalist partners.
49. Which of the following has no right to inspect the books of the partnership?
- A. Nominal partner**
 - B. Limited partner
 - C. Dormant partner
 - D. Secret partner
50. Which of the following acts of the partnership may be done by the managing partner alone?
- A. Disposition of the goodwill of the business.
 - B. Confession of judgment.
 - C. Approval of collecting bargaining agreement.**
 - D. Renunciation of a claim of the partnership.
51. Which of the following partners is not required to make additional share capital to the partnership to save the partnership in case of imminent loss of the business of the partnership?
- A. Limited partner
 - B. Managing partner
 - C. Industrial partner**
 - D. Silent partner
52. Which of the following is the right of an assignee of a partner's interest?
- A. Right to participate in the management of the partnership
 - B. Right to vote in the selection of the managing partner
 - C. Right to the share in net income of his assignor**
 - D. Right to inspect the partnership book and demand audited financial statements of the partnership
53. Which of the following instances will not automatically dissolve a general partnership?
- A. Insolvency of any partner
 - B. Insanity of any partner
 - C. Death of any partner**
 - D. Civil interdiction of any partner
54. Which of the following may not be contributed by a pure limited partner?
- A. Money
 - B. Movable property
 - C. Labor or service**
 - D. Intangible asset
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55. It is the change in the relation of the partners caused by any partner ceasing to be associated in the carrying on of the business.
- A. Partnership liquidation
 - B. Partnership incorporation
 - C. Partnership termination
 - D. Partnership dissolution**

56. Which of the following claims shall be paid last in the liquidation of general partnership?
- A. **Those owing to partners in respect of profits.**
 - B. Those owing to the creditors other than partners.
 - C. Those owing to partners in respect of capital.
 - D. Those owing to partners other than capital and profits.
57. Which type of partner may be excluded by the injured partner in case he engaged in another business without express permission of the partnership?
- A. **Industrial partner**
 - B. Capitalist partner
 - C. Limited partner
 - D. All of them

CORPORATION CODE OF THE PHILIPPINES

58. In which type of corporate acts may a non-voting preferred stockholders disqualified from participating?
- A. Merger or consolidation of corporations
 - B. **Distribution of stock dividends**
 - C. Increase or decrease of capital stock

- D. Sale of all or substantially all of corporate property
59. Which type of corporation is allowed to issue no-par value common shares?
- A. Public utility
 - B. Insurance company
 - C. Educational institution**
 - D. Banks
60. Which type of corporate officer is required to be a director of the corporation?
- A. Secretary
 - B. Vice-President
 - C. Treasurer
 - D. President**
61. Equitable-PCI Bank and BDO Unibank entered into business combination which will result to BDO Unibank absorbing all the net assets of Equitable-PCI Bank. What type of business combination is present in this case?
- A. Consolidation
 - B. Merger**
 - C. Dissolution
 - D. Spin-off
62. Which of the following companies may be incorporated as a close corporation?
- A. Mining companies
 - B. Oil companies
 - C. Stock exchange
 - D. Review school**
63. It refers to the right of the stockholder to demand the fair market value of his stocks in case he dissents in particular corporate acts provided by the Corporate Code.
- A. Preemptive right
 - B. Appraisal right**
 - C. Right of first refusal
 - D. Protective right
64. What is the required vote for the revocation of the power given to the Board of Directors to amend the By-Laws of the Corporation?
- A. At least majority vote of the outstanding capital stock**
 - B. At least 2/3 vote of the outstanding capital stock
 - C. At least majority vote of Board of Directors and ratification by at least majority vote of the outstanding capital stock
 - D. At least majority vote of Board of Directors and ratification by at least 2/3 vote of the outstanding capital stock
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65. Which of the following matters must be provided in the Articles of Incorporation of the Corporation?
- A. Denial of preemptive right**
 - B. Creation of executive committee
 - C. Provision for compensation of directors
 - D. Entries to be made in the stock and transfer book

66. ABC Co. is a proposed corporation with authorized capital stock of P60,000 and actual subscribed capital stock of P32,000. What is the minimum paid up capital of this corporation?
- A. P5,000
 - B. P8,000**
 - C. P3,750
 - D. P7,500

Computation

$(P32,000 \times 25\%) = P8,000$ (25% of subscribed shares)

