

Question 1

1 pts

i) The fundamental law of the land, ii) the divine inspiration in man of the sense of justice, fairness and righteousness, through internal dictates of reason alone, iii) in case of non-compliance the courts of justice may be called upon to compel its fulfillment.

Which of the following is true?

- Moral law, constitution, juridical necessity
- Constitution, natural law, juridical necessity
- Natural law, constitution, contract
- Natural law, state law, contract

Question 2

1 pts

Kion obliges himself to sell his laptop to Ono if Ono will get a perfect score in his law class exam. The parties agreed that the price therefor is P10,000. A few days later, there is a global demand for the brand of the laptop leading to a huge increase in price. As it currently stands, the value of Kion's laptop had shot up to P30,000. One week thereafter, his friend Ono got a perfect score in his law exam. How much should Kion collect for the laptop?

1. Kion can collect P30,000 because that is now the current market value of the laptop
2. Kion can collect P30,000 because at the time of the increase in the price, he is still the owner of the laptop
3. Kion can collect P10,000 because the appreciation of the laptop's value inured to the benefit of Ono
4. Kion can collect P10,000 because that is what he paid for the laptop when he bought it from the mall

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Question 3

1 pts

Clarabelle obliged herself to deliver to Minnie her (Clarabelle's) specific notebook on December 27, 2020. The next day, she also obliged herself to deliver the exact same notebook to Daisy on December 28, 2020. On December 26, 2020, the notebook got burnt when it was struck by lightning (although Clarabelle is okay, only the notebook got burnt). Is Clarabelle liable for the obligation?

- No, since she promised to deliver the notebook to Minnie and Daisy who are close friends
- Yes, since Clarabelle could always deliver another notebook of the same kind and quality
- Yes, since she promised to deliver the notebook to two persons who do not have the same interest
- No, since the notebook got lost due to a fortuitous event

N

Question 4

1 pts

Daisy obliges herself to deliver to Minnie a birthday cake (which she will especially bake for her), on Minnie's birthday on November 15, 2020. On the said day, Daisy forgot all about it and only remembered on November 29, 2020. She then hurriedly baked the cake and promised herself to deliver it to Minnie during the day without delay. Is Daisy already considered in delay?



- Yes, since from the nature of the obligation, it is clear that the cake should have been delivered on such day
- No, because Minnie did not remind Daisy of her obligation on November 15, 2020
- Yes, since there is already delay when a person fails to perform her obligation on time
- No, because from the point of view of the law, if there's no demand then there's no delay

Question 5

1 pts

Hilda and Pineapple Patty are best friends. Pineapple Patty is selling jewelry as her hobby and side hustle aside from working fulltime in her own restaurant business. Hilda then told Pineapple Patty that she trust her as her best friend and in any future transaction that they may have, she will be waiving liability for any fraud. Hilda then bought from Pineapple Patty a white gold bracelet for P20,000. Pineapple Patty really intended to deliver a white gold bracelet, but since it is out of stock for the moment, she just delivered a silver one instead, which looked the same but which has a value of only P5,000. Is Pineapple Patty liable for the fraud?

- Yes, since the waiver for the future fraud made by Hilda is void and has no effect
- No, since from the start, there really was no intention to commit the fraud
- No, since it is clear that Hilda made an intelligent decision to waive any future fraud
- No, since Hilda made the decision without any request from Pineapple Patty

Question 6

1 pts

Hilda and Pineapple Patty are best friends. Hilda then obliges herself that she will give Pineapple Patty P1,000 if she (Pineapple Patty) cannot make a square circle. What can be said of the obligation?

- The obligation is one with a period
- The obligation becomes due when Pineapple Patty can already make a square circle
- The obligation is void since the condition is void
- The obligation is demandable at once

Question 7

1 pts

The law states that, in some instances concerning obligations with a suspensive period, the debtor shall lose the right to make use of the period. In ordinary parlance, what does that law mean?

- That the debtor is prohibited from designating a period on an obligation
- That the designation of the period will be for no one's benefit
- That the obligation becomes demandable immediately
- That the designation of the period will be for the benefit of the creditor only

Question 8

1 pts

Chip and Cocoa obliged themselves to deliver to Pete a specific table with a value of P2,000. On the day the obligation became due, Chip is already ready to comply with his portion, but Cocoa still has no money concerning his $\frac{1}{2}$ share thereon. How would the obligation be described and what should Chip do so as not to be liable for additional damages thereon?

- The obligation is a joint divisible obligation and Chip could just deliver $\frac{1}{2}$ of a table for compliance thereon
- The obligation is a solidary obligation and Chip should deliver the entire table to as to avoid additional damages
- The obligation is silent whether it is a joint or solidary obligation and should therefore be treated as neither one
- The obligation is a joint indivisible obligation and Chip could demand that the obligation be converted into a monetary one so that he can deliver his $\frac{1}{2}$ share which is P1,000

Question 9

1 pts

Minnie owes Daisy the sum of P10,000. When the obligation became due, Mickey offered to pay the obligation to Daisy, which Daisy accepted. Mickey told Minnie that he does not intend to be reimbursed, however, Minnie did not accept the generosity of Mickey. Cite which of the following is true.

- Minnie no longer has any obligation because of the donation of Mickey
- Minnie owes Mickey the sum of P10,000
- Minnie has no more obligation since Mickey already paid the obligation to Daisy
- Minnie still owes Daisy the sum of P10,000 since she did not accept the generosity of Mickey

Question 10

1 pts

All of the following are modes of extinguishing an obligation except one. Identify the exception.

- Compensation
- Payment by cession
- Condonation of the debt
- Conditional obligation

Question 11

1 pts

Minnie owes Daisy the sum of P10,000. Through expromision, Clarabelle became the new debtor. As the obligation became due, Clarabelle's business showed signs of uncertainty, as a result of which Clarabelle decided not to pay Daisy. Can Daisy seek payment from Minnie, the original debtor of the obligation?

