

PRACTICE EXAM 38: 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 C-corporation has net earnings of \$400,000, net worth of \$520,000, and tangible property valued at \$490,000. What is the excise tax liability?

- A. \$1,300, at \$0.25 per \$100 of net worth
- B. \$1,225, at \$0.25 per \$100 of tangible property
- C. \$0, because net earnings under \$500,000 are exempt
- D. \$26,000, calculated at 6.5% of net earnings of \$400,000

2. A contractor files a mechanic's lien on a private commercial property on July 22, 2026. Settlement discussions stall. By what date must the enforcement lawsuit be filed?

- A. By October 20, 2026, which is 90 days from filing
- B. By July 22, 2027, which is one year from filing — delays do not toll this deadline
- C. By January 19, 2027, which is 180 days from filing
- D. By July 22, 2028, which is two years from filing

3. A contractor has total assets of \$1,050,000, total liabilities of \$675,000, current assets of \$395,000, and current liabilities of \$262,000. Can the contractor bid on a \$1,400,000 project?

- A. Yes, because net worth of \$375,000 supports a limit of \$3,750,000
- B. No, because the Board requires a minimum current ratio of 2.0
- C. No, because the limit is ten times the lesser of net worth (\$375,000) or working capital (\$133,000) — the limit is \$1,330,000, below \$1,400,000
- D. Yes, because total assets support any project under \$2,000,000

4. A contractor enters into a cost-plus-percentage contract with a 13% fee for a \$630,000 estimated renovation. The contractor identifies a \$22,000 cost-saving substitution. What financial disincentive exists?

- A. No disincentive because the owner makes all decisions
- B. A positive disincentive because value engineering credits increase the fee
- C. The disincentive is neutral because the owner verifies substitutions
- D. The contractor loses \$2,860 in fee income because 13% of \$22,000 is eliminated

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

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

6. A contractor signs an unconditional lien waiver before receiving the \$60,000 progress payment. The general contractor later declares bankruptcy. The payment is never made. What is the legal effect?

- A. The waiver is void because bankruptcy constitutes material breach
- B. The waiver converts to conditional upon bankruptcy filing
- C. The unconditional waiver is effective immediately upon signing regardless of whether payment is received
- D. The waiver is suspended until the bankruptcy court resolves the claim

7. A contractor operating as a sole proprietorship has gross receipts of \$910,000 and net earnings of \$116,000. 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 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

8. A contractor enters into a cost-plus-fixed-fee contract with a \$59,000 fixed fee for a \$710,000 estimated renovation. Owner upgrades increase costs to \$820,000. What fee does the contractor receive?

- A. \$68,310, adjusted proportionally because costs exceeded the estimate
- B. \$59,000, because a fixed fee remains constant regardless of cost changes
- C. \$82,000, recalculated at 10% of actual costs
- D. \$59,000 plus a separate change order fee for the additional \$110,000

9. A contractor is excavating a trench reaching 5 feet 6 inches deep in Type B soil. The foreman says it's barely over 5 feet and Type B holds fine. Is the foreman correct?

- A. Yes, because a competent person can authorize unprotected entry
- B. Yes, because Type B has sufficient cohesion at shallow depths
- C. No, because OSHA requires protection at 5 feet or deeper regardless of soil type unless entirely in stable rock — no "barely over" exception
- D. No, because Type B requires protection at all depths

10. A roofing subcontractor wants to bid on a \$47,000 re-roofing project for a commercial building. 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 work
- D. No, but only because the project exceeds \$25,000

11. A contractor operating as an S-corporation has net earnings of \$265,000, net worth of \$345,000, and tangible property valued at \$315,000. The bookkeeper 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 treatment as sole proprietorships
- C. No, but only excise tax applies
- D. Yes, because all pass-through entities are exempt

12. A contractor wants to obtain a Tennessee license with a monetary limit of \$3,300,000. The contractor has a reviewed financial statement. Does this meet requirements?

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

13. A contractor wants to hire an electrical subcontractor for a \$24,800 scope on a commercial building. Does the electrical subcontractor need a separate license?

- A. No, because \$24,800 falls below \$25,000 — the BC excludes electrical exceeding \$25,000, and this scope does not exceed it
- B. Yes, because all electrical work on commercial buildings requires a separate license
- 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

14. An employer with 55 employees at a single location has a worker employed for 14 months who requests FMLA leave for a personal serious health condition. Is the worker eligible?

