

PRACTICE EXAM 21: ARKANSAS BUSINESS AND LAW SIMULATION (50 QUESTIONS)

Total Questions: 50 | **Time Limit:** 2 Hours | **Passing Score:** 70% (35/50)

This practice exam mirrors the official Arkansas Contractor Business and Law Examination in format, domain weighting, and difficulty. Answer all questions by selecting the single best answer.

DOMAIN: BUSINESS ORGANIZATION (1 Question)

1. A contractor forms an LLC with four members. The operating agreement designates Member A as the managing member with sole authority over daily operations, contract execution, and financial decisions. Members B, C, and D are passive investors who do not participate in management. Member D wants to sell their 15% membership interest to an outside investor. The operating agreement is silent on member transfers. Under the Arkansas Revised Uniform Limited Liability Company Act default provisions, what restrictions apply to Member D's transfer?

A. Member D can freely transfer their full membership interest — including management rights, voting rights, and economic rights — to any outside investor without restriction

B. Member D can transfer their economic rights (right to receive distributions) but cannot transfer management or governance rights without the consent of the other members — transferring a membership interest under default LLC law typically conveys only the right to receive distributions, not the right to participate in management decisions

C. Member D cannot transfer any portion of their membership interest because LLC interests are non-transferable under Arkansas law

D. Member D can transfer their interest only if the outside investor agrees to contribute additional capital equal to 15% of the LLC's current fair market value

DOMAIN: LICENSING (4 Questions)

2. A contractor holds both a residential builder license and a restricted commercial license in Arkansas. The contractor bids on a project to renovate a mixed-use building — the first floor is a commercial retail space and the upper two floors are residential apartments. The total project value is \$680,000, with \$280,000 allocated to the commercial renovation and \$400,000 to the residential renovation. Can the contractor perform this project?

A. Yes, because the residential builder license covers the residential portion and the restricted commercial license covers the commercial portion, and neither component exceeds its respective license cap

B. No, because mixed-use buildings are classified entirely as commercial construction regardless of the individual component values

C. Yes, but only if the contractor subcontracts the commercial portion to a separately licensed commercial contractor

D. The contractor should verify with the ACLB whether the project is classified as a single commercial project (requiring the full value to be within the commercial license cap) or as two separate scopes — if classified as a single \$680,000 commercial project, the restricted license cap of \$750,000 accommodates it, but if the ACLB requires the total project to be evaluated under the commercial classification, the contractor must confirm their restricted license covers the full value

3. A contractor's qualifying individual (QI) is involved in a serious car accident and will be unable to work for an estimated 6 months. The QI remains employed by the company but is on medical leave. The contractor continues operating during the QI's absence. What is the ACLB's likely concern about this situation?

A. No concern because the QI remains an employee of the company and their medical leave does not affect the license

B. No concern because the license is valid for 12 months regardless of the QI's work status during the license period

C. The ACLB may be concerned that the QI is not actively involved in the company's construction operations during their absence — the QI's role requires genuine participation in the company's contracting activities, and a 6-month absence may raise questions about whether the licensing requirements are being met in substance rather than merely on paper

D. The ACLB will immediately revoke the license because any absence of the QI exceeding 30 days triggers automatic revocation

4. A licensed contractor in Arkansas hires a new estimator who previously worked for a competing contractor. During the estimator's first week, the new employer discovers that the estimator brought confidential bid data, client lists, and pricing strategies from their former employer. The former employer files a complaint with the ACLB alleging the contractor solicited the theft of trade secrets. Can the ACLB take action?

A. The ACLB may investigate whether the contractor's actions constitute grounds for disciplinary action — while trade secret theft is primarily a civil matter, the ACLB can consider whether the contractor's conduct demonstrates a lack of the ethical character required for licensure, and may impose sanctions if the evidence shows the contractor knowingly solicited or used stolen proprietary information

B. No, because trade secret disputes are exclusively civil matters between the two companies and the ACLB has no jurisdiction

C. No, because the estimator — not the contractor — bears sole responsibility for taking the confidential information

D. Yes, but only if the stolen information was used to underbid the former employer on a specific project

5. The Arkansas Contractors Licensing Board sets the examination fee for the Arkansas Business and Law Examination. A candidate wants to know the current fee and testing logistics. Which of the following accurately describes the exam administration?

A. The exam is administered by the ACLB directly at their Little Rock office on the first Monday of each month for a fee of \$150

B. The exam is administered by PSI Services at authorized testing centers throughout the state for a fee of \$84, and candidates can schedule testing appointments based on availability at their preferred location

C. The exam is administered online through the ACLB's website and can be taken from any location with internet access

D. The exam is administered by Pearson VUE at community college testing centers for a fee of \$250

DOMAIN: ESTIMATING AND BIDDING (4 Questions)

6. A contractor estimates a concrete floor slab: 120 ft × 80 ft × 6 inches thick. Concrete costs \$160/CY delivered with a 4% waste factor. Finishing labor is \$2.00/SF. What is the total estimated cost?

A. \$28,444, calculated using only the concrete material at the base quantity without waste or finishing labor

B. \$29,582, calculated with waste on concrete but excluding all finishing labor from the estimate

C. \$38,400, calculated using only the finishing labor cost without any concrete material in the total

D. \$48,782, calculated as concrete with waste ($120 \times 80 \times 0.5 \div 27 = 177.78 \text{ CY} \times 1.04 = 184.89 \text{ CY} \times \$160 = \$29,582$) plus finishing labor ($9,600 \text{ SF} \times \$2.00 = \$19,200$), totaling \$48,782

7. A contractor reviews the bid documents for a public project and discovers that the specifications reference ASTM standards from 2018, but the current ASTM standards (2024 edition) have more stringent requirements for several materials. The 2024 standards would increase the material cost by approximately \$35,000. The contract's general conditions state: "All work shall comply with the latest edition of applicable codes and standards in effect on the date of bidding." What should the contractor do?

A. Price the bid based on the 2024 ASTM standards because the general conditions require compliance with the latest edition — the specification reference to 2018 standards conflicts with the general conditions' requirement for the latest edition, and the contractor should submit an RFI documenting the conflict while pricing the more stringent (and more expensive) current standards

B. Price the 2018 standards because the specific specification reference overrides the general conditions in all cases

C. Average the cost difference between the two editions and add \$17,500 to the bid as a compromise

D. Exclude all materials governed by ASTM standards from the bid until the conflict is resolved by the architect

8. A contractor receives subcontractor quotes for the electrical work on a commercial project from four electrical subcontractors: \$385,000, \$410,000, \$395,000, and \$620,000. The \$620,000 quote is from a subcontractor who included an alternate scope item (emergency generator) that the other three bidders excluded. The contractor's estimator recognizes this scope difference. What should the estimator do?

A. Use the \$620,000 quote because it is the most comprehensive and includes scope that the other three bidders missed

B. Use the \$385,000 lowest quote regardless of the scope difference because the lowest price always produces the most competitive bid

C. Normalize the quotes by either removing the generator scope from the \$620,000 quote or adding the generator scope to the other three quotes to create an apples-to-apples comparison — then select the best value based on comparable scope, price, and the subcontractor's qualifications

D. Average all four quotes (\$452,500) and use that figure as the electrical budget in the bid

9. A contractor is bidding on a renovation project for a 60-year-old government building. The bid documents include a pre-renovation environmental assessment that identifies lead paint on interior surfaces but states: "No asbestos-containing materials were identified." During the pre-bid walk-through, the contractor notices pipe insulation that appears to be a material commonly associated with asbestos in buildings of this era. What is the most prudent estimating approach?

