

## Chapter 7 – Consumer Law and Contracts

### I-Study

In this chapter you learned about consumer law and contracts. The sale of goods is governed by laws under the UCC (Uniform Commercial Code). The sale of services, as well as real property, is governed by general contract law. Title to goods is passed from a seller to a buyer when the seller does what is required under the contract to deliver the goods. The risk of loss is borne by the party responsible for loss or damage of goods. Most contracts for the sale of goods of \$500 or more must be in writing to be enforceable. There are several remedies for both buyers and sellers if a sales contract is breached.

The Federal Trade Commission, or FTC, is the government agency created to promote free trade and fair competition. The Bureau of Consumer Protection safeguards consumers against unfair and deceptive practices. The Consumer Product Safety Act protects consumers from unsafe goods. A warranty is a guarantee that a product will perform as promised. An express warranty is an oral or a written statement about the quality of a product. An implied warranty is a guarantee of quality imposed by law. A full warranty promises to fix or replace a defective product at no extra charge within a reasonable time. A limited warranty is a written warranty that does not cover everything in a full warranty. Consumer protection can be obtained from state and local consumer protection agencies, such as the Consumer Product Safety Commission and the Better Business Bureau.

### I-Quiz

1. The collection of laws that governs the sale, transfer and purchase of goods is
  - A. the Uniform Commercial Code
  - B. the Federal Trade Commission.
  - C. the Consumer Protection Safety Act.
2. The right of ownership to goods is called
  - A. a bill of sale.
  - B. title.
  - C. insurable interest.
3. Luring customers into a store with fake bargains to get them to buy something else is
  - A. hide and seek.
  - B. cat and mouse.
  - C. bait and switch.
4. A warranty that cover the replacement of parts, but not labor is
  - A. a full warranty.
  - B. an express warranty.
  - C. a limited warranty.

**Answer Key**

1. A
2. B
3. C
4. C