- Yes, since in expromision, the original debtor is always liable in all cases where the new debtor is unable to comply with the obligation
- No, since the original obligation had already been extinguished
- Yes, since the novation of the obligation was done through expromision
- No, since there exists a novation of the original obligation

Question 12

1 pts

The following will be for items 12-15: Miley wants to start her own recording studio. She knows that in the process, she will have to enter into some contracts. Since she is a CPA and has a good score in PART 1, she is pretty confident that all contracts will be in accordance with the law. Choose true if you agree. If otherwise, choose that which would have made it true.

To increase her funds for her business, Miley sold her land to Emily for P1,000,000. Miley bought that same land from Taylor for P1,500,000 three years ago, and prices for that same kind of land has been increasing 1% on a year to year basis. Nonetheless, to Miley, the sale is valid, to which Taylor agreed.

- Void
- Unenforceable
- Rescissible
- True

Question 13

1 pts

With the funds available to her, Miley saw a commercial space for sale near the city's music district. The owner is a seventeen year old girl with the name of Ashley. Miley knew that Ashley is still seventeen, but the two girls agreed to the sale thereof. Miley then assured Ashley that the contract is valid as such for all intents and purposes.

- True
- Voidable
- Void
- Unenforceable

Question 14

1 pts

After purchasing several equipment, Miley saw her funds dwindle, so she decided to sell her mango farm to generate more cash. She approached her good friend Demi and asks her verbally to be her agent and sell her land for her. Demi agreed and was able to sell the land to Vanessa. The contract of sale was in writing and in a public instrument. Miley was quite sure that the sale is valid.

- Unenforceable
- True
- Void
- Voidable

Question 15

1 pts

Meanwhile, Miley realized that the commercial space that she bought from Ashley is too far from her apartment, so she wants now to annul the contract. She told Ashley that she (Miley) can annul the contract because at the time the contract was entered into, Ashley was only 17 years old and not yet capacitated to give an intelligent consent.

- Contract is valid as far as Miley is concerned
- True
- Contract is not valid as far as Miley is concerned
- No one can annul the contract

Mickey offered to sell to Minnie his watch for P10,000. Minnie consented to buy the watch but only for P9,500. Is there consent?

- No, since Mickey and Minnie can not agree on the price
- Yes, because Minnie consented to buy the watch
- Yes, because what is important is that there is agreement on the object
- Yes, since P9,500 is more or less approximate to P10,000

Question 17

1 pts

Who of the following can give consent to a contract?

- A minor who is 17 years old
- An 80-year old senior citizen
- A deaf mute who do not know how to write
- A 17-year old who just got engaged

Question 18

1 pts

Mickey advertised in a newspaper of general circulation that he is selling his very nice roadster racer for P100,000. Minnie offered to buy the roadster for P100,000 while Chip also offered to buy the same for P120,000. Which of the following is true?

- There is a contract of sale with respect to Chip because he made the best and the highest offer to buy
- There is no contract yet with either Minnie or Chip since the advertisement is not a definite offer to sell
- Mickey has to choose between Minnie and Chip because he already made a definite offer to sell
- There is a contract of sale with respect to Minnie because she made the first offer to buy

Question 19

1 pts

Only one of the following contracts is valid and enforceable as between the contracting parties. Identify which one.

- Bubbles authorized Blossoms to lease out her house for P10,000 per month and Blossoms sold the house to Buttercup for P1,000,000
- The Professor and Mr. Mayor entered into a contract where the Professor gave Mr. Mayor the power to administer his property while he is on vacation, and such contract is contained in a private document
- The Professor and the Mayor's Secretary entered into a contract where the Professor will sell and the Mayor's Secretary will buy, his eye glasses for P1,000 and where such contract is not written
- Bubbles and Blossoms entered into an unwritten contract where Bubbles will sell to Blossoms her chic bag for P10,000 and Blossoms agreed to buy it for P8,000

Question 20

1 pts

Of the following choices, choose the one that correctly lists down, in the proper order, the kinds of contracts in terms of validity

- Valid, voidable, unenforceable
- Unenforceable, voidable, rescissible
- Valid, unenforceable, voidable
- Voidable, valid, unenforceable

Question 21

1 pts

In the interpretation of contracts, the interpretation should reflect what is the intention of the parties. How would the parties' intention be determined?

- Through their contemporaneous and subsequent conduct
- Through what others think the parties actually mean
- Through their omission
- Through anecdotes

Question 22

1 pts

Shaggy sold to Scooby a piece of land worth P1,000,000 on January 1, 2020. Scooby then registered the sale. On January 10, 2020, Shaggy then sold the exact same land to Velma who then occupied such piece of land. Who is the owner of the land?

- Scooby, since he can present the oldest title
- Scooby, since he was the one who first registered the sale
- Shaggy, since there is an ownership controversy between Scooby and Velma
- Velma, since she was the one in possession thereof

Question 23

1 pts

Kim Possible entered into a contract of sale with Camille Leon where for P100,000 plus freight and other expenses, Kim will deliver to Camille three pink cook books. The parties agree that terms of sale will be FOB shipping point, at which point payment will also be made. When the cook books were on their way to Camille, Kim called Camille and asks for payment, to which Camille replied that she is no longer interested to pay. What can Kim do?

- Take an action for collection or specific performance
- Stop the goods in transitu
- Exercise her right of possessory lien
- Kim could not, anymore, do anything since Camille at shipping point already became the owner of the goods

Question 24

1 pts

Twiggy entered into a contract of sale with Jack B. Nimble where Twiggy will deliver to Jack a dozen mangoes that she will harvest from her farm, and Jack to pay therefor the price of P20 each. At the time of sale, there were still no fruits in the mango trees, but it is expected that the fruits will be ready for harvest 6 months from the time of the perfection of the contract, which will coincide with the day of delivery. What can be said of the contract?