- A. No, because FMLA for personal health conditions is limited to 6 weeks
- B. Yes, because the employer has 50+ employees, the worker has 14 months of service, and a personal health condition qualifies
- C. No, because the employee must have worked at least 24 months
- D. Yes, but only if the condition requires inpatient hospitalization

15. A contractor purchases \$56,000 in plumbing fixtures 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. No, because the contractor is the end user and must pay the combined 9.5% sales tax of \$5,320 regardless of the owner's status
- C. Yes, if the contractor provides the supplier with the church's certificate
- D. No, but the contractor can file a quarterly refund

16. A subcontractor furnishes labor to a state-funded veterans' memorial project. The general contractor has not paid \$93,000. Can the subcontractor file a mechanic's lien?

- A. Yes, because memorial projects are subject to lien provisions
- B. Yes, but only if filed within 30 days

- C. No, and no remedy exists because state memorials have sovereign immunity
- D. No, because liens cannot be filed against public property — the subcontractor must pursue a payment bond claim

17. 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 \$125,000, no trade exam (community college course substitutes), joint ventures prohibited, subcontractors permitted
- C. Projects under \$100,000, no trade exam, joint ventures prohibited, subcontractors prohibited
- D. Projects under \$125,000, trade exam required, joint ventures permitted, subcontractors permitted

18. A masonry subcontractor is bidding on a \$99,000 scope of masonry work. Does the subcontractor need an LMC license?

- A. Yes, because all masonry subcontractors must hold an LMC regardless of value
- B. Yes, because the LMC threshold is \$75,000 for commercial projects
- C. No, because the LMC is required only at \$100,000 or more, and \$99,000 falls below that threshold
- D. No, because the general contractor's license covers all masonry work

19. 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 random testing but omits post-accident testing. Does this qualify?

- A. Yes, because three of four components satisfy the minimum
- B. Yes, because post-accident testing is optional
- C. No, because the program must include annual screening
- D. No, because all four are required and omitting any one disqualifies

20. A contractor operating as a general partnership has gross receipts of \$1,300,000 and net earnings of \$165,000. 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 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

21. A contractor enters into a \$1,400,000 stipulated-sum contract. After completing 55%, the owner terminates for convenience. The contractor incurred \$693,000 in costs and earned \$77,000 in profit. The contractor claims \$63,000 in anticipated profit on unperformed work. What does the contractor receive?

- A. \$1,400,000, the full contract price
- B. \$833,000, consisting of costs plus earned plus anticipated profit
- C. \$693,000, consisting of only direct costs
- D. \$770,000, consisting of costs (\$693,000) plus earned profit (\$77,000), with no recovery of anticipated profit

22. A contractor enters into a guaranteed maximum price (GMP) contract for \$2,000,000 with a 60/40 shared savings clause (60% to owner). Actual costs total \$1,880,000. How are the savings distributed?

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

23. A contractor enters into a \$720,000 lump-sum contract for a dental clinic. During excavation, the contractor discovers an abandoned cistern requiring \$36,000 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 bears the cost because in a lump-sum without a differing site conditions clause, the contractor assumes unforeseen subsurface risk
- D. The contractor can suspend work until the owner funds removal

24. A project owner terminates a contractor for cause on a \$1,900,000 project after documented breaches and two cure notices. The contractor completed 55%. A replacement charges

\$1,020,000 to finish. 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 and remaining balance

25. A contractor with 56 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. No, because Tennessee requires E-Verify for employers with 50 or more employees — both I-9 and E-Verify are required
- C. No, because E-Verify is required for all Tennessee employers
- D. Yes, because E-Verify is mandatory only for government contractors

26. A material supplier delivers \$76,000 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?

- 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, 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

27. A contractor has a net worth of \$350,000 and working capital of \$305,000. The contractor applies for unlimited status. Does the contractor qualify?

- A. Yes, because both net worth (\$350,000) and working capital (\$305,000) each independently exceed \$300,000
- B. No, because working capital must exceed \$350,000 for unlimited
- C. Yes, because net worth alone exceeding \$300,000 satisfies the sole requirement
- D. No, because unlimited requires both values to exceed \$500,000

28. 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. \$1,275, calculated at \$0.25 per \$100 of tangible property of \$510,000 because it is the greater value
- B. \$1,150, at \$0.25 per \$100 of net worth
- C. \$100, the minimum franchise tax
- D. \$2,425, at \$0.25 per \$100 of combined values

29. A contractor enters into a time-and-materials contract for emergency flood damage repair. After two weeks, costs reach \$205,000. The owner demands a cost cap of \$260,000. What is the issue?