A. Ignore the observation because the environmental assessment conclusively rules out asbestos and the contractor is entitled to rely on the assessment

B. Include a reasonable asbestos contingency in the bid, submit an RFI to the architect identifying the suspect pipe insulation and the potential conflict with the environmental assessment, and document the observation in the contractor's bid file — this approach protects against underpricing if asbestos is found while preserving the contractor's differing site conditions claim rights

C. Add \$100,000 to the bid for full asbestos abatement regardless of whether asbestos is actually present

D. Decline to bid because the potential for asbestos makes the project too risky for any contractor to undertake

DOMAIN: CONTRACT MANAGEMENT (8 Questions)

10. A contractor on a fixed-price commercial project submits monthly payment applications. The contract states that the owner will pay within 30 days of the architect's certification. For three consecutive months, the owner pays on Day 45 — 15 days late each month. The contractor has sent written notices documenting each late payment. The contract includes a provision allowing the contractor to suspend work if the owner fails to make payment within the contractual timeframe, provided the contractor gives 7 days' written notice of intent to suspend. After the third consecutive late payment, what should the contractor consider?

A. Continue accepting late payments because three months is not a sufficient pattern to justify escalation

- B. File a mechanics' lien immediately without any further communication with the owner
- C. Terminate the contract for cause based on the three late payments without following the suspension procedure
- D. Issue the 7-day written notice of intent to suspend work as provided in the contract — three consecutive months of 15-day late payments establishes a persistent pattern of non-compliance with the payment terms, and the contractor should exercise their contractual right to suspend while simultaneously demanding compliance with the payment schedule

11. A project architect issues a written interpretation of the contract documents stating that a particular interior finish (decorative acoustic wall panels) is included in the contractor's base scope of work. The contractor disagrees, arguing the panels are shown only on a rendering — not on the construction drawings or in the specifications. The contractor believes the architect is adding scope through interpretation rather than clarifying existing scope. Under standard AIA A201 provisions, what is the correct procedure?

- A. The contractor should comply with the architect's interpretation provisionally while preserving their right to dispute it — submit a written objection documenting why the panels are not in the base scope (not shown on construction drawings, not in specifications, shown only on a rendering), submit a change order request for the estimated cost, and proceed with the work to avoid delay while pursuing the claim through the contract's dispute resolution process
- B. The contractor can refuse the architect's interpretation because renderings are never contract documents
- C. The architect's interpretation is automatically final and the contractor has no right to challenge it under any circumstances
- D. The contractor should file a lawsuit immediately because contract interpretation disputes can only be resolved by a court

12. A general contractor on a \$3,800,000 commercial project maintains flow-down provisions in all subcontracts. The prime contract requires all submittals to be reviewed and approved by the architect before installation. A flooring subcontractor installs 4,000 square feet of vinyl plank flooring before the architect reviews and approves the flooring submittal. The architect inspects the installed flooring and determines that the color does not match the approved sample. The architect orders removal and replacement. Who bears the cost?

- A. The architect, because the delayed submittal review caused the subcontractor to proceed without approval
- B. The general contractor, because they should have prevented the subcontractor from installing materials before submittal approval

C. The flooring subcontractor bears the cost because the flow-down provisions bind them to the prime contract's submittal requirements — installing materials before the architect's review and approval violates the submittal process, and the subcontractor assumed the risk that the installed product might not match the approved specification

D. The owner, because the submittal review process is an administrative function that should not affect installation scheduling

13. A contractor receives a change order that simultaneously adds new scope (\$45,000 for additional exterior lighting) and deletes existing scope (\$30,000 for simplified interior lighting controls). The contract allows a 12% markup on additive self-performed work and specifies that deductive change orders are calculated at "direct cost savings only." Both the addition and the deletion are self-performed. What is the net change order amount?

A. \$15,000, calculated as the simple arithmetic difference between the addition and deduction without applying any markup

B. \$20,400, calculated as the additive amount plus markup ($\$45,000 \times 1.12 = \$50,400$) minus the deductive amount at direct cost only (\$30,000), yielding a net increase of \$20,400

C. \$16,800, calculated by applying the 12% markup to the net \$15,000 difference

D. \$25,400, calculated by applying the 12% markup to both the additive and deductive amounts separately

14. A subcontractor on a commercial project provides the general contractor with a conditional lien waiver for \$85,000 in exchange for the August progress payment. The conditional waiver states: "Upon receipt of payment in the amount of \$85,000, the undersigned waives all lien rights for work performed through August 31." The general contractor receives the conditional waiver but does not actually pay the \$85,000. The general contractor then includes the conditional waiver in their payment application to the owner, representing that the subcontractor has been paid. What legal issues does this create?

A. No legal issues because conditional lien waivers are administrative documents that have no legal effect

B. The conditional waiver protects the general contractor regardless of whether the payment is actually made

C. Minor administrative issues that can be corrected by back-dating the payment check when funds become available

D. Serious legal issues — the conditional waiver becomes effective only upon actual receipt of the stated payment, and representing to the owner that the subcontractor has been paid when

they have not constitutes a material misrepresentation that may constitute fraud, breach of the prime contract, and potentially criminal conduct depending on the jurisdiction

15. A contractor working on a hospital expansion discovers that the specified medical gas piping system requires a specialized installer with ASSE 6010 certification. None of the contractor's employees or current subcontractors hold this certification. The contract specifications require ASSE 6010 certification for all medical gas installers. What should the contractor do?

A. Hire a subcontractor who holds ASSE 6010 certification specifically for the medical gas installation — this specialty certification is non-negotiable for life safety reasons, and the contractor cannot install medical gas piping without properly certified personnel regardless of cost or schedule pressure

B. Train existing plumbing employees to perform medical gas installation based on the manufacturer's installation guide

C. Request that the architect waive the ASSE 6010 requirement because it is an overly restrictive specification that limits competition

D. Install the medical gas piping using standard plumbing techniques and have the system inspected by a certified medical gas verifier after installation

16. A project owner sends a letter to the contractor stating: "We are experiencing budget difficulties and need to reduce the project scope. Please provide a deductive change order proposal that eliminates the landscaping, the parking lot lighting, and the exterior signage." The contractor's bid included these items at the following values: landscaping \$85,000 (direct cost \$68,000 + O&P \$17,000), parking lot lighting \$42,000 (direct cost \$34,000 + O&P \$8,000), and exterior signage \$28,000 (direct cost \$22,000 + O&P \$6,000). Under the contract's change order provisions, deductive change orders are calculated at "direct cost savings." What should the contractor's deductive change order proposal show?

A. A \$155,000 deduction representing the full bid value of all three deleted items including overhead and profit

B. A \$93,000 deduction representing 60% of the bid value as a compromise between direct cost and full value

C. A \$124,000 deduction representing the direct cost savings (\$68,000 + \$34,000 + \$22,000), allowing the contractor to retain the \$31,000 in overhead and profit they would have earned on the deleted work — because the contract specifies deductive change orders are calculated at direct cost savings, not at the full bid value

D. A \$124,000 deduction plus a \$15,500 "scope deletion administrative fee" for processing the three deductive change orders

17. A contractor on a commercial project receives the following written directive from the owner's authorized representative: "Effective immediately, concrete placement operations are prohibited between the hours of 6:00 PM and 7:00 AM due to noise complaints from adjacent residential properties. This restriction was not included in the original contract documents." The contractor's schedule includes planned night concrete pours for three large slab placements that cannot be completed in a single daytime shift. How should the contractor respond?