- The contract is valid although voidable, since there is mistake in the consent of one of the contracting parties
- The contract is valid although unenforceable, since the parties could not have agreed to buy and sell future goods
- The contract is valid since the goods would already be in existence at the time of the delivery
- The contract is void, since the object is inexistent at the time of sale

Question 25

1 pts

Hundred Acre Wood, an auction house, agreed to auction off a three-piece antique furniture for and on behalf of Pooh Bear. The set consists of a chair, a coffee table and a desk with each individually valued at P5,000. At the auction, the furniture set was sold to Pooh's best friend Piglet for P15,000. Which of the following appropriately describes the contract(s)?

- There are three contracts of sale, where Hundred Acre Wood is the seller, Piglet is the buyer, and the chair, coffee table and desk as the objects
- There are three contracts of sale, where Pooh is the seller, Piglet is the buyer, and the chair, coffee table and desk as the objects
- There is only one contract of sale, where Pooh is the seller, Piglet is the buyer, and the furniture set as the object
- There is only one contract of sale, where Hundred Acre Wood is the seller, Piglet is the buyer, and the furniture set as the object

Question 26

1 pts

Goldie and Bear are best friends and residents of Fairy Tale Forest. One day, Goldie offered for sale to Bear her pogo stick for P2,000. Bear accepted the offer and gave Goldie P200 as earnest money. Goldie thanked him and promised to deliver the object one week later. The following day, Goldie met Little Red who offered to buy her pogo stick for P5,000. Goldie refused and told Little Red that she already sold the pogo stick to Bear. Is Goldie correct?

- No, since there is still no delivery of the pogo stick
- Yes, and she can collect on P1,800 from Bear
- No, since what Goldie made was only a unilateral offer to sell
- Yes and she can collect only P2,000 from Bear

Question 27

1 pts

A contract has been deemed as a simulated contract. Which of the following is true of simulated contracts?

- All simulated contracts are valid contracts
- A contract which appears simulated, since the parties made it appear as if it is a sale when in truth it is a donation, can be a valid contract of sale if all the other requirements for the contract of sale are present
- All simulated contracts are void
- A contract which appears simulated, since the parties made it appear as if it is a sale when in truth it is a donation, can be a valid contract of donation if all the other requirements for the contract of donation are present

Question 28

1 pts

Oggy bought a car from Joey, for a total contract price of P1,200,000, payable at a monthly installment of P100,000. A chattel mortgage was then constituted on the car itself as security for the fulfillment of the entire obligation. After seven months of payment, Oggy could no longer pay, so Joey foreclosed the mortgage and sold the car at a public auction. At such sale, the car was sold only for P300,000. Which of the following is true?



- Oggy is no longer liable to Joey for any deficiency
- Oggy can be compelled to pay Joey P500,000
- Oggy can be compelled to pay Joey P200,000
- Oggy can be compelled to pay the amount of cumulative depreciation

Question 29

1 pts

Everest is the owner of 100 sacks of rice. She wanted to sell the goods but she does not want to carry them with her all the time while she is looking for a buyer. Their house does not also have the extra room to store the goods, hence she went to Chase, an owner of a warehouse, to store such goods for a fee. Chase accepted the goods and issued to her a warehouse receipt where the goods are deliverable to the order of Everest. Everest then went on a shopping trip to the Ayala Mall and lost the receipt while doing so. If someone found the receipt, can that person demand from Chase the delivery of the goods?

- No, since the document of title is clearly non-negotiable
- No, since the warehouse receipt is not a valid negotiable document of title
- No, since the warehouse receipt, although a negotiable document of title, is deliverable to Everest or to whom she validly indorsed such document to
- Yes, since the warehouse receipt is a valid negotiable document of title

Question 30

1 pts

Everest, a former Filipino citizen who became an American through naturalization, wanted to buy a condominium unit located in Cebu City. The Philippine constitution prohibits the sale of real estate property in the country to foreign nationals. Does Everest have the legal capacity to buy the property?

- No, since a condominium unit is a real property, hence she is prohibited from doing so
- Yes, since she is a former Filipino citizen
- Yes, provided the total ownership of all the units in the condominium project complies with the minimum requirement set by the law
- No, since she is an American citizen

Question 31**1 pts**

Everest and Skye entered into a contract where Everest will sell to Skye her necklace for P10,000 and Skye will deliver to Everest P2,000 cash and her (Skye's) pendant with a value of P8,000. What kind of contract did the parties enter into?

- Contract of sale, since that is the evident intention of the parties
- Contract of barter, since the value of the pendant is more than the amount of cash
- Contract for a piece of work, since Everest wishes to acquire the pendant which is under Skye's ownership
- No contract at all, since the intention of the parties is not evident

Question 32**1 pts**

Mindy would like to buy a pair of shiny, red, sky-high heels. The storekeeper told her that what is currently available is a pair of shiny, pink, sky-high heels, but that they can change the color if she is interested. Mindy agreed and told the storekeeper that she will come back the following week. Which of the following describes the contract?

- Contract of commodatum
- Contract of sale
- Contract of agency to sell
- Contract for a piece of work

Question 33

1 pts

Choose which of the choices describes "goods in transit."

- From the moment the goods arrived at a location stipulated to be the destination thereof
- The buyer, or his agent in that behalf, obtains delivery of the goods before such arrived at the stipulated destination
- From the time the goods are delivered to a carrier by land, water or air, or to the bailee for the purpose of transmission to the buyer of such goods
- The carrier or the bailee wrongfully withheld the delivery of the goods to the buyer or his agent in that behalf

Question 34

1 pts

Tracker and Zuma entered into a contract where Tracker will sell his bicycle to Zuma and Zuma will pay the sum of P10,000 to Tracker. The bicycle is also more or less 10 kilos, so in a sense, it is about P1,000 per kilo. At the time of delivery, Zuma discovered that the weight of the bicycle is on 9 ½ kilos. What could Zuma do?

- Zuma can demand from Tracker the delivery of other bicycle parts weighing half a kilo
- Zuma could accept the bicycle and pay only P9,500
- Zuma must pay Tracker the amount of P10,000 for the bicycle
- Zuma could opt to reject the delivery of the bicycle

Question 35

1 pts

Bubbles bought a piece of land from Buttercup for P1,000,000. The land has a total area of P100 square meters. It turns out that there is a pending litigation as regards the 10 square meters which is adjacent to the land that belongs to the Professor. After a year from the sale, the Court decided that the 10 square meters actually belonged to the Professor and not to Buttercup. Buttercup did not contest the decision of the Court and as such, the decision became final. The Professor then legally evicted Bubbles from the 10-square meter portion of the land. What can Bubbles do?

