1. Common law refers to court-based legal principles that flow from judges’ decisions. Statute law is the body of law made by our government representatives in the federal parliament, provincial legislature, or municipal council. Because both common law and statute law are not always enforced in a mutually exclusive manner, business practitioners cannot simply rely on the words in a statute when trying to determine if a particular course of action is legal. The best practice is to obtain legal advice, in order to ensure full compliance with all relevant rules.

2. A real estate professional must be informed and knowledgeable about all aspects of a transaction or assignment prior to providing any advice or other services in relation to the transaction. This is called the duty to ascertain all the facts, and this obligation is corollary to the duty to render competent service. If an appraiser or other real estate professional negligently fails to ascertain all of the facts prior to providing advice, it is possible that the professional will face liability under the tort of negligent misrepresentation.

3. a. When deals are made in social surroundings and/or between family members, the courts will presume that the parties did not intend to create enforceable legal obligations, unless proved otherwise. There is no such proof here, and so this oral offer could not form an enforceable contract. In commercial situations, the converse holds true: the courts will presume intent unless the contrary is proved.

   b. This will likely not result in an enforceable contract. In order to be effective, consideration cannot be past consideration. This contract appears to specify that one party will pay $2,000 in exchange for the other party painting of the house. However, since the house has already been painted, it is not valid consideration for the promise to pay. Therefore, the promise to pay is viewed as a gratuitous promise, a promise not given in exchange for something. Such a promise would only be enforceable with the use of a seal.

   c. Provided the offeree agreed to paint the house, there would be an enforceable contract since there would be mutual promises. Although it appears that the parties have not agreed upon an exact figure for payment, a court could determine a reasonable amount under the principle of quantum meruit.

   d. A court will not normally review the adequacy of consideration. So, in theory, the contract is enforceable. However, the $10 might be regarded as evidence of fraud, insanity, or undue influence, any of which would affect the validity of the agreement. In the absence on fraud, insanity, or undue influence, it is a perfectly enforceable contract. Such a low amount could also be evidence of a joke – that is, a lack of intention to create legal obligations.

   e. Again, this is a gratuitous promise, so the agreement cannot be enforced. Should the charity promise something in exchange, such as to put a nameplate on a bed, it might be argued that there was consideration.

   f. This contract probably could not be enforced as the offeror could not reasonably have intent to create legal obligations. A very old case, in which a man promised to pay $100 to any man who married his daughter with his consent, held that the promise could not be sued upon as the offer was made in a fit of irritation, and no intent to give rise to legal consequences existed. The test for whether the parties intended to be bound to the contact is an objective test – what would a reasonable person conclude that the parties intended? Here, it is unlikely that intent to sell the horse was present.
4. Silence cannot generally be stipulated as a means of acceptance, so this email offer in itself will not form a contract. However, this may be tempered by the facts of what was said in phone conversation: was there offer and acceptance orally? If so, a contract may have been formed at that time – contracts need not be in writing to be enforceable (through practically speaking it is difficult to enforce an oral contract without proof of what was specifically agreed to).

5. The Appraisal Institute of Canada’s five Standards are as follows:
   - Ethics Standard
   - Appraisal Standard
   - Review Standard
   - Consulting Standard
   - Reserve Fund Planning Standard

Each Standard includes a concise statement of the rules for that Standard (the Rules), as well as a Comments section that outlines how the rules are to be interpreted. The Practice Notes offers guidance on how the Rules and Comments are to be implied in practice.

6. Members of the Appraisal Institute of Canada (AIC) pledge to conduct themselves in a manner that is not detrimental to the public, the AIC or its Members, or the real property appraisal profession. Members’ relationships with other Members, the AIC, and the public shall be governed by courtesy and good faith and respect the AIC and its procedures.

As a result, disparaging comments against another member can be grounds for a professional practice complaint. You may advise the client to bring the issues to the attention of AIC via the complaint resolution process (www.aicanada.ca/industry-resources/addressing-your-concerns). Alternatively, you may wish to follow this up directly with AIC’s Director, Professional Practice, as there is some implied obligation for professionals regarding public protection, but at the same time to not knowingly prejudice the reputation of another member.

7. a. Utilitarianism: a philosophy that focuses on the consequences of an action to determine whether it is right or wrong, holding that an action that affects the majority adversely is morally wrong.
   b. Individual rights: the Canadian Charter of Rights and Freedoms guarantees the rights and freedoms of individuals, including freedom of conscience and religion; freedom of thought, belief, opinion, and expression; freedom of peaceful assembly; freedom of association; democratic rights; mobility rights; legal rights; equality rights; and minority language educational rights.
   c. Justice and the question of fairness: Justice is defined as what is considered fair according to the prevailing standards of society; in the 21st century, this is an equitable distribution of the burdens and rewards that society has to offer.
   d. Consideration: a right, interest, profit, or benefit accruing to the one party, or some forbearance, detriment, loss, or responsibility undertaken by the other. Consideration must be of some value in the eyes of the court, but it does not have to be money.
   e. Stare decisis: A doctrine whereby the judge will interpret a statute in the same way as courts have done previously – courts follow former similar decisions.
   f. Injunction: a remedy for a breach of contract that either stops a party from doing something or requires a party to do something (called a mandatory injunction).

8. Three of the ways that organizations can influence ethical conduct include:
   - Leading by example: leaders and managers establish patterns of behavior that determine what is acceptable and what is not.
   - Offering ethics training programs: provide formal training for employees to help them develop an awareness of questionable business activities and practice appropriate responses.
• **Establishing a formal code of ethics**: a code of ethics provides employees with the knowledge of what their company expects in terms of their responsibilities and behaviours toward fellow employees, customers, and suppliers.