A. Comply immediately and absorb any cost or schedule impact because the owner has the right to impose reasonable restrictions at any time

B. Respond in writing acknowledging the restriction, documenting that it was not in the original contract, identifying the specific schedule impact on the three planned night pours, and submitting a change order for the additional cost of splitting the pours into multiple daytime shifts and the time extension required — because a new work-hour restriction imposed after contract execution constitutes a change to the contract conditions

C. Ignore the restriction because it was not included in the original bid documents and is not enforceable

D. File a noise variance application with the city to override the owner's restriction and maintain the planned night pour schedule

18. A contractor completes a commercial building project. The architect issues the certificate of substantial completion on July 1. The contract states the warranty period is "one year from substantial completion." On June 25 of the following year — six days before the warranty expires — the building owner discovers that the rooftop HVAC units are vibrating excessively, causing noise complaints from tenants on the top floor. The owner notifies the contractor on June 28. The contractor responds: "We will investigate after the July 1 warranty expiration because we cannot mobilize a technician before then." Is the contractor's response appropriate?

A. Yes, because the contractor is not required to complete warranty investigations before the warranty expiration date

B. Yes, because HVAC vibration is a maintenance issue, not a warranty defect

C. No, because the warranty expires on June 30 (one day before the date the contractor cited) and all warranty work must be completed by that date

D. No, because the owner discovered the defect on June 25 and provided notice on June 28 — both within the warranty period — which preserves the warranty claim regardless of when the contractor actually performs the investigation and repair, and the contractor cannot avoid the warranty obligation by delaying mobilization past the expiration date

19. A contractor on a public school project encounters a differing site condition — the soil bearing capacity at the foundation location is significantly lower than the geotechnical report indicated. The contract includes a differing site conditions clause requiring written notice within 21 days of discovering the condition. The contractor verbally notifies the project superintendent and the architect within 2 days of discovery but does not submit the required written notice until Day 35 — 14 days past the contractual deadline. The contractor argues that the verbal notification satisfies the notice requirement. Is the contractor's claim likely preserved?

A. The contractor's claim is at serious risk because the contract requires written notice within 21 days, and verbal notification does not satisfy a written notice requirement — many courts strictly enforce contractual notice provisions as conditions precedent to claim validity, and the 14-day delay in providing written notice may bar the claim regardless of its merits

B. Yes, because verbal notice is always legally equivalent to written notice for differing site conditions claims

C. Yes, because the 35-day written notice is within the standard 45-day grace period recognized by most jurisdictions

D. The claim is preserved because the architect received verbal notice within 2 days, which constitutes constructive written notice

20. A project owner issues a change order adding a rooftop solar panel installation to a commercial building project. The change order increases the contract by \$220,000. The contractor's performance and payment bonds were issued at the original contract value of \$3,200,000. After the change order, the total contract value is \$3,420,000. What should happen regarding the bonds?

A. No action is needed because bonds automatically cover change orders up to 25% above the original contract value

B. The owner should purchase supplemental bonds because bond modifications are the owner's financial responsibility

C. The contractor should notify the surety of the contract value increase and obtain a bond rider increasing the penal sum of both bonds to \$3,420,000 — because the original bonds at \$3,200,000 do not fully cover the increased exposure created by the \$220,000 change order

D. The bonds remain at \$3,200,000 for the project duration because bond values cannot be changed after issuance

DOMAIN: PROJECT MANAGEMENT (6 Questions)

21. A project manager on a 16-month commercial project is at the 8-month mark. The earned value analysis shows: BAC = \$7,200,000; PV = \$3,600,000; EV = \$3,960,000; AC = \$3,750,000. What do the SPI and CPI indicate about project performance?

- A. SPI = 0.91 and CPI = 0.95, indicating the project is behind schedule and over budget
- B. SPI = 1.10 ($\$3,960,000 \div \$3,600,000$) indicating the project is 10% ahead of schedule, and CPI = 1.056 ($\$3,960,000 \div \$3,750,000$) indicating the project is under budget — both indices above 1.0 signal favorable performance on both schedule and cost
- C. SPI = 1.10 and CPI = 0.95, indicating the project is ahead of schedule but over budget
- D. The metrics cannot be calculated without the Estimate at Completion

22. A contractor's superintendent discovers that the plumbing subcontractor installed hot and cold water supply lines in reverse throughout the entire second floor of a commercial building — hot water lines connected to cold water fixtures and cold water lines connected to hot fixtures. The drywall on the second floor has not yet been installed, so the piping is still accessible. What should the superintendent do?

- A. Allow the plumbing subcontractor to leave the piping as installed and simply swap the fixture connections at each point of use
- B. Document the non-conforming installation and allow the drywall to proceed while scheduling the correction for a later date
- C. Notify the project owner immediately and request authorization to proceed with corrections before addressing the issue with the plumbing subcontractor
- D. Require the plumbing subcontractor to correct the reversed supply lines immediately before the drywall installation proceeds — the subcontractor must swap the hot and cold connections at the source (the riser or manifold) and at each branch line as needed, and the correction must be completed and inspected before the piping is concealed behind drywall

23. A project schedule shows Activity R with an early start of Day 55, early finish of Day 68, late start of Day 60, and late finish of Day 73. A 3-day delay occurs, pushing Activity R's start to Day 58. What is the remaining float after the delay?

- A. 2 days remaining — the original total float was 5 days (late start 60 minus early start 55), the 3-day delay consumed 3 days of float, leaving 2 days before the activity becomes critical
- B. 5 days remaining because the original float is not affected by the delay

C. 0 days because any delay to any activity eliminates all available float

D. 8 days because the delay creates additional scheduling flexibility between the new start date and the late finish

24. A contractor is managing the closeout phase of a commercial building project. The architect has issued the punch list after the substantial completion walk-through. The punch list contains 65 items. The contractor's superintendent reviews each item and categorizes them: 50 items are legitimate corrections within the original contract scope, 10 items describe work that exceeds the original scope (requesting finishes or features not shown in the contract documents), and 5 items describe pre-existing conditions in the adjacent existing building that were not caused by the contractor's work. How should the superintendent handle the three categories?

A. Complete all 65 items without objection to expedite final payment and avoid confrontation during closeout

B. Refuse to complete any items until the 15 disputed items are formally removed from the list

C. Complete the 50 legitimate items promptly, formally dispute the 10 out-of-scope items in writing requesting they be processed as change orders, and formally reject the 5 pre-existing condition items in writing with photographic evidence showing they existed before the contractor's work began

D. Complete the 50 legitimate items and the 5 pre-existing condition items as a goodwill gesture while disputing only the 10 out-of-scope items

25. A contractor's project engineer reviews the structural steel shop drawings and notices that the steel fabricator used A36 steel (36,000 PSI yield strength) for a connection plate that the structural drawings specify as A572 Grade 50 steel (50,000 PSI yield strength). The connection plate transfers loads from a primary beam to a column. The shop drawings were submitted to the architect but have not yet been returned with comments. What should the project engineer do?

A. Allow the fabrication to proceed with A36 steel because the architect has not yet reviewed the shop drawings

B. Immediately contact the architect and structural engineer to flag the material discrepancy before fabrication begins — using A36 steel (36,000 PSI) where A572 Grade 50 (50,000 PSI) is specified in a primary beam-to-column connection represents a 28% strength reduction that could compromise the structural integrity of the connection under design loads

C. Accept the A36 steel because the fabricator's engineering judgment should be trusted for connection plate material selection

D. Wait for the architect to catch the discrepancy during their review of the shop drawings

26. A contractor is managing a fast-track design-build project where the foundation is under construction while the structural design is only 70% complete. The structural engineer issues a design bulletin changing the column grid spacing from 30 feet to 25 feet in the north wing — a change that affects the foundation layout currently being formed for the north wing columns. The contractor has already placed 8 of the 12 north wing column footings at the original 30-foot spacing. What is the immediate scheduling and cost impact?

