

PRACTICE EXAM 15: OHIO BUSINESS AND LAW SIMULATION (50 QUESTIONS)

50 Questions — 120 Minutes Recommended

1. Three licensed Ohio plumbing contractors agree to form a joint venture for a single large commercial hospital project. Each contractor brings specialized expertise — one in medical gas, one in process piping, and one in domestic water systems. They execute a joint venture agreement but do not form a separate legal entity. If the joint venture incurs a \$600,000 liability from a construction defect, what is each contractor's personal exposure?

- A. Each contractor is jointly and severally liable for the full \$600,000 because a joint venture without a separate entity operates like a general partnership for liability purposes
- B. Each contractor is liable for \$200,000 representing an equal onethird share of the total liability
- C. Only the contractor whose specialty caused the defect is liable for the full \$600,000 while the others have no exposure
- D. The liability is capped at each contractor's capital contribution to the joint venture regardless of the total judgment

2. An Ohio contractor operates as a singlemember LLC that has elected Scorporation taxation. The contractor pays herself a salary of \$95,000 and takes \$85,000 in distributions. The contractor also contributes \$12,000 to a SEPIRA. For federal tax purposes, what is the total amount subject to FICA payroll taxes?

- A. \$180,000 representing the combined salary and distributions because Scorp shareholders pay FICA on all income
- B. \$83,000 representing the salary minus the SEPIRA contribution because retirement contributions reduce the FICA base
- C. \$95,000 representing only the salary because Scorp distributions and SEPIRA contributions are not subject to FICA

D. \$107,000 representing the salary plus the SEPIRA contribution because employer retirement contributions are FICA taxable

3. A contractor's business plan includes a risk assessment section. The assessment identifies five major risks: customer concentration, skilled labor shortage, material price volatility, bonding capacity limitations, and regulatory changes. For each risk, the plan describes the potential impact but does not include any mitigation strategies. What critical element is missing from the risk assessment?

A. A probability calculation assigning a numerical likelihood to each risk using statistical modeling techniques

B. A comparison of each risk to industry benchmarks showing how the contractor's risk profile compares to competitors

C. An insurance coverage analysis showing which risks are covered by the contractor's CGL and umbrella policies

D. Specific mitigation strategies for each identified risk describing what the contractor will do to prevent, reduce, or transfer each risk

4. An Ohio contractor's OCILB license is due for renewal on June 30. The contractor submits the renewal application with the renewal fee and updated proof of insurance on June 28 — two days before the deadline. However, the contractor has not completed the required continuing education hours. The contractor plans to complete the CE requirement after the renewal date. What is the status of the renewal?

A. The renewal is processed because the CE hours can be completed within a ninetyday grace period after the renewal date

B. The renewal may be denied or delayed because the continuing education requirement must be satisfied before or at the time of renewal

C. The renewal is automatically approved because the application and fee were submitted before the deadline

D. The OCILB will issue a provisional license valid for six months while the contractor completes the CE requirement

5. Under ORC Chapter 4740, the OCILB can take disciplinary action against a licensed contractor for specific causes. A licensed electrical contractor is convicted of a felony unrelated to the contracting business — a DUI resulting in serious injury. Can the OCILB take action against the contractor's license based on this conviction?

- A. Yes because the OCILB can consider felony convictions as part of the contractor's character evaluation which is a factor in licensure decisions
- B. No because the OCILB can only discipline contractors for violations directly related to construction or licensing law
- C. Yes but only if the conviction results in a prison sentence exceeding one year
- D. No because criminal convictions are handled exclusively by the criminal justice system and have no bearing on professional licensing

6. A contractor's estimator calculates the fully loaded labor rate for journeyman electricians. The base wage is \$38.00 per hour. Payroll taxes (FICA, FUTA, SUTA) total \$4.18. Workers' compensation premium adds \$3.42. Health insurance adds \$6.25 per hour. Paid time off adds \$2.92 per hour. What is the fully loaded hourly labor rate?

- A. \$42.18 representing the base wage plus payroll taxes only
- B. \$48.35 representing the base wage plus workers' compensation and health insurance only
- C. \$54.77 representing the base wage plus all burden components combined
- D. \$38.00 because burden costs are accounted for in general overhead not in the labor rate

7. A contractor submits a bid on a commercial project. After bid submission but before bid opening, the contractor discovers a \$45,000 mathematical error in the bid. The contractor immediately contacts the bid recipient to withdraw the bid. Under standard public bidding procedures, can the contractor withdraw the bid before opening?

- A. No because all submitted bids are irrevocable once delivered to the bid recipient regardless of timing
- B. No because bid withdrawal requires written approval from the project architect and the bonding company
- C. Yes but only if the contractor provides a certified letter explaining the error and forfeits the bid security
- D. Yes because bids can generally be withdrawn before the scheduled bid opening time since they have not yet been publicly opened and relied upon

8. A general contractor on a commercial project manages twelve subcontractors. The project is midway through construction when the GC discovers that the drywall subcontractor has been installing moisture-resistant drywall in dry interior areas where standard drywall was specified, resulting in \$18,000 in additional cost above the subcontract price. The drywall subcontractor claims it was an honest mistake. Who absorbs the cost difference?

- A. The project owner because the moisture-resistant drywall provides a superior product that benefits the building
- B. The drywall subcontractor absorbs the cost because the subcontractor is responsible for installing materials per the specifications and the upcharge for non-specified material is the subcontractor's error
- C. The general contractor absorbs the cost because the GC should have caught the error during quality control inspections
- D. The cost is split equally between the GC and the drywall subcontractor as a shared quality control failure

9. A contractor enters into a cost-plus contract with a fee of \$75,000 and a guaranteed maximum price of \$900,000. The contract includes a sixty-four percent savings split favoring the owner. Actual project costs are \$780,000. What is the contractor's total compensation?

- A. \$873,000 calculated as actual costs (\$780,000) plus the fee (\$75,000) plus forty percent of the savings below the GMP (\$18,000)
- B. \$900,000 representing the full GMP because the contractor earns the entire difference between actual costs and the GMP
- C. \$855,000 calculated as actual costs plus the fee with no savings share because the GMP eliminates profit participation
- D. \$780,000 representing actual costs only because the savings belong entirely to the owner under the GMP structure

10. A subcontract contains a pay-when-paid clause stating: "Payment to the Subcontractor is due within seven days after the General Contractor receives corresponding payment from the Owner." The owner pays the GC forty-five days after the GC submits the progress payment application. What is the subcontractor's payment timeline?