- Bubbles can sue Buttercup for her warranty against eviction because she has been deprived of a portion of the thing that she bought
- The vendee Bubbles can sue Buttercup for warranty as to merchantability because the smaller land area is not appropriate for its specific purpose
- Bubbles can sue Buttercup for warranty as to fitness because the smaller land is no longer fit for its intended purpose
- The vendee Bubbles cannot sue Buttercup for her warranty against eviction because there was no eviction as far as the majority of the area is concerned

Question 36

1 pts

One of the following contracts is a contract of sale. Which is it?

- Sale with a right to repurchase
- Contract of agency to sell
- Chattel mortgage
- Equitable mortgage

Question 37

1 pts

The following instances allow for legal redemption except one. Identify the exception.

- A sale of a piece where the area is half a hectare
- A sale made by a co-owner, of a thing owned in common, to a third person
- A sale of a piece of rural land where the area is one and a half hectare
- A sale of a piece of land located in the countryside, made by a co-owner, of the property owned in common, to a third person, where such co-owner sold his share for speculation

Question 38

1 pts

Candace and Stassi are best friends. Candace needs money to put up a small business selling candies. Stassi is willing to lend Candace P100,000 provided Candace delivers to her (Stassi) her (Candace's) shiny new pink bicycle. What is the nature of the accessory contract between the best friends?

- Contract of mortgage
- Contract of pledge
- Contract of chattel mortgage
- Contract of antichresis

Question 39

1 pts

Chase loaned P10,000 from his good friend Rubble which is secured as such by a mortgage on his motorcycle. Later on, Skye offered to buy the motorcycle for P15,000 from Chase to which Chase agreed. Chase then delivered the motorcycle to Skye and Skye paid P15,000. When the loan became due, Rubble demanded payment from Chase who could no longer pay the amount of P10,000. Can Rubble foreclose the chattel mortgage?

- Yes, since the mortgage attaches to the thing and not to the person
- Yes, but only if there is an express approval from Chase
- Yes, but only if there is an express approval from Skye
- No, since Skye is already the owner of the motorcycle

Question 40

1 pts

Only one of the choices indicates the correct and consistent set as regards the kind of property in support of a loan. Identify which one.

- Pledge, mortgage
- Chattel mortgage, antichresis
- Sale with the right to repurchase, chattel mortgage
- Mortgage, chattel mortgage

Question 41

1 pts

Twiggy borrowed P100,000 from Little Red. This obligation is secured through a mortgage on a land under Goldie's ownership. At the time of the maturity of the obligation, Twiggy declared that she would not be able to pay, so Little Red foreclosed the property of Goldie and sold it at a public auction. At that time, the total obligation of Twiggy amounts to P120,000, which includes the principal of P100,000, interests of P10,000 and expenses of the sale for P10,000. At the auction, the property was only sold for P110,000. Can Little Red collect the deficiency of P10,000?



- No, since the mortgaged property had already been foreclosed and sold at a public auction
- Yes, since the accessory contract is covered under the terms of the Contract of Mortgage
- Yes, since the mortgage is evidently an equitable mortgage
- No, since the sale is already covered as such by the Maceda Law

Question 42

1 pts

Only one of the following is not a credit transaction. Which is it?

- Chattel mortgage
- Equitable mortgage
- Mortgage
- Antichresi

Question 43

1 pts

Twiggy borrowed P100,000 from Little Red. This obligation is secured through a mortgage on a land under Goldie's ownership. Goldie then advertised the land for sale even though the loan had not yet been paid. When Little Red heard about it, she approached Goldie and tried to prevent the sale of the property. Who between Twiggy and Goldie is correct as regards the possible sale of the property?



- Little Red, since Goldie consented to the mortgage constituted on her property
- Little Red, since the owner of the property cannot dispose of the property while the principal obligation subsists
- Goldie, since she is still the owner of the property
- The mortgage constituted on the property is void since Goldie is a stranger to the contract of loan, hence Goldie is correct

Question 44

1 pts

Which of the following contracts allows transfers of ownership of the property to the creditor?

- Sale with the right to repurchase
- Chattel Mortgage
- Antichresis
- Mortgage

Question 45

1 pts

Nikki loaned P15,000 from Nicolo and mortgaged her three pink bicycles as security thereof. Each bicycle has a value of P5,000. A day before the due date, Nikki paid Nicolo the sum of P10,000, and demanded that the mortgage on two of the bicycles be extinguished. Is Nikki correct?

- Yes, since the value of the two properties is equivalent to the value of the obligation already paid
- No, since the contract of mortgage is indivisible
- No, since the entire contract of mortgage had already been extinguished in its entirety
- Yes, since the value of the mortgaged properties should only be enough to secure whatever is left of the obligation

Question 46

1 pts

Choose which of the following can be covered under the Maceda Law

- Sale in installment of a mobile tiny home currently located in the city
- Sale for cash of a mobile tiny home currently located in the province
- Sale in installment of a farm land located in the city
- Sale for cash of a farm land located in the province

Question 47

1 pts

Vampirina bought from Poppy Land Corporation a piece of land payable in installment. The terms of the sale include the contract price of P1,000,000, the interest to be paid monthly, and an installment payment of P10,000 per month for ten years. After paying for 20 months, Vampirina told the corporation that she could no longer pay the remaining obligations and stopped paying the installments. Which of the following is true?