A. No impact because the 8 placed footings can be used for the revised 25-foot grid by adding supplemental footings between them

B. Minimal impact because column grid changes are routine adjustments in fast-track construction

C. The impact is limited to the remaining 4 unplaced footings, which simply need to be repositioned to the revised spacing

D. Significant impact — the 8 already-placed footings at 30-foot spacing do not align with the revised 25-foot grid, meaning some or all may need to be demolished and replaced at the correct locations, the remaining footings must be redesigned, and the contractor should submit a change order for the demolition, reconstruction, and schedule delay caused by the design change during active construction

27. A project owner requests that the contractor accelerate the project schedule by 30 days to accommodate an earlier tenant move-in date. The contract does not include an early completion bonus. The contractor estimates the acceleration will cost \$95,000 in overtime, additional crews, and premium material deliveries. The owner agrees to pay for the acceleration through a change order. After 15 days of acceleration, the owner cancels the acceleration directive and instructs the contractor to return to the original schedule. What costs has the contractor incurred that should be included in the final change order?

A. Only the overtime premium paid during the 15 days of acceleration, with no other costs recoverable

B. Only the cost of returning to the original schedule, with no recovery for the acceleration costs already incurred

C. All acceleration costs incurred during the 15 days of acceleration (overtime, additional crews, premium deliveries) plus the cost of de-accelerating (re-sequencing activities, demobilizing additional crews, canceling premium material orders) — because the contractor incurred these costs at the owner's direction and the owner's subsequent cancellation created additional costs to unwind the acceleration

D. The contractor should absorb all costs because the owner has the right to cancel directives at any time without financial obligation

28. A project's daily report from Monday contains the following entry: "Concrete delivery truck arrived at 7:15 AM with 10 cubic yards of 4,000 PSI structural concrete for the second-floor elevated slab pour. The delivery ticket showed the batch time as 5:45 AM — 90 minutes before arrival. The concrete specification limits the time from batching to placement to 90 minutes maximum. The ambient temperature at 7:15 AM was 92°F." What quality concern does this entry document?

- A. The 90-minute transit time is at the maximum specification limit, and the 92°F ambient temperature accelerates cement hydration and reduces the concrete's workable life — in hot weather, concrete may begin to set faster than the 90-minute limit anticipates, potentially compromising the quality of the placement if the concrete has already begun to lose workability by the time it arrives on site
- B. No quality concern because the concrete arrived within the 90-minute specification limit
- C. The only concern is the temperature, which requires adding ice to the concrete mix upon arrival
- D. The delivery ticket time is approximate and should not be used for quality control purposes

29. A contractor is managing a renovation project in an occupied office building. The contract requires the contractor to maintain fire alarm and sprinkler coverage in all occupied areas during construction. The contractor needs to relocate a fire alarm pull station that is in the path of new construction. The relocation will leave a 20-foot section of the occupied corridor without a pull station for approximately 4 hours during the relocation. What should the contractor do?

- A. Relocate the pull station immediately because a 4-hour gap is within acceptable safety tolerances
- B. Cancel the pull station relocation entirely to avoid any gap in fire alarm coverage
- C. Relocate the pull station without any notification because fire alarm modifications are routine construction activities
- D. Coordinate with the building's fire safety officer to implement interim life safety measures during the 4-hour gap — such as posting a fire watch with a portable radio in the affected corridor — then proceed with the relocation, because the contract requires continuous fire protection and any gap must be addressed through compensating measures approved by the authority having jurisdiction

DOMAIN: INSURANCE AND BONDING (3 Questions)

30. A contractor carries a CGL policy with a \$2,000,000 per-occurrence limit and a \$4,000,000 general aggregate. The contractor also carries a \$10,000,000 umbrella policy. During the policy year, a catastrophic incident produces a \$12,000,000 judgment. How is the judgment covered, and what is the contractor's personal exposure?

A. The CGL pays \$4,000,000 (aggregate) and the umbrella pays \$8,000,000, fully covering the judgment

B. The CGL pays \$2,000,000 (per-occurrence limit) and the umbrella pays \$10,000,000 — total insurance coverage is \$12,000,000, which fully covers the judgment with zero personal exposure to the contractor

C. The CGL pays \$2,000,000 and the umbrella pays \$8,000,000, leaving a \$2,000,000 personal exposure

D. The CGL pays \$4,000,000 and the umbrella pays \$6,000,000, leaving a \$2,000,000 personal exposure

31. A surety has issued a performance bond for a \$2,800,000 commercial project. At 50% completion, the contractor informs the surety that a key project superintendent has resigned and the contractor is having difficulty finding a replacement. The project owner has not yet declared a default. What is the surety's most advantageous response?

A. Wait for the owner to declare a formal default before taking any action because the surety has no obligation to respond to pre-default information

B. Cancel the performance bond immediately because the loss of a key employee constitutes a material change in the contractor's qualifications

C. Assist the contractor in finding a qualified replacement superintendent, potentially providing consulting resources or recommending personnel from the surety's network of construction professionals — early intervention to prevent a default is typically less expensive for the surety than responding after a formal default declaration

D. Immediately hire a replacement superintendent at the surety's expense and assign them to the project without the contractor's consent

32. A contractor's workers' compensation policy is audited at year-end. The auditor discovers that the contractor paid \$45,000 in cash to three workers over the course of the year without reporting this payroll to the workers' compensation carrier. The workers were classified as laborers (classification rate \$9.20 per \$100 of payroll). The contractor's EMR is 1.10. What is the approximate additional premium owed, and what other consequences may result?

A. Additional premium of approximately \$4,554 ($\$45,000 \div \$100 \times \9.20×1.10), plus the contractor may face penalties from the carrier for underreporting payroll, potential IRS

enforcement for paying workers in cash without withholding taxes, and possible ACLB disciplinary action if the unreported workers were uninsured during their employment

B. \$4,140, calculated at the base rate without the EMR adjustment

C. \$0, because cash payments are excluded from workers' compensation premium calculations

D. Additional premium of \$9,200, calculated at an inflated penalty rate of double the standard classification rate

33. A project owner requires the general contractor to name both the owner and the project lender as additional insureds on the contractor's CGL policy. The contractor's broker adds both parties. During construction, a worker from a visiting trade subcontractor is injured and sues the owner and the lender (in addition to the contractor). How does the additional insured endorsement protect the lender?

A. The lender receives no protection because additional insured endorsements do not extend to financial institutions

B. The lender receives protection only for property damage claims, not bodily injury claims arising from construction operations

C. The lender is protected only if they were physically present on the jobsite at the time of the injury

D. The lender can tender the defense of the bodily injury claim to the contractor's CGL insurer under the additional insured endorsement — the endorsement extends coverage to protect the lender against claims arising from the contractor's operations, providing the lender with both defense and indemnity coverage from the contractor's policy

DOMAIN: OSHA RECORDKEEPING (3 Questions)

34. A construction worker steps on a nail that penetrates their boot and punctures the ball of their foot. The jobsite first aid attendant removes the nail, cleans the wound with antiseptic, applies antibiotic ointment, and bandages the foot. The worker receives a tetanus booster at an occupational health clinic and returns to work the same day with no restrictions. Two weeks later, the puncture site develops an infection requiring a physician to prescribe oral antibiotics and place the worker on restricted duty (no climbing or prolonged standing) for 5 days. At what point does this case become OSHA recordable, and what is the recording date?

A. At the time of the initial puncture because all nail punctures are automatically recordable under OSHA standards

B. At the time of the tetanus booster because immunizations administered at medical clinics constitute medical treatment beyond first aid

C. At the two-week follow-up when the physician prescribes oral antibiotics (medical treatment beyond first aid) and places the worker on restricted duty (a recordable outcome) — the case is recorded with the original puncture date, not the follow-up date, because the infection and restricted duty are a continuation of the original work-related injury

D. The case is not recordable because the initial treatment was first aid and the subsequent infection is classified as a separate non-work-related medical event

35. An employer with 300 employees reviews their OSHA recordkeeping obligations for electronic reporting. The company operates multiple jobsites across Arkansas. What electronic reporting requirement applies to this employer?