67. Which of the following right is not available to unpaid subscribed stock which is not yet delinquent?
- A. Right to dividends
 - B. Right to vote in election of directors
 - C. Right to inspect books of the corporation
 - D. Right to certificate of stock**
68. Which of the following right is still available to delinquent subscribed stock?
- A. Right to dividends**
 - B. Right to vote in election of directors
 - C. Preemptive right
 - D. Appraisal right
69. Which of the following is an attribute of a private corporation?
- A. It is created by mere consent.
 - B. It enjoys the right of succession.**
 - C. The owners are liable up to the extent of their separate assets.
 - D. It has a personality which is not separate and distinct from its owners.
70. When does the juridical personality of a private corporation commence?
- A. From the moment of execution of contract among the incorporators of the corporation.
 - B. From the moment of submission of articles of incorporation by the incorporators to the Securities and Exchange Commission.
 - C. From the moment of obtaining consent among the incorporators.
 - D. From the moment of issuance by Securities and Exchange Commission of Certificate of Registration.**
71. What is the effect of the failure of a private corporate to renew its corporate term within the deadline set by the Corporation Code of the Philippines?
- A. It will make such private corporation a de facto corporation.
 - B. Such private corporation will be liable for fine before it may be able to renew its corporate term.
 - C. Such private corporation is ip so facto dissolved by operation of law.**
 - D. Such failure will be a ground for court-ordered corporate dissolution.

72. ABC Co. fails to comply with the minimum Filipino ownership as prescribed by the Constitution. Who has the legal standing to question the juridical personality of such corporation?
- A. Any creditor of such corporation through an ordinary civil action.
 - B. The state through special civil action called quo warranto proceedings filed by Solicitor General.**
 - C. Any stockholder of such corporation through a criminal action.
 - D. Any prospective investor through an administrative action filed before Securities and Exchange Commission.

73. Which of the following is not a valid consideration for the issuance of shares of stocks of a corporation?
- A. **Future services**
 - B. Intangible property
 - C. Previously incurred indebtedness
 - D. Amounts transferred from unrestricted retained earnings
74. What is the period for the submission of the by-laws of the corporation in case it is not attached to the articles of incorporation submitted to Securities and Exchange Commission?
- A. Within 30 days from the submission of articles of incorporation to the Securities and Exchange Commission
 - B. Within 20 days from the issuance of Securities and Exchange Commission of the Certificate of Incorporation
 - C. Within 15 days from the end of the fiscal year of the corporation
 - D. **Within 30 days from the issuance of Securities and Exchange Commission of the Certificate of Incorporation**
75. As a general rule, what is the maximum surplus profits that can be retained by a stock corporation?
- A. 50% of paid up capital
 - B. **100% of paid up capital**
 - C. 50% of authorized capital stock
 - D. 100% of authorized capital stock
76. In which type of corporation is foreign ownership prohibited by 1987 Constitution?
- A. **Mass media**
 - B. Advertising company
 - C. Public utility
 - D. Educational institution
77. Which of the following corporate act may be delegated to the executive committee?
- A. Distribution of stock dividends
 - B. Investment of corporate funds to other business
 - C. Amendment, repeal or adoption of corporate by-laws
 - D. **Approval of compensation scheme of employees**

COOPERATIVE CODE OF THE PHILIPPINES

78. What is quorum necessary for validity of meeting of General Assembly in ordinary cooperative?
- A. At least 5% of all the members entitled to vote
 - B. **At least 25% of all the members entitled to vote**
 - C. At least majority of all the members entitled to vote
 - D. At least 2/3 of all the members entitled to vote

79. It is a type of cooperative that promotes and undertakes savings and lending services among its members. It generates a common pool of funds in order to provide financial assistance to its members for productive and provident purposes.
- A. Cooperative bank
 - B. Insurance cooperative
 - C. Service cooperative
 - D. Credit cooperative**
80. How many years must a single-line cooperative operate before it may transform into a multi-purpose cooperative?
- A. At least 2 years**
 - B. At least 1 year
 - C. At least 3 years
 - D. At least 4 years
81. It is the highest highest policy-making body of the cooperative and shall exercise the powers of the Cooperative as stated in the Cooperative Code.
- A. Board of Directors
 - B. Executive Committee
 - C. General Assembly**
 - D. Board of Members
82. Which of the following is a ground for involuntary dissolution of a cooperative through an order by a competent court after hearing?
- A. Insolvency**
 - B. Willful failure to operate on a cooperative basis
 - C. Failure to meet the required number of members of the cooperative
 - D. Having obtained its registration through fraud
83. What is the required vote for the merger of two or more cooperative into a single cooperative?
- A. At least $\frac{3}{4}$ of all the members with voting rights**
 - B. At least $\frac{2}{3}$ of all the members with voting rights
 - C. At least majority of all the members with voting rights
 - D. At least 25% of all members with voting rights
84. What is the maximum par value of a share in a cooperative?
- A. P5
 - B. P100
 - C. P10
 - D. P1,000**
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85. What is the maximum limit on the share ownership of a member in a cooperative?
- A. 10% of the share capital of the cooperative**
 - B. 5% of the share capital of the cooperative
 - C. 25% of the share capital of the cooperative
 - D. 20% of the share capital of the cooperative
86. It refers to the fund which is the first priority in the distribution of the net surplus of the cooperative. It pertains to the fund to be used for the stability of the cooperative and to meet net losses in its operations.