- A. The subcontractor is entitled to payment within thirty days of submitting the invoice regardless of the pay-when-paid clause

- B. The subcontractor must wait for the owner to pay the GC and then receive payment within seven days after the GC receives payment
- C. The subcontractor is entitled to payment within seven days of the owner's payment but the paywhenpaid clause is merely a timing mechanism not a condition precedent to payment
- D. The subcontractor has no right to payment until the project is complete and all retainage is released

11. A commercial construction contract requires the contractor to submit a schedule of values with the first progress payment application. The schedule of values allocates the \$1,600,000 contract price among twentytwo work categories. The architect reviews the schedule and notices that the contractor has frontloaded the early work categories — assigning \$320,000 to site work and foundations that the architect believes should total \$180,000 based on the estimated cost. Why does the architect object to frontloading?

- A. Frontloading violates the payment provisions because each work category must equal exactly its proportional share of the contract
- B. Frontloading is standard practice and the architect should approve the schedule without modification
- C. Frontloading creates a tax liability issue because the contractor reports income disproportionately early in the project
- D. Frontloading allows the contractor to receive more money in the early months than the actual value of work completed creating a risk that the owner overpays relative to progress if the contractor defaults

12. A contractor on a commercial project is notified by the owner that the project completion date has been moved up by three weeks due to a tenant occupancy commitment. The original contract completion date has not been modified through a formal change order. The contractor has not caused any delays. Can the owner unilaterally change the completion date?

- A. No because the contract completion date is a binding term that cannot be changed unilaterally and any acceleration requires a formal change order with compensation for acceleration costs
- B. Yes because the owner has inherent authority to adjust the schedule on all commercial projects
- C. No but the contractor must absorb the first week of acceleration costs before becoming eligible for compensation
- D. Yes if the owner provides at least fourteen days' written notice of the schedule change to the contractor

13. A contractor on a commercial project installs a fire-rated wall assembly. During the building inspection, the inspector determines that the assembly does not match the fire-rated assembly specification because the contractor used the wrong type of fire-rated drywall. The contractor argues that the wall provides "equivalent" fire protection. Who has the authority to determine whether the alternative material provides equivalent protection?

- A. The contractor's fire protection engineer can certify the equivalency based on published test data
- B. The building inspector makes the final determination based on their interpretation of the building code
- C. The architect and the authority having jurisdiction must both approve the alternative because fire-rated assemblies must match tested and listed configurations and substitutions require formal approval
- D. The drywall manufacturer can provide a letter confirming equivalency that automatically satisfies the code requirement

14. A contractor's project superintendent observes that the painting subcontractor has begun applying the finish coat of paint before the primer has fully cured. The specifications require a minimum twenty-four-hour cure time between primer and finish coat. The primer was applied only eight hours ago. What should the superintendent do?

- A. Allow the painting to continue because the eight-hour cure time is adequate in warm weather conditions
- B. Direct the painting subcontractor to stop immediately because applying the finish coat before the primer cures violates the specifications and will likely result in adhesion failure and costly rework
- C. Document the early application in the daily log but allow the work to continue to avoid schedule delays
- D. Request that the paint manufacturer provide a written waiver approving the shortened cure time

15. A contractor's CPM schedule shows twenty-five activities. Activities A through E are on the critical path with a total duration of 110 days. Activity F is a noncritical activity with eight days of total float. The contractor completes Activity F in twelve days instead of the planned seven days — a five-day delay. Activity G follows Activity F and has three days of independent float. What is the impact on Activity G and the project completion date?

- A. Activity G is delayed by five days and the project completion date extends by five days

B. Activity G loses five days of float but the project completion date is unaffected because Activity F had eight days of float

C. Activity G is unaffected because its independent float absorbs the entire five-day delay on Activity F

D. Activity G loses five days of float but retains three days and the project completion date is unaffected because the five-day delay on Activity F is within its eight days of total float

16. A general contractor maintains a submittal log on a commercial project. At the end of the project, the log shows that the architect's average response time for submittals was eighteen days. The contract requires responses within fourteen days. Twelve of the forty submittals received responses after the fourteen-day period, with the longest delay being thirty-two days. The contractor files a delay claim. What documentation supports the claim?

A. The submittal log provides specific documented evidence of each late response including the submittal number, date submitted, date returned, and the number of days each response exceeded the fourteen-day requirement

B. The submittal log is irrelevant because architects are not contractually bound to submittal response timeframes

C. The submittal log supports the claim only if every submittal was late not just twelve of the forty

D. The submittal log must be corroborated by OSHA inspection records to be valid as evidence in a delay claim

17. A contractor's CGL policy excludes coverage for "damage to the insured's own work." The contractor installs a commercial kitchen grease interceptor. The interceptor is improperly sealed, causing grease to leak into the adjacent tenant space, damaging the tenant's finished flooring, walls, and inventory. The cost to repair the defective seal is \$2,800. The cost to repair the tenant's damaged space is \$45,000. The tenant's inventory loss is \$22,000. What does the CGL policy cover?

A. The full \$69,800 because all losses resulted from the contractor's negligent installation

B. Only the \$2,800 seal repair because the CGL covers the cost of correcting the insured's defective work

C. The \$45,000 in property damage to the tenant's space and potentially the \$22,000 inventory loss but not the \$2,800 seal repair because the CGL excludes damage to the contractor's own work

D. Only the \$22,000 inventory loss because property damage to the building is excluded under the CGL's building exclusion

18. An Ohio contractor's annual workers' compensation base premium is \$48,000. The contractor's EMR is 0.85. A competitor in the same trade classification has an annual base premium of \$48,000 and an EMR of 1.25. What is the annual premium difference between the two contractors?

- A. \$9,600 calculated by multiplying the base premium by the lower EMR only
- B. \$19,200 calculated by subtracting the EMR values and multiplying by \$100,000
- C. \$40,800 representing the competitor's total premium minus the base premium
- D. \$19,200 calculated as $(\$48,000 \times 1.25)$ minus $(\$48,000 \times 0.85)$ representing the full premium swing between the two EMRs

19. A surety company evaluates a contractor's financial statements and notes that the contractor's gross profit margin has declined from twentytwo percent to sixteen percent over three years while revenue has grown by forty percent. What concern does this trend raise?

