

PRACTICE EXAM 33: TENNESSEE BUSINESS AND LAW SIMULATION (50 QUESTIONS)

Total Questions: 50 | **Time Limit:** 140 Minutes | **Passing Score:** 73% (37/50)

1. A contractor operating as a limited partnership has gross receipts of \$2,900,000, net earnings of \$365,000, net worth of \$440,000, and tangible property valued at \$400,000. What combination of Tennessee taxes applies?

- A. Business tax only, because limited partnerships are exempt from franchise and excise tax
- B. Franchise and excise tax only, because limited partnerships are exempt from business tax
- C. Business tax on gross receipts, franchise tax based on the greater of net worth or tangible property, and excise tax at 6.5% on net earnings — all three apply
- D. No Tennessee taxes because limited partnerships are pure pass-through entities

2. A contractor has total assets of \$1,100,000, total liabilities of \$710,000, current assets of \$425,000, and current liabilities of \$290,000. The contractor wants to bid on a \$1,400,000 project. Can the monetary limit support this?

- A. Yes, because the net worth of \$390,000 supports a limit of \$3,900,000
- B. No, because the Board requires a minimum current ratio of 2.0 for projects above \$1,000,000
- C. No, because the monetary limit is ten times the lesser of net worth (\$390,000) or working capital (\$135,000) — the limit is \$1,350,000, which falls below \$1,400,000
- D. Yes, because total assets of \$1,100,000 support any project under \$2,000,000

3. A contractor signs an unconditional lien waiver and delivers it before receiving the \$60,000 progress payment. The project owner's business later goes bankrupt and the payment is never made. What is the legal effect?

- A. The unconditional waiver is void because the owner's bankruptcy constitutes material breach
- B. The unconditional waiver is effective immediately upon signing — the contractor has released lien rights regardless of whether payment is ever received
- C. The waiver converts to a conditional waiver upon the bankruptcy filing
- D. The waiver is suspended until the bankruptcy court resolves the payment claim

4. A contractor enters into a cost-plus-percentage contract with a 13% fee for a \$650,000 estimated renovation. The contractor discovers a \$25,000 cost-saving substitution that meets all requirements. What financial disincentive exists?

- A. No disincentive because the owner makes all final decisions independently
- B. A positive disincentive because value engineering credits increase the fee
- C. The contractor loses \$3,250 in fee income because 13% of the \$25,000 savings is eliminated
- D. The disincentive is neutral because the owner independently verifies all substitutions

5. A contractor operating as a C-corporation has net earnings of \$395,000, net worth of \$520,000, and tangible property valued at \$480,000. What is the Tennessee excise tax liability?

- A. \$1,300, calculated at \$0.25 per \$100 of net worth of \$520,000
- B. \$1,200, calculated at \$0.25 per \$100 of tangible property of \$480,000
- C. \$0, because C-corporations with net earnings under \$400,000 are exempt
- D. \$25,675, calculated at 6.5% of the net earnings of \$395,000

6. A subcontractor furnishes labor and materials to a state-funded veterans' memorial construction project. The general contractor has not paid \$96,000. Can the subcontractor file a mechanic's lien?

- A. Yes, because memorial projects are classified as cultural facilities subject to lien provisions
- B. Yes, but only if the subcontractor files within 30 days of the last day of furnishing
- C. No, and no remedy exists because state memorial projects have sovereign immunity
- D. No, because mechanic's liens cannot be filed against public property — the subcontractor must pursue a payment bond claim

7. An employer with 10 employees in Tennessee terminates a worker who recently announced a pregnancy. Under which law can the worker file a complaint?

- A. The Tennessee Human Rights Act, which applies to employers with 8 or more employees and prohibits pregnancy-based discrimination
- B. Title VII and the Pregnancy Discrimination Act, which apply to employers with 10 or more employees
- C. The ADEA, which covers pregnancy discrimination for employers with 10 or more employees
- D. No federal or state law covers pregnancy claims for employers with only 10 employees

8. A contractor enters into a cost-plus-fixed-fee contract with a \$58,000 fixed fee for a \$700,000 estimated renovation. Owner-directed upgrades increase costs to \$815,000. What fee does the contractor receive?