- Poppy must notify Vampirina within 60 days that the company will cancel the sale, if the monthly installments are not paid within the next 20 days
- Poppy should return to Vampirina the cash surrender value of the total payments made
- Poppy should give Vampirina a grace period of 60 days within which to pay for the unpaid obligations and in case of non-performance, cancel the sale 30 days after Vampirina received the notice of cancellation
- Poppy should give Vampirina a grace of period of 60 days and in case of non-payment, cancel the sale after thirty days

Question 48

1 pts

In this item, consider the given statement and choose "true" if you agree with it in its entirety. If not, look at the underlined portion and determine if you can replace it with either the statement in letter "b" or "c", to make it true, otherwise, choose "false". "A condominium corporation can only be a non-stock corporation."

- Be either a stock or non-stock corporation
- Only be a stock corporation
- False
- True

Question 49

1 pts

Pooh is an owner of two condominium units in Hundred Acre Wood Condominium. The project has 100 units which has been totally sold and transferred. The unit owners then formed a condominium corporation which is non-stock and non-profit. In case of a general membership meeting duly called for the election of the members of a corporate governing council, how many votes can Pooh cast?

- Only one, because in a non-stock corporation, the rule is "one member, one vote"
- As many votes as he wants to cast
- None, because Pooh is not running for an elective office
- Two votes, corresponding to his two units

Question 50

1 pts

- A condominium project fully sold out and duly turned over to the unit owners requires an entity to run and manage its day to day operations. This management is usually done by what entity?
 1. The unit owners themselves in their personal capacity
 2. The manager of the company that developed the condominium project
 3. The condominium corporation as established as such by the unit owners themselves
 4. None if there is no unanimous consent

- No answer text provided.
- No answer text provided.
- No answer text provided.
- No answer text provided.

Question 51

1 pts

Which of the following is incorrect?

- A capitalist partner cannot engage in the same line of business as that of the partnership.
- An industrial partner may engage in business for himself unless there is a contrary stipulation.
- An offending capitalist partner may not be excluded from the firm.
- An industrial partner who engages in business for himself may be excluded from the firm.

Question 52

1 pts

A and B entered into a universal partnership of profits. Subsequently A became a professor in a university. Will A's salary belong to the partnership?

- Yes, if stipulated by the partners.
- Yes, because the salary was acquired through A's industry or work.
- No, unless it is stipulated that his salary shall be deemed contributed.
- No, because it is not considered a profit acquired from a property.

Question 53

1 pts

A and B agreed on a profit sharing ratio in their partnership. A, being the industrial partner and B as capitalist partner. It was also stipulated that A shall also share in the same ratio as to the losses. Is A liable for losses?

- Yes, even in the absence of stipulation.
- No, because the partners cannot stipulate the industrial partner shall be liable for losses.
- Yes, because it was so stipulated.
- No, because the law exempts the industrial partner from losses.

Question 54**1 pts**

W, X, Y and Z organized a partnership with W and X as industrial partners and Y and Z as capitalist partners. Y contributed P.5M and Z contributed P.2M to the common fund. By a unanimous vote of the partners, W and X were appointed managing partners, without specification of their duties and powers. A applied as secretary and B applied as accountant of the partnership. The hiring of B was decided upon by W and Z, but was opposed by X and Y, whose decision shall prevail?

- The decision of W and Z because Z is also a capitalist partner.
- None because of the statement of equal rights.
- That of W and Z because W is the managing partner and the hiring is an act of administration.
- That of X and Y because the controlling interest shall prevail in this case.

Question 55**1 pts**

Ms. K owes P3,000 to RZT Company, a partnership composed of R, Z and T, with R as the manager who is authorized to collect all credits of the firm. She also owes T the amount of P6,000. Both debts are already due. Ms. K gives P3,000 to T in payment of her debt to the latter. T thus issues his own receipt.

- Payment will be applied proportionately at P2,000 for T's credit and P1,000 for RZT's credit.
- Payment will be applied equally to the two credits.
- Payment will be applied to RZT's credit only.
- Payment will be applied to T's credit only.

Question 56

1 pts

Which of the following statements is/are true?

I. A partner's interest in the partnership is not assignable unless the other partners consent.

II. An act of strict dominion may be performed by a partner without the consent of his co-partners if it is advantageous to the partnership.

- I only
- Both I and II
- II only
- Neither I nor II

Question 57

1 pts

Which of the following statements is/are false?

I. If co-owners share in the profits derived from the use of the property owned in common, there is partnership.

II. A person who represents himself as a partner when in fact he is not shall be liable as a partner by estoppel even if the third person has knowledge that he is not.

- Neither I nor II
- II only
- Both I and II
- I only

Question 58**1 pts**

Which of the following statements is/are true?

I. In the absence of stipulation, the share of the industrial partner in the profits shall be equal to the share of a capitalist partner with the smallest share.

II. The industrial partner shall not share in the losses unless stipulated.

- I only
- Both I and II
- II only
- Neither I nor II

Question 59**1 pts**

Which of the following statements is/are false?

I. A property acquired by a partner using partnership funds after dissolution but before the winding up of partnership affairs is owned by the partnership.

II. The law allows a retiring partner to assign his rights in partnership property to the partners continuing the business.

- II only
- I only
- Neither I nor II
- Both I and II

Question 60

1 pts

Which of the following statements is/are false?

- I. The purchaser of a partner's interest may apply to the court for the dissolution of the partnership.
- II. A partner's conveyance of his interest in the partnership operates as a dissolution when it is clear that the parties contemplated and intended the entire withdrawal from the partnership of such partner.

- I only
- Neither I nor II
- Both I and II
- II only

Question 61

1 pts

Which of the following losses will not cause the dissolution of a partnership?

- Loss before delivery of a specific thing where the partner promised to contribute only its use and enjoyment, reserving the ownership thereof.
- Loss of a specific thing after its delivery to and acquisition of its ownership by the partnership from the partner who contributed the same.
- Loss before delivery of a specific thing which a partner has promised to contribute to the partnership.
- Loss after delivery of a specific thing where the partner contributed only its use and enjoyment, he having reserved the ownership thereof.

Question 62

1 pts

What is the order of payment of liabilities of a dissolved general partnership using the code number representing each liability?

- I. Those owing to partners other than for capital or for profits.
- II. Those owing to creditors other than partners.
- III. Those owing to partners in respect of profits.
- IV. Those owing to partners in respect of capital.