A. The employer must electronically submit the information from their OSHA 300A Annual Summary through OSHA's Injury Tracking Application (ITA) by March 2 of the following year — establishments with 250 or more employees in most industries must submit this summary data annually

B. The employer must submit all 300 Logs electronically within 7 days of each recordable incident

C. The employer has no electronic reporting obligation because construction companies are categorically exempt

D. The employer must submit complete 300 Logs, 300A Summaries, and 301 Incident Reports electronically on a monthly basis

36. A construction company's safety director wants to understand the difference between the TRIR and the DART rate when comparing safety performance with industry peers. The company's records show: 4 cases with days away from work, 3 cases with restricted work or job transfer, 8 cases with medical treatment beyond first aid only, 1 fatality. Total hours worked: 320,000. What are the TRIR and DART rates?

A. TRIR = 10.0 and DART = 10.0 — both rates are identical because they use the same formula

B. TRIR = 10.0 (16 total cases \times 200,000 \div 320,000) and DART = 5.0 (8 DART cases \times 200,000 \div 320,000) — TRIR includes all 16 recordable cases while DART includes only the 4 days-away + 3 restricted + 1 fatality = 8 cases with lost time, restricted duty, or transfer

C. TRIR = 5.0 and DART = 10.0, with the rates reversed from their correct definitions

D. TRIR = 16.0 and DART = 8.0, calculated without the 200,000 normalization factor

DOMAIN: PERSONNEL REGULATIONS (8 Questions)

37. A contractor with 55 employees has a project foreman who requests 3 weeks of FMLA leave to care for their aging father who requires surgery and post-operative care. The foreman has worked for the company for 5 years and worked over 2,000 hours in the past 12 months. The employer asks: "Is your father a veteran? FMLA military caregiver leave provides 26 weeks instead of 12." The foreman responds that his father is not a veteran. Under standard FMLA provisions, is the foreman eligible for the requested leave?

- A. No, because FMLA leave to care for a parent requires the parent to reside in the employee's household
- B. No, because the foreman's father must be a veteran to qualify for FMLA caregiver leave
- C. Yes, but only for 1 week because FMLA parental care leave is limited to the period of hospitalization
- D. Yes, because the FMLA provides up to 12 weeks of unpaid leave to care for a parent with a serious health condition — the employer has 55 employees (exceeding the 50-employee threshold), and the foreman's 5-year tenure and 2,000+ hours exceed both eligibility requirements

38. An employer has a written policy requiring pre-employment background checks for all construction positions. A candidate for a laborer position discloses a 15-year-old misdemeanor conviction for vandalism. The employer rejects the candidate solely based on the conviction. Under EEOC guidance on the use of criminal history in hiring decisions, what is the employer's potential exposure?

- A. No exposure because employers have absolute discretion to reject candidates with any criminal history regardless of the nature or age of the offense
- B. No exposure because misdemeanor convictions are excluded from EEOC criminal background guidance
- C. Significant exposure — EEOC guidance requires employers to conduct an individualized assessment considering the nature and gravity of the offense, the time elapsed since the conviction, and the nature of the job — a 15-year-old misdemeanor vandalism conviction likely has no bearing on the candidate's ability to safely perform laborer duties, and a blanket rejection without individualized assessment may constitute disparate impact discrimination
- D. Minimal exposure because the employer applied the background check policy uniformly to all candidates

39. A non-exempt heavy equipment operator earns \$40.00 per hour and works the following schedule: Monday 10 hours, Tuesday 10 hours, Wednesday 8 hours, Thursday 12 hours, Friday 10 hours. Total: 50 hours. The employer's policy is to pay overtime daily for hours exceeding 8 in a single day. Under the FLSA, what is the minimum overtime obligation?

A. The FLSA requires overtime for all hours exceeding 40 in a workweek — the minimum overtime is 10 hours at \$60.00/hour ($1.5 \times \40.00) = \$600.00, regardless of the employer's daily overtime policy, because the FLSA calculates overtime on a weekly basis, not daily — the employer's voluntary daily overtime policy may exceed the FLSA minimum but does not replace it

B. The minimum overtime is 14 hours at \$60.00, calculated on a daily basis for all hours exceeding 8 each day

C. No overtime is owed because the FLSA does not require overtime for heavy equipment operators

D. The minimum overtime is 2 hours at \$60.00 because only hours exceeding 48 per week trigger FLSA overtime in the construction industry

40. An employer terminates an employee for a positive drug test under the company's drug-free workplace policy. The employee was taking a legally prescribed medication (an opioid pain reliever) for a documented medical condition. The employee had disclosed the prescription to the company nurse before the drug test. Under the ADA, what is the employer's potential exposure?

A. No exposure because drug-free workplace policies override all ADA protections for employees using controlled substances

B. Potential exposure for disability discrimination — the ADA protects employees who use legally prescribed medications for documented medical conditions, and terminating an employee for a positive drug test caused by a lawfully prescribed medication without engaging in the interactive accommodation process may constitute disability discrimination

C. No exposure because opioid medications are classified as illegal drugs under federal law regardless of prescription status

D. Exposure only if the employee was impaired on the jobsite at the time of the drug test

41. A contractor operating on a Davis-Bacon covered project has electricians who work 48 hours during a workweek. The prevailing wage determination specifies electrician wages of \$44.00/hour plus \$20.00/hour in fringe benefits. Under Davis-Bacon overtime rules, how are the 8 overtime hours compensated?

A. Overtime premium only on the fringe benefit, not the cash wage: 8 hours at \$44.00 wage plus \$30.00 fringe ($1.5 \times \$20.00$)

B. All 48 hours at the combined overtime rate: $(\$44.00 + \$20.00) \times 1.5 = \$96.00$ for all hours

C. No overtime premium because Davis-Bacon projects follow different overtime rules than the FLSA

D. Overtime premium on the cash wage only: 8 hours at \$66.00 wage ($1.5 \times \44.00) plus \$20.00 fringe at the straight-time rate — the overtime multiplier applies only to the cash wage component, while the fringe benefit continues at the straight-time rate for all 48 hours

42. An employer with 40 employees implements a new requirement that all construction workers must speak conversational English. A group of Spanish-speaking employees who have worked for the company for several years and have excellent safety records challenge the policy. Under Title VII, what must the employer demonstrate to defend this requirement?

A. That English is the official language of the United States and employers can require its use in all workplace situations

B. That the employees signed an agreement at hiring acknowledging the employer's right to impose language requirements

C. That the English proficiency requirement is job-related and consistent with business necessity — the employer must show that conversational English is necessary for specific legitimate business reasons such as safety communication, emergency instructions, equipment operation procedures, or coordination with other trades, and that the requirement is not broader than necessary to serve those purposes

D. That at least 75% of the workforce already speaks English, making it the dominant workplace language

43. A contractor's workers' compensation carrier notifies the contractor that their EMR has improved from 1.15 to 0.88 due to three consecutive years of excellent safety performance. The contractor's annual base premium at EMR 1.0 is \$200,000. What is the total annual premium savings compared to the previous EMR, and what additional business benefit does the improved EMR provide?