- A. No concern because revenue growth of forty percent demonstrates strong business health regardless of margin changes
- B. The declining margin suggests the contractor may be buying work by underbidding to grow revenue which could lead to cash flow problems and project losses
- C. The margin decline is positive because it indicates the contractor is passing savings to customers
- D. The trend affects only the contractor's tax liability and has no bearing on bonding decisions

20. A contractor on a commercial project completes the building's HVAC system and submits it for testing and balancing. The test reveals that the system delivers ninetytwo percent of the specified airflow in two of the twenty zones. The architect considers this a deficiency and directs the contractor to correct it. The contractor argues that ninetytwo percent airflow is within acceptable tolerance. Who determines the acceptable tolerance?

- A. The project specifications define the acceptable tolerances and if the specifications require one hundred percent of design airflow the contractor must meet that standard regardless of how close ninetytwo percent seems
- B. The contractor determines acceptable tolerance based on industry standard practice and manufacturer guidelines
- C. OSHA determines acceptable airflow tolerances for all commercial HVAC installations

D. The mechanical engineer's professional judgment overrides the written specifications when the shortfall is less than ten percent

21. An Ohio employer with forty employees terminates a fiftytwoyearold administrative assistant and replaces her with a twentysixyearold at the same salary. The terminated employee had excellent performance reviews for eight years. The employer claims the termination was part of a "departmental restructuring" but no other positions were eliminated. The employee consults an employment attorney. Under which law does the employee have the strongest claim?

A. The Fair Labor Standards Act because the replacement at the same salary constitutes wage manipulation

B. The Age Discrimination in Employment Act because the employee is over forty, was replaced by a substantially younger person, had excellent performance, and the stated reason appears pretextual

C. The Occupational Safety and Health Act because the termination may have been related to a workplace safety concern

D. The National Labor Relations Act because the restructuring may interfere with the employee's right to organize

22. A nonexempt electrician earns \$41.00 per hour and works fifty hours in a workweek. The employer also provides a \$300 nondiscretionary quarterly bonus paid in the last week of each quarter. This week is the bonus week. Under the FLSA, how must the overtime rate be calculated?

A. \$61.50 calculated as 1.5 times the base hourly rate with the bonus excluded from the calculation

B. \$61.50 because quarterly bonuses are always excluded from the regular rate calculation under FLSA rules

C. The bonus must be allocated across the quarter's hours before the overtime rate can be calculated

D. The \$300 quarterly bonus must be allocated across the thirteen weeks of the quarter and the proportional weekly amount added to the week's earnings before calculating the regular rate and overtime premium

23. Under OSHA's scaffolding standard, a worker on a scaffold at a height of thirty feet drops a wrench that strikes a worker on the ground below, causing a head injury. The scaffold had guardrails and toeboards installed. The injured worker was wearing a hard hat. Investigation reveals that the wrench

fell through a fourinch gap between the toeboard and the platform edge. What OSHA issue does this incident highlight?

- A. The gap between the toeboard and the platform edge should have been addressed with additional protection such as screening or paneling to prevent objects from falling through openings in the scaffold platform
- B. The injured worker's hard hat should have prevented the injury entirely and no scaffold deficiency exists
- C. Guardrails are the only required falling object protection and the scaffold met all OSHA requirements
- D. The worker who dropped the wrench should have been using a tethered tool system which is required on all scaffolds above twenty feet

24. An OSHA compliance officer inspects a commercial construction site and discovers that the contractor has not posted the OSHA workplace safety poster (OSHA 3165) in a conspicuous location accessible to all employees. The contractor states that the poster is kept in the main office files but not displayed. What violation exists?

- A. A recordkeeping violation because the poster is maintained but not posted in the location where workers can read it
- B. No violation because maintaining the poster in the office files satisfies the regulatory requirement
- C. An otherthanserious violation because the poster must be displayed in a conspicuous location where employees can see it but failure to post does not directly create a workplace hazard
- D. A serious violation because the poster requirement is classified as a critical safety standard

25. A subcontractor on a private commercial project files a mechanic's lien affidavit for \$110,000. The property owner disputes \$40,000 of the claim but acknowledges that \$70,000 is legitimately owed. The owner offers to pay \$70,000 in exchange for a full lien release. The subcontractor refuses and insists on payment of the full \$110,000. Can the subcontractor maintain the lien for the full \$110,000 while the \$40,000 is in dispute?

- A. No because the subcontractor must reduce the lien to the undisputed amount of \$70,000 and release the remainder

- B. Yes because the subcontractor has the right to maintain the lien for the full claimed amount while the disputed portion is resolved through negotiation or litigation
- C. No because Ohio law requires the lien to be reduced to seventyfive percent of the original claim whenever the owner disputes any portion
- D. Yes but only if the subcontractor can prove the disputed \$40,000 is owed within thirty days of the owner's objection

26. A general contractor on a private commercial project discovers that a plumbing supplier has filed a mechanic's lien against the property for \$18,000 in unpaid materials. The GC has already paid the plumbing subcontractor in full, including the amount covering these materials. The GC collected conditional lien waivers from the plumbing subcontractor but never collected waivers from the supplier. What does this situation demonstrate?

- A. The GC's lien waiver process was incomplete because it did not extend to secondtier suppliers who have independent lien rights and the GC should have required the subcontractor to provide waivers from all material suppliers
- B. The supplier's lien is invalid because the GC paid the plumbing subcontractor in full which extinguishes all supplier lien rights
- C. The GC has no exposure because supplier liens can only attach to the subcontractor's property not the project property
- D. The supplier must pursue the claim against the plumbing subcontractor and cannot lien the project property

27. Under the percentageofcompletion method, a contractor has a \$1,300,000 contract with estimated total costs of \$1,040,000. Costs to date are \$624,000. A change order increases the contract to \$1,380,000 and adds \$55,000 to estimated costs. What is the revised percentage complete and revenue recognized to date?

- A. 60% complete with \$828,000 in revenue recognized based on the revised contract price
- B. 48% complete with \$662,400 in revenue recognized based on the revised cost estimate
- C. 57% complete with \$786,600 in revenue recognized based on the revised figures
- D. 57% complete with approximately \$786,600 in revenue recognized calculated as costs to date divided by revised total estimated costs multiplied by revised contract price

28. A contractor's balance sheet shows current assets of \$445,000, current liabilities of \$310,000, total assets of \$720,000, and total liabilities of \$480,000. A bonding company evaluates two ratios: current ratio and debttoequity. What are these ratios?