- A. \$67,263, adjusted proportionally because actual costs exceeded the estimate
- B. \$58,000, because a fixed fee remains constant regardless of whether actual costs change
- C. \$81,500, recalculated at 10% of actual costs because the fee converts when costs exceed the estimate
- D. \$58,000 plus a separate change order fee of \$11,500 for the additional \$115,000

9. A contractor operating as a sole proprietorship earns \$186,000 in net self-employment income. What is the approximate self-employment tax?

- A. Approximately \$28,458 at 15.3%, covering both Social Security (12.4%) and Medicare (2.9%)
- B. Approximately \$14,229 at 7.65% because sole proprietors pay only the employee half of FICA
- C. Approximately \$5,394 at 2.9% for the Medicare portion only
- D. Approximately \$23,064 at 12.4% for the Social Security portion only

10. A contractor files a mechanic's lien on a private commercial property on October 10, 2026. The property owner delays settlement discussions. By what date must the enforcement lawsuit be filed?

- A. By January 8, 2027, which is 90 days from the filing date
- B. By April 9, 2027, which is 180 days from the filing date
- C. By October 10, 2028, which is two years from the filing date
- D. By October 10, 2027, which is one year from the filing date — delays do not toll this deadline

11. A contractor licensed in Mississippi wants to obtain a Tennessee license. The contractor holds a valid Mississippi license and has passed the Mississippi trade exam. What testing applies?

- A. Both exams are fully waived because Mississippi has comprehensive reciprocity
- B. No reciprocity exists, requiring both exams independently
- C. The Business and Law exam is waived, but the trade exam must be taken
- D. The trade exam may be waived through reciprocity, but the Tennessee Business and Law exam must still be passed

12. A contractor is excavating a utility trench reaching 5 feet 4 inches deep in soil classified as Type A. The superintendent says Type A is the most stable classification and no protection is needed. Is the superintendent correct?

- A. Yes, because Type A allows unprotected excavation to 8 feet with competent person oversight
- B. No, because OSHA requires a protective system at 5 feet or deeper regardless of soil classification, unless entirely in stable rock — Type A is not stable rock
- C. Yes, because a competent person's assessment overrides OSHA depth requirements
- D. No, because Type A requires protection at all depths regardless of the 5-foot threshold

13. A contractor operating as an S-corporation has net earnings of \$275,000, net worth of \$345,000, and tangible property valued at \$310,000. The controller says S-corporations are exempt from franchise and excise tax. Is this correct?

- A. No, because S-corporations are subject to both franchise and excise tax despite their federal pass-through classification
- B. Yes, because S-corporations receive the same state tax treatment as sole proprietorships
- C. No, but only excise tax applies — S-corporations are exempt from franchise tax
- D. Yes, because all pass-through entities are exempt from franchise and excise tax

14. A contractor wants to obtain a Tennessee license with a monetary limit of \$3,400,000. The contractor has a reviewed financial statement. Does this meet requirements?

- A. No, because monetary limits exceeding \$3,000,000 require an audited financial statement
- B. Yes, because reviewed statements are acceptable for limits up to \$5,000,000
- C. Yes, because the Board requires audited statements only when limits exceed \$4,000,000
- D. No, because all limits above \$2,500,000 require an audited statement

15. A contractor enters into a \$1,500,000 stipulated-sum contract for a commercial warehouse. After completing 55%, the owner terminates for convenience. The contractor incurred \$742,500 in costs and earned \$82,500 in profit on completed work. The contractor claims \$67,500 in anticipated profit on the unperformed 45%. What does the contractor receive?

- A. \$1,500,000, the full contract price
- B. \$892,500, consisting of costs plus earned profit plus anticipated profit
- C. \$742,500, consisting of only the direct costs
- D. \$825,000, consisting of costs (\$742,500) plus earned profit (\$82,500), with no recovery of anticipated profit on unperformed work

16. An employer with 55 employees at a single location has a worker employed for 14 months who requests 12 weeks of FMLA leave to care for a newborn. Is the worker eligible?

- A. No, because FMLA leave for newborn care is limited to 6 weeks
- B. No, because the employee must have worked at least 24 months for birth-related leave
- C. Yes, because the employer has 50+ employees, the worker has 14 months of service, and newborn care is a qualifying event
- D. Yes, but only if the worker is the birth mother — fathers are not eligible

17. A contractor's employee suffers a fatal electrocution at 1:30 PM on Tuesday. The site foreman calls the office at 1:55 PM. By what time must the fatality be reported to OSHA?