II, I, III, IV

I, II, IV, III

II, I, IV, III

I, II, III, IV

Question 63

1 pts

I: 15 or more juridical or natural persons may organize a primary cooperative.

II: A prospective member of a primary cooperative must have completed a Pre-Membership Education Seminar.

Only I is true

Both are false

Both are true

Only II is true

Question 64

1 pts

The following are powers and capacities of a cooperative, EXCEPT:

- of succession
- To deal with personal properties excluding real properties
- to adopt by-laws
- To sue and be sued in its cooperative name

Question 65

1 pts

A type of cooperative which promotes thrift among its members and create funds in order to grant loan for productive and provident purposes

- service cooperative
- multipurpose cooperative
- consumers cooperative
- Credit cooperative

Question 66

1 pts

A member of a cooperative who is entitled to all the rights and privileges of membership.

- regular member
- both regular and associate member
- cooperator
- associate member

Question 67

1 pts

I: A cooperative formed and organized acquired juridical personality from the date the SEC issues certificate of registration under its official seal.

II: Any registered cooperative may, by a resolution approved by vote of $\frac{3}{4}$ of all the members with voting rights, present and constituting a quorum, resolve to divide itself into two or more cooperatives.

- Only II is true
- Both are false
- Both are true
- Only I is true

Question 68

1 pts

I. Any officer or employee of the CDA shall be qualified to be elected or appointed to any position in a cooperative: Provided, that the disqualification does not extend to a cooperative organized by the officers or employees of the CDA.

II. All appointive officials of the Government shall be ineligible to become officers and directors of cooperatives: Provided, that the disqualification does not extend to a party list representative being an officer of a cooperative he or she represents.

- Both are false
- Only I is true
- Both are true
- Only II is true

Question 69

1 pts

I. A quorum shall consist of at least twenty-five per centum (25%) of all the members entitled to vote.

II. In the case of electric cooperatives registered under the Philippine Cooperative Code, a quorum, unless otherwise provided in the bylaws shall consist of twenty-five per centum (25%) of all the members entitled to vote.

- Both are true
- Only II is true
- Both are false
- Only I is true

Question 70

1 pts

I: Any vacancy in the board, including expiration of term, may be filled by vote of at least a majority of the remaining directors, is still constituting a quorum.

II: A director so elected to fill a vacancy shall serve only the unexpired term of his predecessor in office.

- Both are false
- Only I is true
- Only II is true
- Both are true

Question 71

1 pts

A contract entered into by the cooperative with one (1) or more of its directors, officers, and committee members is voidable, at the option of the cooperative, unless the following conditions are present, except


- That the contract is fair and reasonable under the circumstances
- None of the above
- That the vote of such director was not necessary for the approval of the contract
- That the presence of such director in the board meeting wherein contract was approved was not necessary to constitute a quorum for such meeting.

Question 72

1 pts

I. Cooperatives transacting business with both members and non-members shall not be subjected to tax on these transactions.

II. The transactions of members with the cooperative shall not be subject to any taxes and fees.

- Both are true
 - Both are false
 - Only I is true
 - Only II is true
- 

Question 73

1 pts

I: No broker or dealer shall give any proxy or authorization in respect of any security carried for the account of a customer to a person other than the customer without the express authorization of such customer.

II: A broker or dealer who holds the proxy of at least 10% of the outstanding shares of the issuer shall submit a report to the issuer, the Commission, and the exchange identifying the beneficial owner.

- Only II is true
- Only I is true
- Both are false
- Both are true

Question 74

1 pts

When is the due date for the filing of the General Information Sheet for Foundations?

- Within 30 calendar days after the issuance of Certificate of Incorporation
- Within 30 calendar days after the members actual annual meeting
- Within 30 days from date of issuance of SEC License
- Within 30 calendar days from date of the actual annual stockholders' or members meeting

Question 75

1 pts

The term 1 year of the Board of Directors of AAA Corporation expired last February 15, 2020. No new election of the Board of Directors was called, hence, the existing members of the Board continue as Directors in hold over capacity. Which statement is most accurate?

- This is not allowed because the term of the directors must only be for a period of 1 year;
- This is allowed provided there is a valid and justifiable reason for not calling for an election of the new members of the Board;
- Acting as member of the Board of Directors in a hold over capacity must be ratified by the stockholders.
- The positions of the members of the Board of Directors will be automatically declared vacant;

Question 76

1 pts

X is a director in T Corp. who was elected to a 1-year term on Feb. 1, 2020. On April 11, 2020, X resigned and was replaced by R, who assumed as director on May 17, 2020. On Nov. 21, 2020, R died. S was then elected in his place. Until which time should S serve as director?

- Feb. 1, 2021
- Nov. 21, 2021
- April 11, 2021
- May 17, 2021

Question 77

1 pts

X Corp., whose business purpose is to manufacture and sell vehicles, invested its funds in Y Corp., an investment firm, through a resolution of its Board of Directors. The investment grew tremendously on account of Y Corp's excellent business judgment. But a minority stockholder in X Corp. assails the investment as ultra vires. Is he right and, if so, what is the status of the investment?

- Yes, it is an ultra vires act of the corporation itself and, consequently, void.
- Yes, it is an ultra vires act of the corporation itself but voidable only, subject to stockholder's ratification.
- Yes, it is an ultra vires act of its Board of Directors but voidable only, subject to stockholders' ratification.
- Yes, it is an ultra vires act of its Board of Directors and thus void.

Question 78

1 pts

In a special meeting called for the purpose, 2/3 of the stockholders representing the outstanding capital stock in X Co. authorized the company's Board of Directors to amend its By-laws. By majority vote, the Board then approved the amendment. Is the amendment valid?

- No, since the stockholders cannot delegate their right to amend the By-laws to the Board.
- Yes, since the majority votes in the Board was sufficient to amend the Bylaws.
- No, because, the voting in the Board should have been by a majority of a quorum.
- Yes, since the votes of 2/3 of the stockholders and majority of the Board were secured.