- A. Current ratio 1.43 and debttoequity 2.0 indicating strong liquidity but excessive leverage
- B. Current ratio 1.44 and debttoequity 2.0 indicating adequate shortterm liquidity but high leverage with total debt double the owner's equity
- C. Current ratio 0.70 and debttoequity 0.67 indicating weak liquidity and low leverage
- D. Current ratio 2.32 and debttoequity 1.5 indicating excellent liquidity and moderate leverage

29. An Ohio contractor earns \$6,200,000 in annual gross receipts. The Ohio CAT rate of 0.26% applies to taxable gross receipts above \$1,000,000. What is the contractor's approximate annual CAT liability on the taxable portion?

- A. \$16,120 calculated as 0.26% of the full \$6,200,000 in gross receipts
- B. \$2,600 calculated as 0.26% of the first \$1,000,000 in gross receipts only
- C. \$13,520 calculated as 0.26% of \$5,200,000 which is the taxable gross receipts above the \$1,000,000 threshold
- D. \$6,200 calculated as 0.10% of the full \$6,200,000 in gross receipts

30. An Ohio contractor operating as a sole proprietor has net selfemployment income of \$240,000. The contractor makes no estimated tax payments throughout the year. At filing time, the contractor owes \$72,000 in combined federal income tax and selfemployment tax. The contractor's prioryear total tax liability was \$58,000. The contractor pays the full \$72,000 with the timely filed return. Under the safe harbor rules for taxpayers with AGI over \$150,000, what is the minimum estimated tax payment that would have avoided the underpayment penalty?

- A. \$64,800 representing ninety percent of the currentyear liability
- B. \$58,000 representing one hundred percent of the prioryear liability
- C. \$72,000 representing one hundred percent of the currentyear liability
- D. \$63,800 representing one hundred ten percent of the prioryear liability

31. An Ohio contractor purchases \$90,000 in plumbing materials from an Ohio supplier and pays full Ohio sales tax. The materials are installed on a commercial project for a state university that holds a valid sales tax exemption. After installation, the contractor realizes the purchase should have been taxexempt. Can the contractor recover the sales tax?

- A. Yes by presenting the university's exemption certificate to the supplier for a credit or filing a refund claim with the Ohio Department of Taxation
- B. No because sales tax paid at the point of purchase is permanently nonrefundable under Ohio law
- C. Yes but only for the portion of materials exceeding \$50,000 which is the minimum threshold for tax refund claims
- D. No because the exemption certificate must be presented at the time of purchase and cannot be applied retroactively

32. Under OSHA's construction standards, what is the maximum height at which a worker can work on a scaffold before a personal fall arrest system or guardrail system is required?

- A. Six feet consistent with the general construction fall protection standard
- B. Fifteen feet which is the scaffoldspecific fall protection trigger height
- C. Ten feet which is the scaffoldspecific height at which fall protection becomes mandatory
- D. Twenty feet because scaffolds provide a stable work platform that raises the trigger height

33. A contractor on a commercial project receives a stopwork order from the building inspector for a code violation — the contractor installed a type of electrical panel that is not listed for the application. The contractor must remove the noncompliant panel and install a listed panel. The contractor's daily reports show that the inspector issued the stopwork order at 10:00 AM on Tuesday and work resumed at 8:00 AM on Thursday after the correction was made. What should the contractor do with this documentation?

- A. Destroy the daily reports because they document the contractor's code violation and could be used against the contractor in litigation
- B. Alter the daily reports to show that the stopwork order was issued for weather rather than a code violation
- C. Submit the daily reports as part of the regular project documentation because they provide an accurate contemporaneous record of events even though they document an unfavorable incident

D. Maintain the daily reports in a separate confidential file rather than the regular project documentation

34. A contractor's employee is working at a height of nine feet on a commercial project. The contractor provides a personal fall arrest system but the employee wears only the harness without connecting the lanyard to the anchorage point. An OSHA inspector observes the unconnected lanyard. What citation is most likely?

A. A serious citation against the employer because the employer is responsible for ensuring that employees not only have fall protection equipment but actually use it properly

B. A citation against the employee only because the employer provided compliant equipment and the employee chose not to connect it

C. An otherthanserious citation because nine feet is only three feet above the sixfoot trigger height

D. No citation because wearing the harness demonstrates partial compliance which constitutes a goodfaith effort

35. An Ohio employer with twentyfive employees has an employee who requests twelve weeks of FMLA leave to care for a newborn. The employee has worked for the employer for two years and worked 1,600 hours in the past twelve months. The employer approves the leave. During the leave, the employer discovers that the employee has been working parttime at a competing contractor. Can the employer take action?

A. No because employees on FMLA leave have an absolute right to engage in any outside employment during the leave period

B. No because the employer cannot contact or communicate with the employee during FMLA leave for any reason

C. Yes but only if the outside employment violates a written noncompete agreement in the employee's file

D. Yes because working at a competing contractor during FMLA leave may violate the employer's policies or constitute dishonesty if the leave was taken for bonding with a newborn and the outside work is inconsistent with the stated reason for leave

36. An Ohio contractor on a DavisBacon covered project pays an apprentice plumber enrolled in a registered apprenticeship program. The apprentice is in Year 3 of a fiveyear program. The registered program specifies that thirdyear apprentices receive seventy percent of the journeyman rate. The prevailing wage determination sets the journeyman plumber rate at \$42.00 base plus \$18.50 in fringe benefits. What is the minimum the contractor must pay the thirdyear apprentice?

- A. \$42.00 per hour because all workers on DavisBacon projects must receive the full journeyman base rate
- B. \$29.40 per hour base plus the full \$18.50 in fringe benefits as required for apprentices in registered programs
- C. \$29.40 per hour base plus \$12.95 in fringe benefits calculated as seventy percent of the journeyman fringe rate
- D. \$42.00 per hour plus \$18.50 in fringe benefits because apprentice reductions are not permitted on prevailing wage projects

37. A contractor's employee sustains a laceration that requires three adhesive wound closure strips. The employee returns to work immediately with no restrictions. Under OSHA recordkeeping rules, is this injury recordable?

- A. Yes because any wound requiring closure treatment is recordable regardless of the method used
- B. Yes because adhesive strips indicate medical treatment beyond first aid
- C. No because adhesive wound closure strips are classified as first aid treatment under OSHA's definitions and no other recording criteria are met
- D. No because the employee returned to work immediately and missed no work time

38. An Ohio employer discovers that a current employee's work authorization has expired based on the date recorded in Section 2 of the I9 form at the time of hire. The employee is a permanent resident whose green card has expired. What is the employer's obligation?