- A. By 1:55 PM on Wednesday, within 24 hours of the employer learning
- B. By 1:30 PM on Wednesday, within 24 hours of the time of death
- C. By 1:55 PM the following Tuesday, within 5 working days
- D. By 9:55 PM on Tuesday, within 8 hours of the employer learning about the fatality

18. A contractor wants to hire an HVAC subcontractor for a \$27,500 scope of work on a commercial building. The general contractor holds a valid BC-B license. Does the HVAC subcontractor need a separate license?

- A. No, because the general contractor's BC-B license covers all mechanical trades
- B. Yes, because the BC classification excludes HVAC work exceeding \$25,000, and \$27,500 exceeds that threshold
- C. No, because HVAC licensing is required only for scopes exceeding \$50,000
- D. Yes, because all HVAC work on commercial buildings requires a separate license

19. A contractor wants to apply for a BC-A/r restricted residential classification. Which restrictions accurately describe this classification?

- A. Projects under \$150,000, trade exam required, joint ventures permitted, subcontractors prohibited
- B. Projects under \$100,000, no trade exam, joint ventures prohibited, subcontractors prohibited
- C. Projects under \$125,000, no trade exam required (community college course substitutes), joint ventures prohibited, subcontractors permitted
- D. Projects under \$125,000, trade exam required, joint ventures permitted, subcontractors permitted

20. A contractor purchases \$58,000 in electrical materials for a commercial project. The combined sales tax rate is 9.5%. The building owner is a nonprofit church with a valid exemption. Can the contractor avoid sales tax?

- A. Yes, because materials for tax-exempt facilities inherit the exemption
- B. Yes, if the contractor provides the supplier with the church's certificate
- C. No, because the contractor is the end user and must pay the combined 9.5% sales tax of \$5,510 regardless of the owner's status
- D. No, but the contractor can file a quarterly refund

21. A contractor has a net worth of \$360,000 and working capital of \$315,000. The contractor applies for unlimited status. Does the contractor qualify?

- A. Yes, because both net worth (\$360,000) and working capital (\$315,000) each independently exceed \$300,000
- B. No, because working capital must exceed \$350,000 for unlimited classification
- C. Yes, because net worth alone exceeding \$300,000 satisfies the sole requirement
- D. No, because unlimited requires both values to exceed \$500,000

22. A contractor operating as a general partnership has gross receipts of \$1,300,000 and net earnings of \$160,000. The CPA says the partnership owes franchise and excise tax. Is the CPA correct?

- A. No, because general partnerships are exempt from franchise and excise tax — only business tax on gross receipts applies
- B. Yes, because all entities with gross receipts exceeding \$1,000,000 owe all three taxes
- C. No, because general partnerships are exempt from all Tennessee state taxes
- D. Yes, because all partnerships with employees owe franchise and excise tax

23. A contractor enters into a \$700,000 lump-sum contract for a veterinary clinic. During excavation, the contractor discovers an abandoned cistern requiring \$35,000 for removal. The contract has no differing site conditions clause. Who bears the cost?

- A. The owner because abandoned structures are pre-existing conditions
- B. The cost is split equally under the implied shared-risk doctrine
- C. The contractor can file a mechanic's lien for \$35,000 without notice
- D. The contractor bears the cost because in a lump-sum without a differing site conditions clause, the contractor assumes unforeseen subsurface risk

24. A masonry subcontractor is bidding on a \$110,000 scope of masonry work for a new commercial building. The subcontractor does not hold an LMC license. Does the subcontractor need one?

- A. No, because the LMC threshold is \$125,000 for commercial projects
- B. No, because the general contractor's license covers all masonry subcontractor work
- C. Yes, because the LMC license is required when masonry work reaches \$100,000 or more, and \$110,000 exceeds that threshold
- D. Yes, because all masonry subcontractors must hold an LMC license regardless of value

25. An employer with 22 employees wants to implement Tennessee's Drug-Free Workplace Program for the 5% premium credit. The policy includes pre-employment, reasonable suspicion, and post-accident testing but omits random testing. Does this qualify?

- A. Yes, because three of four components satisfy the minimum requirement
- B. No, because all four are required — pre-employment, reasonable suspicion, post-accident, and random — and omitting any one disqualifies the program
- C. Yes, because random testing is optional and increases the credit to 7.5%
- D. No, because the program must include annual screening of all employees

26. A contractor holds a Tennessee license with a monetary limit of \$2,200,000. The contractor carries \$500,000 in GL insurance. Does the contractor meet the minimum requirement?