Question 79

1 pts

A, the proprietor of a fleet of 10 taxicabs, decides to adopt, as his business name, "A Transport Co., Inc." May this be allowed?

- Yes, since his line of business is public transportation.
- No, since "A" is a generic name, not suitable for registration.
- No, it would be deceptive since he is a proprietor, not a corporation.
- Yes, since such name would give his business a corporate identity.

Question 80

1 pts

X owns 99% of the capital stock of SSS Corporation. X also own 99% of TTT Corporation. SSS Corporation obtained a loan from VVV Banks. On due date, SSS Corporate defaulted. TTT Corporation is financially healthy. Which statement is most accurate?

- The principle of piercing the veil of corporation fiction can be applied in this case
- SSS Corporation and TTT Corporation, although both are owned by X, are 2 distinct corporations with separate juridical personalities hence, the TTT Corporation cannot automatically be held liable for the loan of SSS Corporation
- X being a controlling owner of SSS Corporation can automatically be held personally liable for the loan of SSS Corporation;
- TTT Corporation, owned by 99% by X, can automatically be held liable;

Question 81

1 pts

X Corp. operates a call center that received orders for pizzas on behalf of Y Corp. which operates a chain of pizza restaurants. The two companies have the same set of corporate officers. After 2 years, X Corp. dismissed its call center agents for no apparent reason. The agents filed a collective suit for illegal dismissal against both X Corp. and Y Corp. based on the doctrine of piercing the veil of corporate fiction. The latter set up a defense that the agents are in the employ of X Corp. which is a separate juridical entity. Is the defense appropriate?

- Yes, it is not shown that one company completely dominates the finances, policies, and business practices of the latter.
- No, since the doctrine would apply, the two companies having the same set of corporate officers.
- No, the real employer is Y Corp., the pizza company, with X Corp. serving as an arm for receiving its outside orders for pizzas.
- Yes, since the two companies perform two distinct businesses.

Question 82

1 pts

Unknown to the other four proponents, Enrico (who had been given the task of attending to the Articles of Incorporation of the proposed corporation, Auto Mo, Ayos Ko) misappropriated the filing fees and never filed the Articles of Incorporation with the SEC. Instead, he prepared and presented to the proposed incorporators a falsified SEC certificate approving the Articles. Relying on the falsified SEC certificate, the latter began assuming and discharging corporate powers.

- De jure corporation
- Corporation by estoppel
- General partnership
- De facto corporation

Question 83**1 pts**

The Articles of Incorporation of ABC Transport Co., a public utility, provides for 10 members in its Board of Directors. What is the prescribed minimum number of Filipino citizens in its Board?

- 6
- 7
- 5
- 10

Question 84**1 pts**

Which of the following is a qualification of incorporators of a stock corporation?

- Majority of them must be citizens of the Philippines
- They must be of legal age
- They must be subscribers to at least 1 share of stock of the corporation
- They must be natural persons

Question 85**1 pts**

Which is true?

I: For a de facto corporation to exist, it is necessary that it is issued by the SEC a certificate of incorporation just like a de jure corporation.

II: In corporation by estoppel, those who represent themselves as forming by a corporation are liable as stockholders to third persons.

- I only
- Neither I nor II
- II only
- Both I and II

Question 86

1 pts

For the contract between the corporation and its directors, officers or trustees may not be voidable, the following are conditions except

- Ratification by majority of the outstanding capital stock or members.
- The contract is fair and reasonable under the circumstances.
- The presence of the director or trustee is not necessary for the quorum.
- The vote of the director or trustee is not necessary for the approval of the contract.

Question 87

1 pts

Which is true?

I: Redeemable shares may be taken up or purchased by the corporation even in the absence of surplus profits.

II: Treasury shares may be reissued for a reasonable price even below par value.

- I only
- Both I and II
- II only
- Neither I nor II

Question 88

1 pts

Vacancy in the Board of Directors can be filled up by the remaining directors in the following cases, except

- Death of a director
- Resignation of a director
- None of the above
- Increase in the number of directors

Question 89**1 pts**

A subscribed to 1,000 shares of stock of X Corporation. She paid 25% of the said subscription. During the stockholders meeting, can A vote all her subscribed shares?

- No, because A's shares have become delinquent which cannot be voted.
- No, because the subscription has not yet been fully paid.
- No, as to the unpaid percentage of subscription.
- Yes, because unpaid shares not delinquent can be voted.

Question 90**1 pts**

At the annual meeting of ABC Corporation for the election of 5 directors, A, B, C, D, E, F and G were nominated. A, B, C, D and E received the highest number of votes and proclaimed elected. F received 10 votes less than E. Subsequently, E sold his shares to F. The transfer of shares has been registered with the corporation. Who between E and F has the right to attend as director in the board meeting?

- F, for he has acquired all the shares of E.
- E, because his term is one year until his successor is elected and qualified.
- Neither of them shall be the director
- Either of them shall be the director

Question 91

1 pts

I: When a vacancy prevents the remaining directors from constituting a quorum and emergency action is required to prevent grave, substantial, and irreparable loss or damage to the corporation, the vacancy may be permanently filled among the officers of the corporation by unanimous vote of the remaining directors or trustees.

II: The SEC has the authority to order the removal of a disqualified director or trustee motu proprio or upon verified complaint, without prejudice to the sanctions that the SEC may impose on directors or trustees who knew of the disqualification but failed to remove such director or trustee.

Only II is true

Both are true

Only I is true

Both are false

Question 92

1 pts

I: Corporations vested with public interest are required to elect a compliance officer.

II: Stockholders and members may vote through remote communication or in absentia, if authorized in the bylaws or by a majority of the shareholders.

Both are true

Only I is true

Only II is true

Both are false

Question 93

1 pts

I: Corporations vested with public interest shall have independent directors constituting 20% of such board.

II: After commencing its business, failure of the corporation to operate for at least 5 consecutive years may be placed under delinquent status by SEC after due notice and hearing. A delinquent corporation shall have 1 year to resume operations and comply with all SEC-prescribed requirements. Failure to comply shall be a cause for revocation of the certificate of incorporation.