- A. Retained earnings
- B. Reserve fund**
- C. Education and training fund
- D. Optional fund

87. A cooperative is intended to be established with authorized capital stock of P100,000 and actual subscribed capital stock of P40,000. What is the minimum paid up capital of this proposed cooperative?
- A. P5,000
 - B. P10,000
 - C. P15,000**
 - D. P25,000

Note: Cooperative Code fixed the minimum paid up capital at P15,000.

PHILIPPINE DEPOSITOR INSURANCE CORPORATION LAW

88. Which of the following is not insured by Philippine Deposit Insurance Corporation?
- A. Certificate of time deposit
 - B. Investment in government bonds**
 - C. Savings deposit
 - D. Demand or checking account
89. What is the maximum period provided by law to depositors to file their claim before Philippine Deposit Insurance Corporation from its takeover of the closed bank?
- A. Two years**

- B. Three years
- C. Four years
- D. Five years

BANK SECRECY LAW

90. Under Republic Act No. 6426 also known as Foreign Currency Deposit Act of the Philippines, what is the only exception provided by such law from the absolute confidentiality of foreign currency deposit?
- A. Upon written permission or consent in writing by the depositor.**
 - B. In cases of impeachment of the President, Vice President, members of the Supreme Court, members of the Constitutional Commission (Commission on Elections, Civil Service Commission and Commission on Audit) and the Ombudsman for culpable violation of the Constitution, treason, bribery, graft and corruption, other high crimes or betrayal of public trust.
 - C. Upon order of a competent court in cases of bribery or dereliction of duty of public officials.
 - D. In cases where the money deposited or invested is the subject matter of the litigation.
91. Which of the following is not protected by Republic Act No. 1405 also known as Bank Secrecy Law?
- A. Investment in government bonds
 - B. Certificate of time deposit
 - C. Demand account
 - D. Money market placement**

ANTI-MONEY LAUNDERING LAW

92. What is the amount of covered transaction in so far as jewelry dealers are concerned for purposes of reporting to Anti-Money Laundering Council?
- A. A transaction exceeding P500,000
 - B. A transaction exceeding P1,000,000**
 - C. A transaction exceeding P5,000,000
 - D. A transaction exceeding P100,000
93. Which of the following companies is exempted by Anti Money Laundering Law from reporting reportable and suspicious transactions to Anti-Money Laundering Council?
- A. Casino
 - B. Remittance companies
 - C. Auditing firm rendering assurance engagement**
 - D. Holding companies

UNCLAIMED BALANCES LAW

94. Under Unclaimed Balances Law, what is the minimum period of dormancy of the deposit in a bank to be considered unclaimed balances?
- A. At least 1 year
 - B. At least 10 years**
 - C. At least 3 years
 - D. At least 5 years

GENERAL BANKING LAW

95. It is the only bank allowed to exercise the powers of investment house and to invest in non-allied enterprises.
- A. Commercial bank
 - B. Rural bank
 - C. Thrift bank
 - D. Universal bank**
96. Under Circular No. 425 of 2004 issued by Monetary Board of Bangko Sentral ng Pilipinas, what is the maximum limit of loan to be granted by a bank to a single borrower?
- A. 25% of net worth of the bank**
 - B. 20% of net worth of the bank
 - C. 10% of net worth of the bank
 - D. 15% of net worth of the bank

CENTRAL BANK ACT

97. Under the Central Bank Act, who shall be appointed as the receiver of a banking institution in case the conservatorship of a bank is converted into receivership?
- A. Monetary Board of Bangko Sentral ng Pilipinas
 - B. Supervising Officer of Bangko Sentral ng Pilipinas
 - C. Office of Government Corporate Counsel
 - D. Philippine Depositor Insurance Corporation**
98. Who is primarily liable to the notes and coins which are considered legal tender in the Philippine jurisdiction?
- A. Bangko Sentral ng Pilipinas**
 - B. Government of the Republic of the Philippines
 - C. Landbank of the Philippines
 - D. Development Bank of the Philippines

INTELLECTUAL PROPERTY CODE

99. A commissioned B to paint his garden. Who owns the painting and the copy right on the painting, respectively?
- A. Both A
 - B. Both B
 - C. A and B, respectively**
 - D. B and A, respectively
100. Which of the following may be protected by patent registration?
- A. Programs for computers
 - B. Methods for treatments of the human body
 - C. Aesthetic creations
 - D. Microbiological process**

E N D