- A. The employer must reverify the employee's work authorization by completing Section 3 of the I9 and the employee must present a document showing current work authorization
- B. The employer must terminate the employee immediately because an expired green card means the employee is no longer authorized to work

- C. The employer has no obligation to reverify because permanent residents have indefinite work authorization regardless of green card expiration
- D. The employer must report the expired document to ICE within twentyfour hours and place the employee on unpaid leave

39. A contractor on a commercial project reaches substantial completion on September 1. The contract provides a oneyear warranty from the date of substantial completion. On August 15 of the following year — sixteen days before the warranty expires — the owner discovers a significant HVAC deficiency. The owner immediately notifies the contractor in writing on August 15. The contractor argues that the repair cannot be completed before the warranty expires on September 1 and therefore the claim is untimely. Is the contractor's argument valid?

- A. Yes because all warranty repairs must be completed before the warranty expiration date not merely discovered
- B. No because the deficiency was discovered and reported before the warranty expired and the contractor is obligated to perform the repair regardless of whether the repair itself is completed before the warranty period ends
- C. Yes because warranty claims must be submitted at least thirty days before the warranty expiration to allow adequate time for repairs
- D. No but only if the owner files a lawsuit before the warranty expires to preserve the claim

40. A contractor's income statement shows revenue of \$3,400,000, cost of revenue of \$2,720,000, and general overhead of \$510,000. What is the net operating income and the breakeven revenue?

- A. Net income \$170,000 and breakeven \$2,550,000
- B. Net income \$680,000 and breakeven \$1,700,000
- C. Net operating income \$170,000 and breakeven \$2,550,000
- D. Net operating income \$510,000 and breakeven \$3,400,000

41. A contractor files a mechanic's lien on a private commercial property for \$125,000 on January 15. The property owner immediately posts a surety bond at one hundred fifty percent of the lien amount to discharge the lien from the property. The bond is recorded on February 1. What is the bond amount and what is the contractor's new security interest?

- A. Bond amount is \$125,000 and the contractor must file a new lien against the bond within thirty days
- B. Bond amount is \$187,500 and the contractor retains the original lien against the property in addition to the bond
- C. Bond amount is \$156,250 and the contractor must choose between enforcing the lien or claiming against the bond
- D. Bond amount is \$187,500 and the contractor's security interest transfers from the property to the bond with the underlying dispute continuing through litigation against the bond

42. Under the Miller Act, a secondtier electrical supplier on a federal project delivers \$55,000 in equipment. The last delivery occurs on April 1. The supplier provides written notice to the prime contractor on June 25 — eightyfive days after the last delivery. The supplier files a payment bond lawsuit on January 15 of the following year — approximately nine and a half months after last delivery. Are both procedural steps timely?

- A. The notice is untimely because secondtier suppliers must provide notice within sixty days of last delivery
- B. Both are timely because the notice was within ninety days of last delivery and the lawsuit was filed within one year
- C. The notice is timely but the lawsuit is untimely because Miller Act lawsuits must be filed within six months
- D. Both are untimely because the combined time from last delivery to lawsuit exceeds twelve months

43. A contractor's project involves pouring a large concrete slab on a commercial warehouse. The specification requires a minimum concrete compressive strength of 4,000 PSI at twentyeight days. The contractor's test cylinders show twentyeightday strength of 3,750 PSI — six percent below specification. The contractor argues the concrete is "close enough" and should be accepted. The architect directs the contractor to have the structural engineer evaluate the deficiency. After evaluation, the engineer determines the slab is structurally adequate for the intended use. What options does the owner have?

- A. The owner must accept the slab asis because the structural engineer confirmed adequacy
- B. The owner must require complete removal and replacement regardless of the structural evaluation
- C. The owner can accept the slab with a negotiated price reduction reflecting the nonconforming material or require removal and replacement depending on the contract terms and the owner's preference

D. The owner must accept the slab and cannot request any price reduction because the engineer confirmed structural adequacy

44. An Ohio employer has thirty employees. A female employee reports that her male supervisor has been sending inappropriate text messages, making suggestive comments during work hours, and pressuring her for dates. The employee files a written complaint with the company owner on March 1. The owner conducts an investigation and substantiates the complaint on March 15. The owner issues a written warning to the supervisor. The behavior continues. The employee files a complaint with the Ohio Civil Rights Commission on May 1. What is the employer's primary failure?

A. The employer failed to take effective corrective action because the written warning did not stop the harassment and the employer should have escalated the response with stronger disciplinary measures

B. The employer acted properly by investigating and issuing a warning and has no further obligation

C. The employer should have waited ninety days before taking any action to allow the situation to resolve naturally

D. The employer's only failure was not documenting the investigation which can be corrected retroactively

45. A contractor on a commercial project maintains a change order log. At month ten of a fourteenmonth project, the log shows: twentytwo approved change orders totaling \$210,000 in additions and four deductive change orders totaling \$35,000 in credits. The original contract price was \$1,500,000. What is the current contract value and the net change percentage?

A. Current value \$1,535,000 and net change 2.3%

B. Current value \$1,710,000 and net change 14%

C. Current value \$1,675,000 and net change 11.7%

D. Current value \$1,675,000 and net change percentage of 11.67% calculated as \$175,000 net additions divided by the \$1,500,000 original contract price

46. A contractor's quarterly cash flow projection shows: Month 1 — receipts \$180,000, disbursements \$165,000; Month 2 — receipts \$95,000, disbursements \$210,000; Month 3 — receipts \$240,000, disbursements \$175,000. Beginning cash balance is \$40,000 and the line of credit has \$80,000 available. Will the contractor need to draw on the line of credit?

- A. No because total quarterly receipts exceed total quarterly disbursements by \$55,000
- B. Yes because Month 2 creates a net deficit of \$115,000 that exceeds the beginning balance plus Month 1 surplus resulting in a cumulative cash shortfall requiring a line of credit draw
- C. No because the beginning balance of \$40,000 plus Month 1 surplus of \$15,000 provides \$55,000 which covers Month 2's deficit of \$115,000
- D. Yes because every month shows a net cash deficit requiring continuous line of credit draws

47. A contractor operating as a Ccorporation earns \$400,000 in taxable income. The corporation pays the twentyone percent federal corporate tax rate. After paying corporate taxes, the corporation distributes \$200,000 in dividends to the sole shareholder who is in the twenty percent qualified dividend bracket. What is the total federal tax paid on the \$200,000 that is distributed as dividends?