- Both are true
- Only II is true
- Both are false
- Only I is true

Question 94

1 pts

The following are the ways of enforcing payment of unpaid subscription, which is the exception?

- Filing a court action to recover unpaid subscription.
- Denying delinquent stock cash dividends.
- Denying delinquent stock the right to vote and voted upon.
- Sale at public auction of delinquent stocks.

Question 95

1 pts

Republic Act No. _____ is known as the "The Securities Regulation Code".

- 8799
- 8797
- 8979
- 8997

Question 96**1 pts**

The annual stockholder's meeting of Meralco for the election of directors was set for 27 May 2008. In connection therewith, proxies were required to be submitted on or before 17 May and the proxy validation was slated for 22 May. The proxy validation on 22 May was undertaken by Meralco's assistant corporate secretary Atty. Rosete. The GSIS, a major Meralco stockholder, filed with the SEC an urgent petition seeking to restrain Atty. Rosete from validating proxies in favor of Manuel Lopez and other Meralco executives. Meralco argues that the SEC does not have jurisdiction as election controversies are now cognizable by the Special Commercial Courts under Section 5.2 of the SRC. The GSIS on the other hand argues that the SEC has regulatory and investigatory powers over the issuance and solicitation of proxies pursuant to Section 20 in relation to Section 53 of the SRC. Which has jurisdiction over this petition?

- Regional Trial Court acting as Special Commercial Court
- Securities and Exchange Commission
- Ordinary Regional Trial Court
- Executive Judge of Regional Trial Court

Union Cement Corporation (UCC), a corporation listed with the PSE, has two principal stockholder corporations, UCHC which owns 60% of UCC shares, and CEMCO which owns 17% of UCC shares. In turn the principal stockholders of UCHC with their respective share ownership percentages are the following corporations: BCI (21%), ACC (30%), and CEMCO (9%). BCI and ACC passed resolutions agreeing to sell their UCHC shareholdings to CEMCO. In response to a PSE letter, the SEC en banc resolved that the CEMCO transaction was not covered by the tender offer rule. The CEMCO transaction was consummated by the parties.

Since CEMCO owns 60% of UCHC shares, and since UCHC owns 60% of UCC shares, the result was that CEMCO had 36% indirect ownership of UCC. Adding the 36% indirect ownership to CEMCO's 17% direct ownership, CEMCO would have a total of 53% beneficial ownership of UCC shares.

Feeling aggrieved, National Life Insurance Company of the Philippines (NLICP), a minority shareholder corporation in UCC, filed a complaint with the SEC asking the SEC to reverse its en banc resolution and praying that the mandatory tender offer rule be applied to CEMCO. The SEC ruled in favor of NLICP by reversing its earlier resolution and ordering CEMCO to make a tender offer for UCC shares to NLICP and other UCC shareholders. Is SEC's recent ruling correct?

- Yes. The tender offer rule applies only to direct acquisition of shares of target company.
- Yes. The tender offer rule applies to both direct and indirect acquisition.
- No. The tender offer rule applies to both direct and indirect acquisition.
- No. The tender offer rule applies only to direct acquisition of shares of target company.

Question 98

1 pts

Grand Gas Corporation, a publicly listed company, discovered after extensive drilling a rich deposit of natural gas along the coast of Antique. For five months, the company did not disclose the discovery so that it could quietly and cheaply acquire neighboring land and secure mining rights to the land. Between the discovery and its disclosure of the information to the Securities and Exchange Commission, all the directors and key officers of the company bought shares in the company at very low prices. After the disclosure, the price of the shares went up. The directors and officers sold their shares at huge profits. The employees of the establishment handling the printing work of Grand Gas Corporation saw the exploration reports which were mistakenly sent to their establishment together with other materials to be printed. They too bought shares in the company at low prices and later sold them at huge profits. Will the employees of the establishment handling the printing work be liable for the violation of the SRC?

- Yes, the printing establishment's employees are liable for insider trading since they earned huge profits.
- No, the printing establishment's employees are not liable for insider trading since they earned huge profits.
- Yes, the printing establishment's employees are liable for insider trading since they are considered as insider.
- No, the printing establishment's employees are not liable for insider trading since they are not insider.

Question 99

1 pts

Andy, a lawyer working with Bigfoot Mining Corporation, whose shares are listed in the Philippine Stock Exchange, is aware that the DENR will close down BMC's Samar mine for violation of environmental laws. This information is not yet known to the public. He discloses the information to his friend Pedro, who knows that Andy is a lawyer working with BMC on sensitive matters. Pedro discloses the information to his mistress Jana who is aware of the nature of the information and how Pedro came across it. Andy, Pedro, and Jana all sell shares of BMC prior to the announcement by the DENR that it will close the Samar mine. Would Pedro be liable for his disclosure even if he does not sell BMC shares?

- Yes, since Pedro himself is an insider or tippee.
- Yes, since Jana herself became an insider by virtue of Pedro's communication.
- No, since Jana herself did not become an insider by virtue of Pedro's communication.
- No, since Pedro is not considered as an insider or tippee.

Question 100

1 pts

A, B, C, D, E, and F, Filipino citizens, X, Y, Z, American citizens, and R and S Japanese citizens agreed to form a domestic corporation with an authorized capital stock of P1,000,000.00 divided into one hundred thousand (100,000) shares with a par value of P10.00 per share. B subscribed for 2,000 shares and he paid P12,000.00. X subscribed for 5,000 shares and he issued a promissory note in the amount of P30,000.00. F joined the group but he did not subscribe for any number of shares. Can B demand for a certificate of stock of 1,200 shares?

- Yes, because he can surrender the 800 shares to the corporation and limit his subscription to 1,200 shares only.
- Yes, because he has paid P12,000.00 representing the full value of 1,200 shares.
- No, because the 800 shares subscribed by him are already delinquent.
- No, because certificate of stock shall be issued only after payment of the full amount of the subscription.