- A. Yes, because \$500,000 meets the \$501,000–\$1,500,000 tier
- B. Yes, because GL requirements are based on individual project values
- C. No, because the \$2,200,000 limit exceeds \$1,501,000, placing the contractor in the highest tier requiring \$1,000,000 minimum GL
- D. No, because all contractors with limits above \$2,000,000 must carry GL equal to the limit

27. A contractor enters into a time-and-materials contract for emergency flood damage repair. After two weeks, costs reach \$200,000. The owner demands a cost cap of \$260,000. What is the issue?

- A. The owner can unilaterally impose a cost cap at any point
- B. T&M contracts include an implied ceiling equal to 150% of the initial estimate
- C. The owner should have negotiated a GMP because T&M contracts cannot be modified

D. T&M contracts have no inherent cost ceiling — any cap requires a written modification agreed to by both parties

28. A material supplier delivers \$75,000 in custom stone to a private commercial project. The supplier has no direct contract with the owner. The general contractor has not paid. What must the supplier do to preserve lien rights?

- A. File a mechanic's lien directly within 90 days — no prior notice required
- B. Send a Notice of Nonpayment to the prime contractor or owner within 90 days of the last delivery, and file a lien within 90 days of the last furnishing date
- C. Send a demand letter by certified mail within 30 days
- D. File a breach of contract lawsuit within one year to create an automatic lien

29. A roofing subcontractor wants to bid on a \$48,000 re-roofing project for a commercial office. The subcontractor does not hold a Tennessee license. Can the subcontractor perform this work?

- A. Yes, because roofing licensing is required only for projects exceeding \$50,000
- B. No, because Tennessee has required all roofing subcontractors to be licensed since January 1, 2014, regardless of project value
- C. Yes, because the general contractor's license covers all roofing subcontractor work
- D. No, but only because the project exceeds \$25,000

30. A contractor is reviewing the standard order of precedence for a \$2,800,000 project. The specifications require Type I cement throughout. The addenda changed the requirement to Type III cement for the foundation only. The drawings show Type II cement for the foundation. Which cement should be installed in the foundation?

- A. Type I, because specifications always take precedence
- B. Type II, because drawings provide the most location-specific information
- C. Type III, because addenda modify previously issued documents and represent the most current intent
- D. The contractor may choose any type and document the selection

31. A contractor wants to determine whether a covered walkway project requires a Tennessee contractor license. The project includes: materials \$12,800, labor \$9,100, concrete footings \$1,700, and profit \$1,900. Does this require a license?

- A. Yes, because the total project cost is \$25,500, exceeding the \$25,000 threshold
- B. No, because covered walkways are classified as accessory structures exempt from licensing
- C. No, because the labor cost of \$9,100 is under \$25,000 and the threshold applies only to labor
- D. Yes, because all projects involving concrete footings require licensing regardless of cost

32. A contractor operating as a C-corporation has net worth of \$460,000 and tangible property valued at \$510,000. What is the franchise tax liability?

- A. \$1,150, calculated at \$0.25 per \$100 of net worth because franchise tax always uses net worth
- B. \$1,275, calculated at \$0.25 per \$100 of tangible property of \$510,000 because it is the greater value
- C. \$100, the minimum franchise tax for Tennessee corporations
- D. \$2,425, calculated at \$0.25 per \$100 of combined values

33. A project owner terminates a contractor for cause on a \$1,900,000 commercial project after documented breaches and two cure notices. The contractor completed 55%. A replacement contractor charges \$1,020,000 to complete the remaining 45%. The original remaining balance was \$855,000. What does the original contractor receive?

- A. \$1,045,000, representing 55% of the contract price
- B. The value of acceptably completed work with no offset for replacement cost
- C. \$1,045,000 plus a 10% termination fee
- D. The value of acceptably completed work, reduced by the \$165,000 difference between replacement cost (\$1,020,000) and remaining balance (\$855,000)

34. A contractor with 54 employees is hiring workers. The HR director requires I-9 forms but has not enrolled in E-Verify. Is this compliant?

- A. Yes, because E-Verify is a voluntary federal program
- B. Yes, because E-Verify is mandatory only for government contractors
- C. No, because E-Verify is required for all Tennessee employers regardless of count
- D. No, because Tennessee requires E-Verify for employers with 50 or more employees — both I-9 and E-Verify are required

35. A contractor licensed in Georgia wants to obtain a Tennessee license. The contractor holds a valid Georgia license, passed the Georgia trade exam, and holds a NASCLA Accredited Commercial Exam credential. What testing is required?

