

# Deepening Your Analysis: Business Associations

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On the bar exam, **analysis** is where you earn the most points. The rule statement shows you know the law. The analysis shows you can *use* it. Analysis means taking the specific facts from the prompt and explaining, step by step, why they satisfy or fail each element of the rule. A conclusion without this reasoning is just an assertion -- the grader has no evidence you understood the problem. Below, we compare the analysis portions of your essay against a model answer, with specific ways to strengthen each one.

## Issue 1: Carol's Authority to Bind the Partnership

### Your analysis:

Carol was hired as a sales manager, and the partnership explicitly told her she could approve custom orders only up to \$5,000. However, last month, the partnership allowed a \$5,500 contract to proceed without comment. Carol's \$7,000 contract fails under actual authority because Carol does not have actual authority to exceed the \$5,000 limit, despite the previous \$5,500 contract. Therefore, the contract does not bind the partnership.

### Model analysis:

Carol lacked actual authority. A&B explicitly told her she could only approve orders up to \$5,000. However, Carol likely had apparent authority. A&B's prior conduct -- allowing the \$5,500 contract to proceed without comment -- was a manifestation to the public. A new client like Dave could reasonably believe, based on A&B's past acquiescence to an over-the-limit contract, that Carol had the authority to enter into similar contracts. The principal's manifestation, not the agent's, creates apparent authority. Therefore, A&B Designs is bound.

You correctly applied the \$5,000 limit to show actual authority fails. But you stopped there. The \$5,500 contract is the most important fact in this question -- it exists to trigger a second theory: apparent authority. You mentioned it but dismissed it. The model uses it as the crux: the partnership's silence told outsiders like Dave that Carol could approve larger deals. When one theory fails, the exam is almost always testing whether you will spot the next one.

**Build this habit:** Every time you write "therefore, this fails," pause and ask: do the facts support an alternative theory that succeeds? Write two sentences on it, even if brief. That is where the points are.

## Issue 2: Partnership Liability for the Showroom Lease

### Your analysis:

Ben, despite not consulting Alice, signed a one-year lease for a large new showroom with Landlord Corp. The lease will likely bind the partnership because Ben was acting within the ordinary course of business dealings and did not exceed his actual authority.

### Model analysis:

Ben, a partner, signed a lease for a showroom. For a business that creates and sells custom furniture, having a showroom is squarely within the ordinary course of business. It is not an extraordinary matter requiring a unanimous vote of the partners. Because the act was in the ordinary course, Ben had the authority to bind the partnership.

You reached the right answer. The gap is one missing sentence: *why* is a showroom lease "ordinary course"? You asserted it. The model explains it -- a furniture design firm needs a showroom to display products, so leasing one is routine. That single explanatory sentence turns an assertion into analysis.

**Build this habit:** After every conclusion, add one sentence starting with "because" that ties it to the specific facts. "This is ordinary course *because* a furniture firm needs a showroom" -- that is the analysis.

## Issue 3: Ben's Duty of Loyalty (Van Sale)

### Your analysis:

Ben proposed that the corporation buy the van for \$30,000, providing the material facts by disclosing his ownership of the dealership and presenting reliable data showing the price is fair market value, and the majority of disinterested directors voted in favor when Alice reviewed the data and voted to approve the purchase.

### Model analysis:

The van sale was a classic conflicting interest transaction because Ben stood on both sides: as a director of the buyer and as the sole owner of the seller. However, Ben followed the disinterested director safe harbor. He disclosed the material facts and his interest to the board. Alice was disinterested as she had no financial stake in Ben's dealership. After reviewing data, Alice voted to approve. This cleansed the transaction.

This is your strongest section -- you identified the right elements, applied each to the facts, and reached the correct conclusion. The one difference: the model names the problem before solving it. "Ben stood on both sides" tells the reader *why* the duty of loyalty is triggered. You jumped straight into the safe harbor without explaining what made this transaction suspicious. Setting up the conflict first makes your resolution more persuasive.

**Build this habit:** Before applying a legal test, write one sentence identifying what makes this situation *problematic*. "This is a conflict because Ben is on both sides of the deal" -- then the safe harbor analysis lands with more force.

## Conclusory Analysis vs. Proper Analysis

Below are specific sentences from your essay rewritten to show the difference. The conclusory version states the outcome. The rewritten version explains *why* the facts lead there.

### Issue 1 -- The \$5,500 contract

#### CONCLUSORY

Carol's \$7,000 contract fails under actual authority because Carol does not have actual authority to exceed the \$5,000 limit, despite the previous \$5,500 contract that was allowed.

#### REWRITTEN

Carol lacked actual authority to sign the \$7,000 contract because the partnership expressly capped her at \$5,000. However, the partnership's decision to let a \$5,500 contract proceed without objection sent a message to third parties that Carol could approve deals above her stated limit. Dave, a new client, had no way to know about the internal cap. From Dave's perspective, Carol appeared to have authority -- and that appearance binds the partnership.

### Issue 2 -- Ordinary course of business

#### CONCLUSORY

The lease will likely bind the partnership because Ben was acting within the ordinary course of business dealings and did not exceed his actual authority.

#### REWRITTEN

The lease binds the partnership because leasing a showroom is squarely within the ordinary operations of a custom furniture business. A&B Designs creates and sells furniture -- a showroom to display that furniture to clients is a routine business need, not an extraordinary decision requiring both partners' consent.

### Issue 2 -- Alice's personal liability

#### CONCLUSORY

Alice is personally liable on the showroom lease because the general partnership creates a joint and several liability to the partnership.

#### REWRITTEN

Because A&B is a general partnership, Alice is jointly and severally liable for Ben's lease -- meaning Landlord Corp. could pursue Alice personally for the full amount of unpaid rent, even though she never agreed to the lease.

### Issue 3 -- Self-dealing setup

#### CONCLUSORY

Ben proposed that the corporation buy the van for \$30,000, providing the material facts by disclosing his ownership of the dealership.

**REWRITTEN**

This transaction raises a duty of loyalty concern because Ben stands on both sides of the deal -- he is a director of the corporation buying the van, and the sole owner of the dealership selling it. However, Ben followed the proper procedure: he disclosed his personal interest and ownership to the board before the vote.

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You already know the law. Your issue spotting is complete and your conclusions are almost always correct. The gap between a 4 and a 6 is showing more of your reasoning on the page: (1) when one theory fails, look for a second one; (2) after every conclusion, add a "because" sentence tied to the specific facts; (3) name the problem before you solve it. These are small changes that compound.