A. The premium drops from \$230,000 (at 1.15) to \$176,000 (at 0.88) — a \$54,000 annual savings — and the contractor now qualifies for projects requiring a maximum EMR of 1.0, expanding their bidding opportunities to include safety-conscious owners and general contractors who exclude contractors with EMRs above 1.0

B. The premium savings is \$27,000 and the improved EMR has no business benefit beyond the cost reduction

- C. The premium increases because a lower EMR indicates higher risk classification
- D. The premium savings is \$54,000 but the contractor must maintain the improved EMR for 5 consecutive years before the savings become permanent

44. An employer with 60 employees has a worker who requests FMLA leave to attend weekly counseling sessions for PTSD resulting from military combat service. The worker is not on active military duty. The counseling sessions are 90 minutes each, once per week, for an estimated 20 weeks. Under the FMLA, is this request covered?

- A. No, because PTSD counseling is not covered unless the employee is on active military duty
- B. Yes, because PTSD treated through continuing counseling by a licensed healthcare provider qualifies as a serious health condition under the FMLA — the employer has 60 employees (exceeding the threshold), and the worker can take intermittent leave for the weekly 90-minute sessions, with each session deducted from the 12-week FMLA entitlement
- C. No, because the FMLA only covers physical health conditions and does not extend to mental health treatment
- D. Yes, but only under the military caregiver leave provision, which requires the employee to be caring for a veteran

45. A contractor operating on a Davis-Bacon covered project employs a worker who performs ironworker duties for 30 hours and laborer duties for 14 hours during a 44-hour workweek. The prevailing wages are: ironworker \$46.00/hour + \$21.00/fringe; laborer \$24.00/hour + \$11.00/fringe. The contractor pays a blended rate of \$35.00/hour for all 44 hours. Is this pay practice compliant?

- A. Yes, because \$35.00 exceeds the laborer prevailing wage and represents a fair average of both classifications
- B. Yes, because paying a blended rate simplifies payroll and the DOL accepts this practice for split-classification workers
- C. No, because the blended rate overpays the laborer classification, creating a certified payroll reporting discrepancy
- D. No, because Davis-Bacon requires payment at the applicable prevailing wage rate for each classification based on hours actually performed — the ironworker hours must be paid at least \$46.00 + \$21.00 and the laborer hours at least \$24.00 + \$11.00, and the \$35.00 blended rate severely underpays the 30 ironworker hours by \$11.00/hour plus the \$21.00/hour fringe shortfall

46. An employer's HR director terminates a 55-year-old project manager and replaces them with a 32-year-old project engineer at a 35% lower salary. The terminated project manager had consistently positive performance reviews for 10 years. The HR director states the termination was a "cost reduction" measure. Under the ADEA, what evidence would most directly support an age discrimination claim?

A. Documentation showing a pattern of replacing older, higher-paid employees with younger, lower-paid employees across the company — combined with the 10 years of positive performance reviews that contradict any performance-based justification and the HR director's stated "cost reduction" rationale that correlates age with salary level

B. Evidence that the company's employee handbook does not mention age discrimination protections

C. Testimony from the terminated manager's coworkers that they personally believe the termination was age-motivated

D. Evidence that the company does not have a mandatory retirement age policy

47. A contractor's employee handbook contains a clear at-will employment disclaimer. A supervisor tells a newly hired apprentice: "Work hard for us and you'll have a career here for life." Two years later, the apprentice is terminated during a reduction in force. The apprentice sues for wrongful termination based on the supervisor's promise. What is the most likely outcome in most jurisdictions?

A. The apprentice will prevail because the supervisor's promise constitutes a binding oral contract

B. The apprentice will prevail because at-will disclaimers cannot override oral promises made by supervisors with hiring authority

C. The written at-will disclaimer in the handbook will likely prevail over the supervisor's informal oral statement — courts generally uphold clear written at-will provisions over casual verbal assurances, and the employer should train supervisors to avoid making employment guarantees

D. The court will split the difference and award the apprentice 1 year of severance pay as a compromise

48. An employer discovers that their payroll department has been paying a group of 8 Hispanic workers \$2.50 per hour less than non-Hispanic workers performing identical work with comparable experience and tenure. The pay disparity has persisted for 14 months. What is the employer's total minimum back-pay exposure for the FLSA overtime-adjusted wage difference, and what federal laws have been violated?

A. The exposure is limited to \$500 per affected worker because wage discrimination penalties are capped

B. The employer has violated Title VII (national origin discrimination in compensation) and potentially the Equal Pay Act — the minimum back-pay exposure is approximately $\$2.50/\text{hour} \times \text{average hours worked per week} \times 14 \text{ months} \times 8 \text{ workers}$, plus potential liquidated damages under the Equal Pay Act (doubling the back pay), plus attorney fees and court costs

C. Only the Equal Pay Act applies because Title VII does not cover wage-related claims

D. No federal law is violated because employers have discretion over individual pay rates as long as all workers earn above minimum wage

49. An employer has a zero-tolerance policy for workplace violence. A worker gets into a heated verbal argument with a coworker that escalates to shoving. Both workers are sent home for the day. The aggressor returns the next day and apologizes. The employer issues only a verbal warning. Two weeks later, the same worker physically assaults a different coworker, causing serious injuries. What is the employer's exposure for the second incident?

A. No exposure because the employer addressed the first incident with appropriate discipline

B. Minimal exposure because the worker apologized after the first incident and the employer could not have predicted a second occurrence

C. Exposure only for workers' compensation benefits for the injured coworker

D. Significant exposure — the employer had notice of the worker's violent propensity from the first incident (escalation from verbal argument to physical shoving), and issuing only a verbal warning for a zero-tolerance policy violation was inadequate, creating foreseeable risk that the behavior would recur, and the employer may be liable for negligent retention and failure to enforce their own workplace violence policy

50. An employer's workers' compensation insurance audit reveals that the company misclassified 5 carpenters earning a combined \$320,000 under the "general clerical" classification ($\$1.50$ per \$100 of payroll) instead of the correct "carpentry" classification ($\$12.00$ per \$100 of payroll). The contractor's EMR is 0.95. What is the approximate additional premium owed?

A. Approximately \$31,920, calculated as the difference between the carpentry premium ($\$320,000 \div \$100 \times \$12.00 \times 0.95 = \$36,480$) and the clerical premium already paid ($\$320,000 \div \$100 \times \$1.50 \times 0.95 = \$4,560$), yielding \$31,920 in additional premium — this dramatic difference reflects the vastly different risk profiles between office clerical work and active construction carpentry

- B. \$4,560, calculated at the clerical rate on the full payroll
- C. \$36,480, calculated at the full carpentry rate without crediting the clerical premium paid
- D. \$0, because classification audits cannot result in retroactive premium adjustments

Practice Exam 21: Answer Key and Explanations

- 1. B** — Under default LLC law, a member can transfer their economic rights (the right to receive distributions) but cannot transfer management or governance rights without consent of the other members. The transferee becomes an "assignee" who receives distributions but does not become a full member with voting or management authority. This default rule protects existing members from having unknown parties thrust into the governance structure.
- 2. D** — Mixed-use buildings present classification questions that depend on how the ACLB treats the project — as a single commercial project or as separable scopes. The contractor should verify with the Board whether the total \$680,000 is evaluated under the commercial license (within the \$750,000 restricted cap) or whether the components are assessed separately. Proactive ACLB consultation prevents licensing violations on complex projects.
- 3. C** — The qualifying individual must be genuinely involved in the company's construction operations — not merely listed on the license while absent from the business. A 6-month medical leave raises legitimate questions about whether the QI is actually fulfilling the role that the license requires. The contractor should notify the ACLB and discuss interim arrangements to maintain compliance during the QI's absence.
- 4. A** — While trade secret theft is primarily a civil matter, the ACLB can consider whether the contractor's conduct demonstrates a lack of ethical character required for licensure. If evidence shows the contractor knowingly solicited or used stolen proprietary information, the Board may impose disciplinary sanctions. The ACLB's authority extends to the contractor's fitness to hold a license, which encompasses ethical business conduct.
- 5. B** — The Arkansas Business and Law Examination is administered by PSI Services LLC at authorized testing centers throughout the state. The examination fee is \$84, and candidates can schedule testing appointments based on availability at their preferred PSI testing location. There is no mandatory waiting period between attempts if the candidate fails.
- 6. D** — Volume: $120 \times 80 \times 0.5 = 4,800 \text{ CF} \div 27 = 177.78 \text{ CY}$. With 4% waste: $177.78 \times 1.04 = 184.89 \text{ CY}$. Material: $184.89 \times \$160 = \$29,582$. Finishing labor: $9,600 \text{ SF} \times \$2.00 = \$19,200$. Total: $\$29,582 + \$19,200 = \$48,782$. The waste factor applies to the concrete quantity (to account for spillage and over-excavation), while finishing labor is calculated on the net slab area.
- 7. A** — The general conditions require compliance with the "latest edition of applicable codes and standards in effect on the date of bidding," which means the 2024 ASTM standards control over the 2018 edition referenced in the specifications. The contractor should price the more

stringent 2024 standards and submit an RFI documenting the conflict. This approach protects against underpricing while preserving the contractor's position.