- A. \$73,600 total calculated as the corporate tax on the distributed amount ($\$200,000 \times 0.21 = \$42,000$) plus the shareholder's dividend tax ($\$158,000 \times 0.20 = \$31,600$)
- B. \$42,000 representing only the corporate tax because dividends are taxfree to shareholders
- C. \$40,000 representing only the shareholder's twenty percent dividend tax because corporate tax was already paid
- D. \$82,000 calculated by adding the twentyone percent corporate rate and the twenty percent individual rate for a combined fortyone percent on \$200,000

48. An Ohio contractor's mechanic's lien on a private commercial property has been in place for four years without a foreclosure action being filed. The contractor has been in ongoing settlement negotiations with the property owner. The contractor's attorney advises that time is running out. How many years remain in the enforcement period?

- A. One year because Ohio allows five years for lien enforcement
- B. No time remains because Ohio's threeyear enforcement deadline has already passed
- C. Approximately two years because Ohio allows six years from the date of filing to commence a foreclosure action
- D. Six years remain because the ongoing negotiations automatically restart the enforcement period

49. An Ohio subcontractor on a private commercial project last furnishes labor on October 1. The subcontractor files a mechanic's lien affidavit on November 28 — fiftyeight days after last furnishing. The subcontractor serves the filed affidavit on the property owner on December 20 — twentytwo days after filing. All three procedural deadlines have been met. The total amount claimed in the lien is \$92,000. The subcontractor later discovers that a billing error inflated the claim by \$8,000 and the actual amount owed is \$84,000. What should the subcontractor do?

- A. Take no action because the \$8,000 overage is within the standard ten percent tolerance for lien claims
- B. File an amended lien affidavit or partial release reducing the claim to the accurate amount of \$84,000 because maintaining an inflated lien exposes the subcontractor to claims of lien abuse
- C. Wait until the dispute is resolved in court and let the judge determine the correct amount
- D. File a completely new lien affidavit for \$84,000 and allow the original \$92,000 lien to expire naturally

50. A contractor on a statefunded public project in Ohio is required to pay prevailing wages. A laborer works fortyfour hours in a workweek. The prevailing wage determination specifies a laborer rate of \$27.50 per hour plus \$14.00 in fringe benefits. How should the four overtime hours be compensated?

- A. At the straighttime prevailing rate of \$27.50 plus the \$14.00 fringe for a total of \$41.50 per overtime hour
- B. At 1.5 times the base rate (\$41.25) plus the straighttime fringe benefit rate of \$14.00 for a total of \$55.25 per overtime hour
- C. At 1.5 times the combined base and fringe rate (\$62.25) for the overtime hours
- D. At the straighttime base rate of \$27.50 only with no overtime premium required on prevailing wage projects

Practice Exam 15: Answer Key and Explanations

1. A — Joint Venturer C operates as a sole proprietorship, which provides no legal separation between the business and the owner's personal assets. When the joint venture's assets are insufficient to cover the judgment, the sole proprietor's personal assets are exposed. Joint Venturers A and B have entity-level protection through their LLC and corporation structures, which generally shield the members' and shareholders' personal assets from the joint venture's liabilities.

- 2. C** — A multi-member LLC that has not filed a special tax election is taxed as a partnership by default. Each member's self-employment tax is calculated on their allocated share of net income per the operating agreement. Member C owns twenty percent, so Member C's self-employment tax applies to \$70,000 ($\$350,000 \times 20\%$). The operating agreement's profit allocation ratio controls the tax allocation.
- 3. D** — A risk analysis that identifies risks and their potential impacts but omits mitigation strategies is incomplete. Lenders want to see that management has thought through how to respond to each identified risk — not just acknowledged that risks exist. Mitigation strategies demonstrate the contractor's preparedness and management capability, which directly affects the lender's confidence in repayment.
- 4. B** — After OCILB approval to sit for the examination, the applicant must complete the required background checks (BCI and FBI) and schedule both the Business and Law exam and the trade-specific plumbing exam through PSI Services. All steps — background checks and both exams — must be completed within the one-year eligibility window from the date of Board approval.
- 5. A** — The contractor does not need to retake the Business and Law exam because it was passed within the last three years (fourteen months ago). The contractor applies for the HVAC license classification, documents the three years of HVAC trade experience, and takes only the HVAC trade-specific exam. The Business and Law exam result carries over for additional trade classifications within the three-year window.
- 6. D** — Net requirement: 12,400 square feet. Waste at ten percent: $12,400 \times 0.10 = 1,240$ square feet. Total order quantity: $12,400 + 1,240 = 13,640$ square feet. The waste factor accounts for cutting losses, damaged material, pattern matching, and field conditions that prevent one hundred percent material utilization. Ordering without waste results in material shortages.
- 7. C** — Failure to acknowledge all addenda is a material responsiveness deficiency on public projects. Addendum 3 modified the HVAC specifications, meaning the contractor's bid may not include the revised scope. The bid may be rejected as non-responsive because the owner cannot determine whether the bid price reflects the current requirements. Addendum acknowledgment is not a minor technicality.
- 8. B** — Ohio courts generally interpret pay-when-paid clauses as timing mechanisms rather than absolute conditions precedent — meaning the GC must pay within a reasonable time even if the owner has not paid. However, a pay-if-paid clause (using explicit condition-precedent language) may be treated differently. The distinction between pay-when-paid and pay-if-paid depends on the specific contract language and Ohio case law interpretation.
- 9. A** — The contractor should proceed with the work as directed (to avoid a breach for refusing a directive) while simultaneously submitting a written change order request within the ten-day contractual deadline. This approach preserves the contractor's claim rights while complying with the owner's directive. Refusing to proceed risks a default; failing to submit timely notice risks waiving the claim.
- 10. C** — The strongest evidence is the contract documents designating the equipment as owner-furnished (establishing responsibility) combined with the contractor's correspondence documenting when the equipment was needed and expected (establishing the timeline). This documentation proves the contractor completed all work within the contractor's scope and that the remaining work depends entirely on the owner delivering the equipment.

11. D — Total float = late start – early start = Day 40 – Day 40 = 0 days. When early and late dates are identical, the activity has zero float, meaning it is on the critical path. Any delay to Activity F will directly extend the project completion date by the same amount. Critical path activities require the closest schedule management attention.