9. Stakeholders are individuals, groups, or organizations to whom a business has a responsibility. The stakeholders of an organization include its employees, customers, suppliers, investors, the government, and society as a whole.

10. • **Void contract**: a void contract means that the contract never existed at law and never had any legal effect.
    - **Voidable contract**: a legally binding contract exists, but is void once repudiated by a party entitled to do so.
    - **Unenforceable contract**: a contract exists at law but performance of the parties’ obligations cannot be enforced.

11. i. True – while the legal standard of care for professionals can often be determined using industry guidelines, a court is not bound by such professional standards. It is always open for a court to determine that the industry standard is itself negligent. If it is apparent to an ordinary person that the present industry standard is unsafe or negligent (e.g., the present standard is clearly out of date based on new, widely accepted information), then conforming to the present standard is negligent, and can result in professional liability.
    
    ii. False – Where no time limit is specified, an offer will expire after the passage of a reasonable amount of time. What is considered to be a reasonable time will vary with the circumstances of each case.
    
    iii. False – A code of ethics provides employees with the knowledge of what their company expects in terms of their responsibilities and behavior toward fellow employees, customers, and suppliers. A code of ethics may offer detailed guidelines for employees, or can provide summary statements of goals, policies, and priorities – both approaches can be useful, depending on the context.
    
    iv. True – The duty of confidentiality continues after a particular transaction is finished.
    
    v. False – *Conditions* are the essential terms of the contract, going to the heart or root of the problem. *Warranties* are terms of lesser importance in the contract that do not have vital significance to the parties and will not have directly influenced them to enter into the contract as formulated.
    
    vi. True – Business ethics and corporate responsibility have integrative implications for businesses. Market forces and market failures in the economic environment have motivated greater corporate responsibility for organizations wishing to promote consumer confidence.
    
    vii. True – A component lifestyle is made up of a complex set of interests, needs, and choices. A consumer may have several different component lifestyles, each of which is associated with different goods and services and represents a unique market, increasing the complexity of consumer buyer habits.
    
    viii. True – The Supreme Court of Canada is the highest court of appeal from which no further appeals can be taken, and all Supreme Court decisions are binding on all other courts in Canada.
    
    ix. True – Social responsibility is the concern of businesses for the welfare of society as a whole, consisting of obligations beyond those required by law or union contract. It has two basic dimensions: legality and responsibility.
    
    x. True – A party can be mistaken about either the existence or value of the subject matter of the contract. Where both parties to a contract find themselves mistaken about the existence of the contract’s subject matter, a court will declare that there has been a common mistake and that the contract is void.
xi. True – Social responsibility is the concern of businesses for the welfare of society as a whole. Multinational companies must balance the conflicting interests of stakeholders, including employees, customers, suppliers, investors, and the general public.

xii. False – There are three types of misrepresentation: innocent misrepresentation, fraudulent misrepresentation, and negligent misrepresentation.

xiii. True – The trend in Canada is toward great multiculturalism, particularly in the country’s major cities.

xiv. False – A contract has seven essential elements: offer, acceptance, consideration, intention to enter into a binding contract, legal and mental capacity of the parties to enter a contract, lawful objective or subject matter, and genuine consent.

xv. True – The definition of corporate philanthropy is the practice of charitable giving by corporations, which includes contributing cash, donating equipment and products, and supporting the volunteer efforts of company employees.

xvi. True – By definition, a tort is a private or civil wrong, other than a breach of contract, resulting from a violation of the legal rights of one person by another.

xvii. False – Provincial governments are responsible for property rights, civil rights, municipal institutions, the administration of justice within the province, education, and generally all matters of a purely local or private nature.

xviii. False – Intent is internal and difficult to objectively observe.

xix. False – Generation X refers to Canadians born between 1964 and about 1977. It is the first generation of latchkey children – products of dual-career households or, in roughly half of the cases, of divorce or separated parents. They are savvy and cynical consumers, and are the first generation that will not live as well as their parents.

xx. False – Ignorance of the law is not a viable defense where a breach of the Competition Act is alleged.

xxi. True – If a contract is otherwise valid, a court will not examine the adequacy of consideration. Consideration in the amount of $10.00 makes a contract just as binding as consideration in the amount of $10,000.

xxii. False – To succeed in a civil lawsuit, the plaintiff or claimant must be able to convince the decision maker that his or her claim is more probable than not; this obligation of the plaintiff to prove its case is called the burden of proof.

xxiii. True – In contract law, an indication of a person’s willingness to do business, known as an invitation to treat, is not an offer.

xxiv. False – Many people have viewed social responsibility as a one-way street that focuses on the obligations of business to employees, but companies are now telling employees that they also have a responsibility when it comes to job security.

xxv. True – Canadian law, excluding Quebec, comes from two sources: common law and statute law.

xxvi. False – Common law refers to court-based legal principles that flow from judges’ decisions, whereas statute law is the body of law made by our government representatives in the federal parliament, provincial legislature, or municipal council.

xxvii. False – The duty to advise fully, candidly, and honestly involves ensuring that both good news and bad news are imparted to a client regardless of the fact that this degree of honesty may, on occasion, result in the loss of business. A real estate professional must be informed and knowledgeable about all aspects of a transaction or assignment prior to providing any advice or other services in relation to the transaction; this is called the duty to ascertain all the facts.

xxviii. True – An offer is terminated or expires when the offeree makes a counter offer.