8. C — The \$620,000 quote includes scope (emergency generator) that the other three bidders excluded. To make a valid comparison, the estimator must normalize the quotes — either remove the generator from the \$620,000 quote or add the generator to the other three quotes. Comparing quotes with different scopes produces a misleading evaluation that could result in either overpaying or missing required scope.

9. B — The most prudent approach balances reliance on the environmental assessment with the field observation. Including a reasonable asbestos contingency protects against underpricing. Submitting an RFI documents the conflict between the assessment and the visual observation. Documenting the observation in the bid file preserves the contractor's differing site conditions claim rights if asbestos is later confirmed.

10. D — Three consecutive months of 15-day late payments establishes a persistent pattern of non-compliance. The contractor should exercise their contractual right to issue the 7-day written notice of intent to suspend work. This formal step follows the contract's prescribed procedure and creates maximum leverage to compel the owner to comply with the payment terms without the contractor simply tolerating chronic late payment.

11. A — The contractor should comply provisionally with the architect's interpretation while preserving their right to dispute it. The written objection should document that the panels appear only on a rendering (not on construction drawings or in specifications), submit a change order for the estimated cost, and proceed with the work to avoid delay. This approach keeps the project moving while protecting the contractor's claim.

12. C — The flow-down provisions bind the flooring subcontractor to the prime contract's submittal requirements. Installing materials before the architect's review and approval violates this process. The subcontractor assumed the risk that the installed product might not match the approved specification. The cost of removal and replacement falls on the subcontractor who chose to proceed without authorization.

13. B — Additive: $\$45,000 \times 1.12 = \$50,400$. Deductive: \$30,000 at direct cost only (per the contract). Net change order: $\$50,400 - \$30,000 = \$20,400$ increase. The contract's asymmetric treatment — markup on additions but direct cost only on deductions — protects the contractor's overhead and profit on deleted scope while properly compensating them for added scope.

14. D — A conditional lien waiver becomes effective only upon actual receipt of the stated payment amount. Representing to the owner that the subcontractor has been paid when they have not is a material misrepresentation that may constitute fraud, breach of the prime contract, and potentially criminal conduct. Conditional waivers are designed to protect against exactly this situation.

15. A — ASSE 6010 certification for medical gas installation is a non-negotiable life safety requirement. Medical gas piping systems deliver oxygen, nitrous oxide, and other gases directly to patient care areas — improperly installed systems can cause patient deaths. The contractor must hire a certified subcontractor regardless of cost or schedule impact.

16. C — The contract specifies deductive change orders at "direct cost savings." The deduction is $\$68,000 + \$34,000 + \$22,000 = \$124,000$ in direct costs. The contractor retains the $\$31,000$ in overhead and profit ($\$17,000 + \$8,000 + \$6,000$) they would have earned. The owner saves $\$124,000$, not $\$155,000$, because the contract's change order provisions protect the contractor's margin on deleted scope.

17. B — A work-hour restriction imposed after contract execution that was not in the original bid documents constitutes a change to the contract conditions. The contractor should respond in writing, document the schedule impact on the three planned night pours, and submit a change order for the additional cost of splitting the pours into multiple daytime shifts and the resulting time extension.

18. D — The owner discovered the defect on June 25 and notified the contractor on June 28 — both dates fall within the one-year warranty period ending July 1. Timely notification within the warranty period preserves the claim. The contractor cannot avoid the warranty obligation by delaying mobilization past the expiration date — the claim was properly made within the warranty period.

19. A — The contract requires written notice within 21 days, and verbal notification does not satisfy a written notice requirement. The contractor's written notice at Day 35 is 14 days late. Many courts strictly enforce contractual notice provisions as conditions precedent to claim validity. The 14-day delay in providing written notice may bar the claim regardless of its underlying merit or the owner's actual knowledge.

20. C — The contractor should notify the surety of the contract value increase and obtain a bond rider increasing the penal sum to $\$3,420,000$. The original bonds at $\$3,200,000$ do not cover the full exposure created by the $\$220,000$ change order. Most bond forms include provisions for adjustments, but they are not automatic — the contractor must proactively request the increase.

21. B — $SPI = \$3,960,000 \div \$3,600,000 = 1.10$, indicating the project is 10% ahead of schedule — more work has been completed than planned at this point. $CPI = \$3,960,000 \div \$3,750,000 = 1.056$, indicating the project is under budget — the completed work cost less than budgeted. Both indices above 1.0 signal favorable performance.

22. D — The reversed supply lines must be corrected before the drywall installation proceeds because once the piping is concealed, corrections become exponentially more expensive. The plumbing subcontractor should correct the hot/cold connections at the source and each branch line. The correction must be completed and inspected before concealment — this is the subcontractor's error and their cost.

23. A — Original total float: late start (Day 60) minus early start (Day 55) = 5 days. The 3-day delay consumed 3 of those 5 days. Remaining float: $5 - 3 = 2$ days. The activity can still be delayed 2 more days before it becomes critical. If any additional delay occurs beyond 2 days, it will directly extend the project completion date.

24. C — The superintendent should complete the 50 legitimate corrections promptly, formally dispute the 10 out-of-scope items in writing requesting change orders, and formally reject the 5 pre-existing condition items with photographic evidence showing they existed before the

contractor's work. This three-category approach demonstrates good faith while protecting the contractor's financial interests.

25. B — Using A36 steel (36,000 PSI) where A572 Grade 50 (50,000 PSI) is specified in a primary beam-to-column connection represents a 28% strength reduction. This discrepancy must be flagged immediately to the architect and structural engineer before fabrication begins. Allowing fabrication to proceed with the wrong material could result in a structural connection failure under design loads.

26. D — The 8 already-placed footings at 30-foot spacing do not align with the revised 25-foot grid. Some or all may require demolition and reconstruction at the correct locations. This is a significant cost and schedule impact caused by the design change during active construction — a common risk in fast-track delivery. The contractor should submit a change order for all demolition, reconstruction, and delay costs.

27. C — The contractor incurred costs at the owner's direction during the 15-day acceleration (overtime, crews, premium deliveries) and will incur additional costs to de-accelerate (re-sequencing, demobilizing additional crews, canceling premium orders). Both the acceleration costs and the de-acceleration costs were caused by the owner's directives and should be included in the final change order.

28. A — The concrete arrived at the maximum 90-minute specification limit, and the 92°F ambient temperature accelerates cement hydration and reduces workability. In hot weather, concrete may begin to set faster than normal, meaning the 90-minute transit time that barely meets the spec at 70°F may result in a partially set mix at 92°F. The superintendent should evaluate the concrete's workability before authorizing placement.