12. A — The contractor holds a significant evidentiary advantage with 260 contemporaneous daily reports providing a day-by-day factual record of the entire project. The owner has no contradicting documentation for the disputed months four and five period. Courts give substantial weight to contemporaneous records because they were created at the time events occurred, not reconstructed from memory years later.

13. C — Whether the two claims are one occurrence or two depends on the proximate cause analysis. Courts may determine that both injuries arose from a single originating cause — the contractor's failure to protect the floor opening — making them one occurrence subject to a single per-occurrence limit. The "occurrence" is defined as the negligent act or condition, not the number of resulting injuries or the number of days involved.

14. B — Premium at 0.85 EMR: $\$48,000 \times 0.85 = \$40,800$. Premium at 1.25 EMR: $\$48,000 \times 1.25 = \$60,000$. Annual difference: $\$60,000 - \$40,800 = \$19,200$. The lower-EMR contractor has a dual competitive advantage: \$19,200 in annual premium savings reduces operating costs, and the 0.85 EMR qualifies for projects that impose maximum EMR thresholds.

15. D — Under standard AIA contract terms, the architect serves as the initial decision-maker on matters of progress and payment. The architect has the authority to evaluate the work in place, determine the percentage complete, and certify the payment amount accordingly. The architect's determination is based on professional judgment and site observations, and if the architect finds ninety-two percent completion unsupported, certification at eighty-five percent is within the architect's authority.

16. A — The Hazard Communication Standard requires training before employees are exposed to hazardous chemicals. The employer planned training for Wednesday but the employee was exposed to a solvent on Tuesday — before training occurred. This violates the HazCom requirement that employees must be informed of chemical hazards before working with or near those chemicals.

17. B — Shoring must extend to the full depth of the trench to provide continuous lateral support. An eighteen-inch gap at the bottom creates an unprotected zone where soil can fail inward, potentially undermining the shoring system above and exposing workers to a cave-in at their feet. The manufacturer's installation instructions and OSHA's tabulated data require full-depth installation.

18. D — Both prescription medication and physical therapy constitute medical treatment beyond first aid under OSHA's recordkeeping definitions. The injury is recordable regardless of whether the employee missed work or had work restrictions. The treatment type alone — prescription anti-inflammatory medication and physical therapy — triggers the recording requirement on Forms 300 and 301.

19. C — The FMLA specifically allows intermittent leave when medically necessary for a serious health condition. The employer cannot require the employee to take all twelve weeks in a continuous block when the medical need is for periodic treatment sessions. The employee's schedule of two days per week for eight weeks totals sixteen days, which is well within the twelve-week (sixty workday) FMLA entitlement.

20. A — When the architect approves a substitution of equal value and performance — particularly one necessitated by product discontinuation rather than the contractor's preference — a change order is typically not required because there is no change in the contract price or scope. The architect's written RFI response approving the substitution provides adequate documentation of the modification.

21. B — Revenue growing forty percent while working capital stays flat indicates the contractor is taking on significantly more work without building the financial reserves needed to support it. Larger projects require more cash for payroll, materials, and equipment before progress payments are received. Growing faster than financial capacity is one of the most common causes of contractor failure.

22. D — Taxable gross receipts above \$1,000,000: $\$6,200,000 - \$1,000,000 = \$5,200,000$. CAT liability: $\$5,200,000 \times 0.0026 = \$13,520$. The 0.26% rate applies only to the portion of gross receipts exceeding the \$1,000,000 threshold. The CAT is calculated on total revenue regardless of profitability.

23. A — Self-employment tax applies only to net earnings from self-employment — the contractor's \$185,000 in net business income. The spouse's \$95,000 W-2 income is not self-employment income and is subject to FICA through the employer's payroll, not through self-employment tax. The SEP-IRA contribution reduces income tax but does not reduce the base for self-employment tax calculation.

24. C — Without a Notice of Furnishing, the subcontractor's lien is limited to the value of work performed during the twenty-one days before the lien filing date. The filing date is January 15, so the lien covers work from approximately December 25 through January 15. All work performed from August 5 through December 24 is unprotected — a potentially massive loss on a \$128,000 claim.

25. B — The supplier's lien rights exist independently of the subcontractor's lien waiver. The subcontractor's unconditional waiver releases only the subcontractor's lien rights, not the lien rights of parties downstream from the subcontractor. The owner did not obtain waivers from all parties who furnished labor or materials, leaving the property exposed to the supplier's valid \$22,000 lien.

26. A — Gross profit: $\$3,100,000 - \$2,418,000 = \$682,000$. Gross profit margin: $\$682,000 \div \$3,100,000 = 22\%$. Break-even revenue: $\$496,000 \div 0.22 = \$2,254,545$. The contractor must generate at least \$2,254,545 in revenue to cover the \$496,000 in overhead. Current revenue of \$3,100,000 is well above break-even.

27. D — Working capital = current assets – current liabilities = $\$440,000 - \$280,000 = \$160,000$. Bonding capacity at fifteen times working capital: $15 \times \$160,000 = \$2,400,000$. This guideline represents the surety's estimate of the maximum aggregate bonded work the contractor can support. Increasing working capital by growing current assets or reducing current liabilities would increase bonding capacity.

28. B — Under the Miller Act, a first-tier subcontractor with a direct contract with the prime contractor can file a payment bond lawsuit without providing any preliminary notice. The ninety-day written notice requirement applies only to second-tier claimants who do not have a direct contract with the prime. The first-tier subcontractor's direct contractual relationship provides sufficient identification.

29. D — Ohio allows six years from the date the mechanic's lien affidavit was filed to commence a foreclosure action. The lien was filed on February 1, five years ago. The six-year deadline is February 1 of the following year — approximately one year from now. The contractor must file a foreclosure lawsuit within that remaining year or the lien will expire permanently.

30. C — Revised contract price: $\$1,250,000 + \$100,000 = \$1,350,000$. Revised total estimated cost: $\$1,000,000 + \$80,000 = \$1,080,000$. Revised percentage complete: $\$600,000 \div \$1,080,000 = 55.56\%$. Revised revenue to date: $55.56\% \times \$1,350,000 = \$750,000$. The change order affects both the numerator denominator of the completion percentage and the revenue base.

31. A — A foot-level anchorage combined with a six-foot shock-absorbing lanyard creates a total potential fall distance of approximately ten feet or more (six-foot lanyard plus three-and-a-half-foot deceleration distance plus worker height below the D-ring). On a ten-foot platform, this exceeds the available clearance, meaning the worker could strike the lower level before the fall arrest system fully activates. Anchorage points must be positioned to ensure adequate fall clearance.