- A. The trade exam may be waived through reciprocity, the NASCLA credential is accepted for BC-B, but the Business and Law exam must still be passed
- B. Both exams are fully waived because NASCLA provides complete reciprocity
- C. NASCLA waives the Business and Law exam, but the trade exam must be taken
- D. No reciprocity exists with Georgia, requiring both exams independently

36. An employer with 8 employees in Tennessee terminates a 63-year-old worker and replaces the position with a 30-year-old. Under which law can the worker file an age discrimination complaint?

- A. The Tennessee Human Rights Act, which applies to employers with 8 or more employees and covers age discrimination
- B. The federal ADEA, which applies to all employers with 5 or more employees
- C. Title VII, which covers age discrimination for employers with 8 or more employees
- D. No law covers age discrimination for employers with only 8 employees

37. A contractor enters into a guaranteed maximum price (GMP) contract for \$2,100,000 with a 40/60 shared savings clause (40% to owner). Actual costs total \$1,980,000. How are the savings distributed?

- A. The contractor receives the entire \$120,000 as an efficiency bonus
- B. The owner receives the full \$120,000 because the GMP exists solely for owner protection
- C. The owner receives \$48,000 (40%) and the contractor receives \$72,000 (60%)
- D. Savings held in escrow until warranty obligations expire

38. A contractor is reviewing the five essential elements of a valid construction contract. The contractor has offer, acceptance, consideration, and legal capacity. The project involves constructing an unlicensed pharmaceutical manufacturing facility in Tennessee, where such operations are illegal. What element is missing?

- A. Legal capacity, because parties engaged in illegal activities lack capacity
- B. Consideration, because illegal activities cannot be supported by valid consideration
- C. Legal purpose — the contract lacks legal purpose because it involves constructing a facility for illegal activity
- D. Offer, because offers involving illegal activities are automatically void

39. A contractor has a net worth of \$315,000 and working capital of \$288,000. The contractor applies for unlimited status. Does the contractor qualify?

- A. Yes, because net worth exceeds \$300,000 and only one value needs to meet the threshold
- B. No, because both must each exceed \$300,000, and working capital (\$288,000) falls short

- C. Yes, because the average exceeds \$300,000
- D. No, because unlimited requires a minimum net worth of \$500,000

40. A contractor wants to hire an electrical subcontractor for a \$24,500 scope on a commercial building. The general contractor holds a BC-B license. Does the electrical subcontractor need a separate license?

- A. Yes, because all electrical work on commercial buildings requires a separate license
- B. No, because the \$24,500 scope falls below the \$25,000 threshold — the BC excludes electrical exceeding \$25,000, and this scope does not exceed it
- C. No, because the general contractor's BC-B covers all electrical work
- D. Yes, because electrical subcontractors must be licensed for work exceeding \$10,000

41. A contractor completes all work on a private commercial renovation on December 8. The owner withholds \$52,000. The contractor files a mechanic's lien on March 5, which is 87 days after last furnishing. Is the filing timely, and what is the enforcement deadline?

- A. Yes, within the 90-day period, and enforcement must be filed within one year of the filing date
- B. No, because commercial liens must be filed within 60 days
- C. Yes, but enforcement must be filed within 90 days of the filing date
- D. No, because the 90-day period begins from the date retainage was due

42. A contractor operating as a sole proprietorship has gross receipts of \$940,000 and net earnings of \$120,000. The CPA says the business owes franchise and excise tax. Is the CPA correct?

- A. No, because sole proprietorships are exempt from both franchise and excise tax — only business tax on gross receipts applies
- B. Yes, because all entities with gross receipts exceeding \$500,000 owe franchise and excise tax
- C. No, because sole proprietorships are exempt from all Tennessee state taxes
- D. Yes, because all businesses with net earnings exceeding \$100,000 owe excise tax

43. A contractor enters into a \$640,000 lump-sum contract for a dental clinic. During construction, the owner verbally approves a \$15,000 upgrade. The contractor completes the work. Three weeks later, the owner disputes the charge. What is the core issue?