29. D — The contract requires continuous fire protection in occupied areas. A 4-hour gap in pull station coverage must be addressed through interim life safety measures — such as posting a fire watch with a portable radio in the affected corridor. The fire safety officer or authority having jurisdiction should approve the compensating measures before the relocation begins.

30. B — CGL pays \$2,000,000 (per-occurrence limit). Umbrella pays the excess up to its \$10,000,000 limit: $\$12,000,000 - \$2,000,000 = \$10,000,000$. Total insurance coverage: $\$2,000,000 + \$10,000,000 = \$12,000,000$. The judgment is fully covered with zero personal exposure. The combined CGL and umbrella limits were sufficient for this catastrophic loss.

31. C — Early intervention to help the contractor find a qualified replacement superintendent is the surety's most cost-effective response. Preventing a default is always less expensive than responding after one occurs. The surety may provide consulting resources, recommend qualified personnel from their network, or connect the contractor with recruitment firms specializing in construction management.

32. A — Additional premium: $(\$45,000 \div \$100) \times \$9.20 \times 1.10 \text{ EMR} = \$4,554$. Beyond the premium adjustment, the contractor faces penalties from the carrier for underreporting payroll, potential IRS enforcement for cash payments without tax withholding, and possible ACLB disciplinary action if the unreported workers were effectively uninsured during their employment.

33. D — The additional insured endorsement extends the contractor's CGL coverage to protect the lender against claims arising from the contractor's operations. When the visiting trade worker sues the lender, the lender can tender the defense to the contractor's CGL insurer. The endorsement provides both defense costs and indemnity coverage, giving the lender the same protection as the named insured.

34. C — The initial treatment (nail removal, antiseptic, antibiotic ointment, bandage, tetanus booster) is all first aid. The case becomes recordable at the two-week follow-up when the physician prescribes oral antibiotics (medical treatment beyond first aid) and places the worker on restricted duty (a recordable outcome). The case is recorded with the original puncture date because the infection is a continuation of the original work-related injury.

35. A — Establishments with 250 or more employees in most industries must electronically submit 300A Annual Summary data through OSHA's Injury Tracking Application by March 2 of the following year. With 300 employees, this employer exceeds the 250-employee electronic reporting threshold. The requirement applies to the summary data, not to individual case details from the 300 Log or 301 forms.

36. B — Total recordable cases: $4 + 3 + 8 + 1 = 16$. $TRIR = (16 \times 200,000) \div 320,000 = 10.0$. DART cases: $4 + 3 + 1 = 8$ (excludes the 8 medical-treatment-only cases). $DART = (8 \times 200,000) \div 320,000 = 5.0$. TRIR includes all recordable cases; DART includes only cases with days away, restricted duty, transfer, or death.

37. D — The FMLA provides up to 12 weeks of unpaid leave to care for a parent with a serious health condition. The employer has 55 employees (above the 50-employee threshold), and the foreman has 5 years of tenure with 2,000+ hours (exceeding both eligibility requirements). Surgery and post-operative care constitute a serious health condition. The 3-week request is well within the 12-week maximum.

38. C — EEOC guidance requires an individualized assessment of criminal history considering the nature and gravity of the offense, time elapsed, and relevance to the job. A 15-year-old misdemeanor vandalism conviction has virtually no bearing on a laborer's job duties. Blanket rejection based on any criminal history without individualized assessment may constitute disparate impact discrimination, particularly against minority applicants.

39. A — The FLSA calculates overtime on a weekly basis — not daily. Total hours: 50. Minimum overtime: 10 hours at \$60.00 ($1.5 \times \40.00) = \$600.00. The employer's voluntary daily overtime policy may result in more overtime pay than the FLSA requires (14 daily overtime hours vs. 10 weekly), but the FLSA minimum is the legal floor. The employer pays whichever calculation produces the higher amount.

40. B — The ADA protects employees who use legally prescribed medications for documented medical conditions. Terminating an employee for a positive drug test caused by a lawful prescription without engaging in the interactive accommodation process may constitute disability discrimination. The employer should have explored whether the employee could safely perform their job duties while taking the prescribed medication.

41. D — Under Davis-Bacon overtime rules, the overtime premium applies only to the cash wage component. Straight time: 40 hours \times (\$44.00 wage + \$20.00 fringe). Overtime: 8 hours

× (\$66.00 wage [1.5 × \$44.00] + \$20.00 fringe at straight-time rate). The fringe benefit continues at the straight-time rate for all hours and is never multiplied by the overtime factor.

42. C — The employer must demonstrate the English proficiency requirement is job-related and consistent with business necessity. Legitimate reasons include safety communication, emergency instructions, and coordination with other trades. The requirement must not be broader than necessary — if the legitimate need is safety communication, a blanket conversational English requirement may exceed what is necessary to achieve that specific purpose.

43. A — Premium at EMR 1.15: $\$200,000 \times 1.15 = \$230,000$. Premium at EMR 0.88: $\$200,000 \times 0.88 = \$176,000$. Annual savings: \$54,000. Beyond the premium reduction, the improved EMR of 0.88 qualifies the contractor for projects requiring a maximum EMR of 1.0, expanding bidding opportunities that were previously unavailable at the 1.15 rating.

44. B — PTSD treated through continuing counseling by a licensed healthcare provider qualifies as a serious health condition under the FMLA. The FMLA covers mental health conditions on equal footing with physical conditions. The worker can take intermittent leave for the weekly 90-minute sessions, with each session deducted from the 12-week entitlement. Military caregiver leave is a separate provision for caring for a veteran — not required here.

45. D — Davis-Bacon requires payment at the applicable prevailing wage for each classification based on hours actually worked. The ironworker hours must be paid at \$46.00 + \$21.00 and the laborer hours at \$24.00 + \$11.00. The \$35.00 blended rate severely underpays the 30 ironworker hours by \$11.00/hour in wages plus the full \$21.00/hour fringe shortfall — a major Davis-Bacon violation.

46. A — The strongest evidence combines multiple elements: a pattern of replacing older workers with younger, cheaper replacements across the company; 10 years of positive performance reviews that contradict any performance-based justification; and the HR director's "cost reduction" rationale that correlates salary level with age and tenure. Together, these facts create a compelling circumstantial case that age was the but-for cause.

47. C — Courts generally uphold clear, written at-will disclaimers over informal verbal statements made by supervisors. The handbook's unambiguous at-will language typically controls over a supervisor's casual promise of lifetime employment. The employer should train supervisors to avoid making statements that could be construed as employment guarantees.

48. B — Title VII prohibits compensation discrimination based on national origin, and the Equal Pay Act may apply to sex-based pay disparities performing equal work. The minimum back-pay exposure covers $\$2.50/\text{hour} \times \text{hours worked} \times 14 \text{ months} \times 8 \text{ workers}$. Liquidated damages under the Equal Pay Act can double the back pay. Attorney fees and court costs add to the total exposure.

49. D — The employer had notice of the worker's violent propensity from the first incident (escalation to physical shoving). Issuing only a verbal warning for a zero-tolerance policy violation was inadequate and created foreseeable risk of recurrence. The employer may be liable for negligent retention and failure to enforce their own workplace violence policy. The apology does not mitigate the employer's obligation to enforce the zero-tolerance standard.

50. A — Carpentry premium: $(\$320,000 \div \$100) \times \$12.00 \times 0.95 = \$36,480$. Clerical premium paid: $(\$320,000 \div \$100) \times \$1.50 \times 0.95 = \$4,560$. Additional premium: $\$36,480 - \$4,560 = \$31,920$. The \$31,920 difference reflects the dramatically different risk profiles — active construction carpentry versus sedentary office clerical work — and underscores why accurate classification is essential.