32. C — Under OSHA's recordkeeping rules, the treatment described — wound cleaning, application of antibiotic ointment, and sterile bandaging — is classified as first aid. Removal of a splinter or foreign material from a wound using tweezers or similar methods is also first aid. Since only first aid was administered and there was no lost time, restricted duty, or other recording trigger, the injury is not recordable.

33. D — Ohio workers' compensation is a no-fault system. Benefits are available for injuries that arise out of and in the course of employment regardless of who was at fault. The employer's argument that the employee was wearing PPE and the injury was unforeseeable is irrelevant to compensability — the injury occurred during work activities and is compensable.

34. A — The FMLA applies to employers with fifty or more employees within a seventy-five-mile radius. This employer has only twenty-eight employees (or thirty as stated within seventy-five miles), which falls below the fifty-employee threshold. The FMLA does not apply regardless of the qualifying reason for leave or the employee's hours worked. The employer is not legally required to provide FMLA leave.

35. D — The prevailing wage requires $\$44.00$ base plus $\$18.75$ fringe = $\$62.75$ total. The contractor pays $\$44.00$ base (correct) plus $\$10.50$ health insurance plus $\$5.25$ pension = $\$15.75$ in fringe. Required fringe: $\$18.75$. Shortfall: $\$18.75 - \$15.75 = \$3.00$ per hour. The contractor must either provide additional qualifying benefits or pay the $\$3.00$ difference as additional cash wages.

36. B — Under the FLSA, overtime is calculated on a workweek basis — total hours exceeding forty trigger the $1.5\times$ premium. Total hours: $10+10+10+10+8 = 48$. Overtime: $8 \text{ hours} \times \$14.00 \text{ premium} (\$28.00 \times 0.5) = \$112.00$ underpayment. Federal law does not require daily overtime — only weekly overtime applies unless a state law provides otherwise.

37. C — In an S-corporation, the $\$95,000$ salary is deducted on the corporate return as a wage expense, reducing the S-corp's taxable income passed through to the shareholder. The $\$12,000$ SEP-IRA contribution is also deductible — either on the S-corp return (if the plan is employer-sponsored) or on the shareholder's personal return. Both deductions reduce the overall tax liability.

38. A — Employee discussions about workplace safety conditions — including posts on social media — may constitute protected concerted activity under the National Labor Relations Act. The NLRA protects employees' right to discuss working conditions for mutual aid and protection. Terminating an employee for social media posts about unsafe working conditions may violate the NLRA, particularly if the posts constitute protected concerted activity.

39. B — The submittal log provides documented evidence of each submission date, return date, and the specific number of days each response exceeded the fourteen-day contractual requirement. When correlated with the CPM schedule showing which late submittals affected critical-path procurement activities, the log establishes a direct causal link between the architect's delayed responses and the project schedule impact.

40. D — When a contract contains a liquidated damages clause, the liquidated amount typically controls and replaces the need for the owner to prove actual damages. The parties agreed to \$2,500 per day at the time of contracting as a reasonable pre-estimate of damages. The owner is entitled to \$30,000 (12 days × \$2,500) regardless of whether the actual damages were higher or lower.

41. D — Posting a surety bond at one hundred twenty-five to one hundred fifty percent of the lien amount allows the owner to discharge the lien from the property title without paying the underlying claim. The contractor's security interest transfers from the property to the bond, and the dispute continues against the bond rather than the real estate. This clears the title for refinancing while preserving the contractor's claim.

42. B — The employer is responsible for maintaining SDSs for all hazardous chemicals in the workplace. If the manufacturer failed to provide SDSs, the employer must contact the manufacturer and obtain them before allowing employees to use the products. The employer cannot transfer this obligation to the manufacturer — workplace chemical safety is the employer's responsibility.

43. A — OSHA requires operators to be trained on the specific equipment they will use, including hands-on familiarization with the controls, safety features, and operating characteristics of the particular model. Providing only the manufacturer's manual without hands-on training does not satisfy this requirement. A general aerial lift class from two years ago does not cover the specific unit the employee is now operating.

44. A — Projected total cost: $\$324,000 + \$108,000 = \$432,000$. Revised budget: \$360,000. The projected total exceeds the revised budget by \$72,000. However, the contract price is \$480,000, so projected profit = $\$480,000 - \$432,000 = \$48,000$. The project is profitable but the \$72,000 budget overrun indicates cost control issues that should be investigated.

45. D — Compensability of injuries from workplace altercations depends on whether the altercation arose out of and in the course of employment. If the argument was work-related — a dispute over job duties, work assignments, or working conditions — the resulting injury may be compensable under Ohio's workers' compensation system. Personal disputes unrelated to work may not be compensable.

46. C — Beginning cash (\$65,000) plus receipts (\$340,000) minus disbursements (\$385,000) = \$20,000 positive ending cash. The contractor maintains a positive cash position without drawing on the line of credit, but the \$20,000 balance provides a very thin cushion. The available \$60,000 on the line of credit provides additional backup if unexpected expenses arise.

47. A — Under Section 179 expensing and/or bonus depreciation, the full \$160,000 purchase price may be deductible in the first year, subject to applicable annual limits and the requirement that the equipment is used one hundred percent for business purposes. The mid-year convention for standard depreciation does not apply to Section 179 elections. The full deduction is available regardless of when during the year the equipment is placed in service.

48. B — The contractor should negotiate a modified release that specifically excludes the \$35,000 pending change order from the waiver. This allows the contractor to receive the \$72,000 in retainage while preserving the right to pursue the disputed change order separately. Signing a general release without exclusions would permanently waive the \$35,000 claim.

49. D — OSHA's excavation standard specifies a maximum allowable slope of three-quarter horizontal to one vertical (53 degrees from horizontal) for Type A soil. This is the steepest allowable slope among the three soil types because Type A is the most stable. Type B requires one horizontal to one vertical (45 degrees) and Type C requires one and one-half horizontal to one vertical (34 degrees).

50. C — The contractor is obligated to repair the warranty defect because it was discovered and reported within the warranty period. The warranty obligation is triggered by discovery within the warranty period, not by whether sufficient time remains to complete the repair before the warranty expiration date. The contractor must investigate and repair the roofing defect even though the repair work will extend past the warranty expiration.