- A. The verbal approval is enforceable because the owner accepted the benefit

- B. The change order should have been written and signed by both parties before work began — lack of documentation weakens the contractor's position
- C. The architect must authorize all change orders before the owner can approve
- D. The owner cannot dispute work physically completed and integrated

44. A contractor holds a Tennessee license with a monetary limit of \$480,000. The contractor carries \$100,000 in GL insurance. Does the contractor meet the minimum requirement?

- A. No, because all Tennessee contractors must carry \$250,000 minimum GL
- B. No, because the GL minimum is 25% of the monetary limit
- C. Yes, because the \$480,000 limit falls in the up-to-\$500,000 tier, which requires \$100,000 minimum GL
- D. Yes, because GL requirements are based on project values, not the monetary limit

45. An employer with 48 employees at a single location has a worker employed for 2 years who requests 12 weeks of FMLA leave to care for a parent with a terminal illness. Is the worker eligible?

- A. Yes, because parental care for terminal illness qualifies regardless of employer size
- B. Yes, because the 2-year tenure exceeds the 12-month minimum and the condition qualifies
- C. No, because FMLA requires 50 or more employees within a 75-mile radius, and this employer has only 48
- D. No, because FMLA leave for parental care is limited to 4 weeks

46. A contractor is excavating a trench reaching 5 feet 6 inches deep in Type C soil. The foreman says Type C soil at this depth is manageable without protection. Is the foreman correct?

- A. Yes, because a competent person can authorize unprotected entry at this depth
- B. Yes, because Type C requires protection only at depths exceeding 8 feet
- C. No, because Type C requires protection at all depths regardless of the threshold
- D. No, because OSHA requires a protective system at 5 feet or deeper regardless of soil type unless entirely in stable rock

47. A contractor wants to hire a plumbing subcontractor for a \$26,500 scope on a commercial building. The general contractor holds a BC-B license. Does the plumbing subcontractor need a separate license?

- A. Yes, because the BC excludes plumbing exceeding \$25,000, and \$26,500 exceeds that threshold
- B. No, because the general contractor's BC-B covers all subcontractor trades
- C. No, because plumbing licensing is required only for scopes exceeding \$50,000
- D. Yes, because all plumbing work on commercial buildings requires a separate license

48. A contractor signs a conditional lien waiver in exchange for a \$46,000 progress payment. The owner issues a check. The contractor deposits it and the check clears three business days later. What is the status?

- A. The waiver remains conditional for 30 days after deposit regardless of clearance
- B. The conditional waiver is now effective because the condition — actual receipt of payment — has been satisfied
- C. The waiver converts to unconditional only after separate written confirmation
- D. The waiver is effective only after 90 days of the payment remaining cleared

49. An employer with 19 employees wants to know which federal discrimination laws apply. Which combination is correct?

- A. Title VII, ADA, and ADEA all apply because all three have a 15-employee threshold
- B. Title VII and ADA apply at 15+, but ADEA does not apply because it requires 20+
- C. Only Title VII applies — ADA and ADEA both require 25+
- D. None apply because the minimum threshold is 20+

50. A contractor has total assets of \$900,000, total liabilities of \$575,000, current assets of \$340,000, and current liabilities of \$207,000. The contractor wants to bid on a \$1,400,000 project. Can the monetary limit support this?

- A. Yes, because the net worth of \$325,000 supports a limit of \$3,250,000
- B. Yes, because total assets of \$900,000 support any project under \$2,000,000
- C. No, because the Board requires a minimum current ratio of 2.0 for this project size
- D. No, because the limit is ten times the lesser of net worth (\$325,000) or working capital (\$133,000) — the limit is \$1,330,000, which falls below \$1,400,000

Practice Exam 33: Answer Key and Explanations

1. C. Limited partnership taxes — All three apply: business tax, franchise tax, excise tax.

2. C. Monetary limit — Net worth = \$390,000. Working capital = \$425,000 - \$290,000 = \$135,000. Limit = $10 \times \$135,000 = \$1,350,000$. Below \$1,400,000.
3. B. Unconditional waiver — Effective immediately upon signing regardless of payment or bankruptcy.
4. C. Cost-plus-percentage — $13\% \times \$25,000 = \$3,250$ lost fee. Penalizes savings.
5. D. Excise tax — $6.5\% \times \$395,000 = \$25,675$.
6. D. Public property — Liens cannot be filed. Remedy is payment bond.
7. A. Pregnancy — Title VII/PDA requires 15+ (doesn't apply at 10). THRA at 8+ covers pregnancy.
8. B. Cost-plus-fixed-fee — \$58,000 constant regardless of costs.
9. A. Self-employment tax — $15.3\% \times \$186,000 = \$28,458$.
10. D. Lien enforcement — One year from filing. October 10, 2027.
11. D. Mississippi reciprocity — Trade exam waived. Business and Law exam required.
12. B. Excavation — Protection required at 5+ feet unless stable rock. Type A not stable rock.
13. A. S-corporation — Subject to both franchise and excise despite pass-through status.
14. A. Financial statements — Limits exceeding \$3,000,000 require audited statement.
15. D. Termination for convenience — Costs + earned profit. No anticipated profit. $\$742,500 + \$82,500 = \$825,000$.
16. C. FMLA — 50+ employees, 14 months tenure, newborn care qualifies. All met.
17. D. Fatality — 8 hours from employer learning. $1:55 \text{ PM} + 8 = 9:55 \text{ PM}$ Tuesday.
18. B. HVAC licensing — BC excludes HVAC exceeding \$25,000. \$27,500 exceeds.
19. C. BC-A/r — \$125,000, no trade exam (community college), joint ventures prohibited, subcontractors permitted.
20. C. Sales tax — Contractor is end user. $\$58,000 \times 9.5\% = \$5,510$. Exemption doesn't transfer.
21. A. Unlimited — Both \$360,000 and \$315,000 each exceed \$300,000. Qualifies.

22. A. General partnership — Exempt from franchise and excise. Only business tax applies.
23. D. Lump-sum risk — Without differing site conditions clause, contractor bears unforeseen costs.
24. C. LMC threshold — Required at \$100,000+. \$110,000 exceeds.
25. B. Drug-Free Workplace — All four components required. Omitting random disqualifies.
26. C. GL tiers — \$2,200,000 exceeds \$1,501,000. Highest tier requires \$1,000,000. \$500,000 insufficient.
27. D. T&M — No inherent ceiling. Cap requires written modification by both parties.
28. B. Remote claimant — Notice of Nonpayment within 90 days, file lien within 90 days.
29. B. Roofing licensing — Licensed since January 1, 2014, regardless of value.
30. C. Addenda — Modify previously issued documents. Type III controls for foundation.
31. A. Licensing — Total = \$12,800 + \$9,100 + \$1,700 + \$1,900 = \$25,500. Exceeds \$25,000.
32. B. Franchise tax — \$0.25 per \$100 of greater value (\$510,000 tangible). $510,000 \div 100 \times \$0.25 = \$1,275$.
33. D. Termination for cause — Value of acceptable work offset by \$165,000 additional completion cost.
34. D. E-Verify — Required for 50+ employees. Both I-9 and E-Verify required at 54.
35. A. Georgia reciprocity and NASCLA — Trade exam waived. NASCLA for BC-B. Business and Law exam required.
36. A. Age discrimination — ADEA requires 20+ (doesn't apply at 8). THRA at 8+ covers age.
37. C. GMP shared savings — \$120,000 split 40/60: owner \$48,000, contractor \$72,000.
38. C. Legal purpose — Facility for illegal activity lacks legal purpose.
39. B. Unlimited — Both must each exceed \$300,000. Working capital (\$288,000) falls short.
40. B. Electrical licensing — BC excludes electrical exceeding \$25,000. \$24,500 below threshold.
41. A. Lien timing — 87 days, within 90. Timely. Enforcement within one year.

42. A. Sole proprietorship — Exempt from franchise and excise. Only business tax applies.
43. B. Change order — Should be written and signed before work. Lack of documentation weakens position.
44. C. GL tiers — \$480,000 in up-to-\$500,000 tier. \$100,000 minimum. Meets requirement.
45. C. FMLA — Requires 50+ employees. Only 48. Threshold not met.
46. D. Excavation — Protection at 5+ feet unless stable rock. Type C not stable rock.
47. A. Plumbing — BC excludes plumbing exceeding \$25,000. \$26,500 exceeds.
48. B. Conditional waiver — Effective when payment received. Check cleared. Condition satisfied.
49. B. Discrimination — Title VII at 15+, ADA at 15+: both apply. ADEA at 20+: does not at 19.
50. D. Monetary limit — Working capital = $\$340,000 - \$207,000 = \$133,000$. Limit = $\$1,330,000$. Below $\$1,400,000$.