- A. The owner can unilaterally impose a cap at any time
- B. T&M contracts include an implied ceiling of 150% of the initial estimate
- C. The owner should have negotiated a GMP because T&M cannot be modified
- D. T&M contracts have no inherent cost ceiling — any cap requires a written modification agreed to by both parties

30. A contractor is reviewing the standard order of precedence for a \$2,900,000 project. The specifications require Type I cement throughout. The addenda changed the requirement to Type III for the foundation only. The drawings show Type II 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

31. An employer with 16 employees terminates a worker who recently disclosed a physical disability. Under which laws can the worker file a claim?

- A. Only the federal ADA because the THRA does not cover disability
- B. Only the ADEA which covers all discrimination at 15+
- C. Both the federal ADA and the Tennessee Human Rights Act — ADA at 15+ and THRA at 8+, both covering disability
- D. No law covers disability for fewer than 20 employees

32. A contractor operating as a sole proprietorship earns \$190,000 in net self-employment income. What is the approximate self-employment tax?

- A. Approximately \$29,070 at 15.3%
- B. Approximately \$14,535 at 7.65%
- C. Approximately \$5,510 at 2.9%
- D. Approximately \$23,560 at 12.4%

33. A contractor wants to determine whether a detached garage project requires a license. The project includes: materials \$12,600, labor \$9,200, concrete slab \$1,800, and profit \$1,900. Does this require a license?

- A. Yes, because the total cost is \$25,500, exceeding the \$25,000 threshold
- B. No, because detached garages are classified as accessory structures exempt from licensing
- C. No, because the labor cost is under \$25,000 and the threshold applies only to labor
- D. Yes, because all projects involving concrete slabs require licensing

34. A contractor wants to hire a plumbing subcontractor for a \$26,500 scope on a commercial building. Does the plumbing subcontractor need a separate license?

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

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 credential. What testing is required?

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

36. A contractor holds a Tennessee license with a monetary limit of \$2,400,000. The contractor carries \$750,000 in GL insurance. Does the contractor meet the minimum?

- A. Yes, because \$750,000 exceeds the \$501,000–\$1,500,000 tier
- B. Yes, because GL requirements are based on project values
- C. No, because the \$2,400,000 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

37. A contractor operating as a limited partnership has gross receipts of \$2,400,000, net earnings of \$305,000, net worth of \$395,000, and tangible property valued at \$355,000. What is the combined franchise and excise tax liability?

- A. \$987.50 in franchise tax only
- B. \$19,825 in excise tax only
- C. \$0, because limited partnerships are pass-through entities exempt from both
- D. \$20,812.50, consisting of \$987.50 in franchise tax based on net worth of \$395,000 plus \$19,825 in excise tax at 6.5% of net earnings

38. A contractor enters into a \$690,000 lump-sum contract for a commercial tenant improvement. During construction, the owner verbally approves a \$16,500 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 before work began — lack of documentation weakens the contractor's position
- C. The architect must authorize all change orders
- D. The owner cannot dispute completed work

39. An employer with 48 employees at a single location has a worker employed for 2 years who requests FMLA leave to care for a parent with cancer. Is the worker eligible?

- A. Yes, because parental care qualifies regardless of employer size
- B. No, because FMLA requires 50 or more employees, and this employer has only 48
- C. Yes, because the 2-year tenure exceeds the minimum
- D. No, because FMLA for parental care is limited to 4 weeks

40. A contractor is building a commercial office using the percentage-of-completion method. Contract price is \$1,600,000, costs to date are \$640,000, and total estimated costs are \$1,280,000. What revenue should be recognized?

- A. \$640,000, matching revenue to costs
- B. \$800,000, calculated as 50% of the contract price
- C. \$1,600,000, because revenue is fully recognized once past 40%
- D. \$800,000, calculated as costs to date (\$640,000) divided by total estimated costs (\$1,280,000) multiplied by contract price (\$1,600,000)

41. A contractor signs a conditional lien waiver in exchange for a \$48,000 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 regardless
- 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

42. 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?

- A. No, because all 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, requiring \$100,000 minimum GL
- D. Yes, because GL requirements are based on project values

43. 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. No, because both must each exceed \$300,000, and working capital (\$288,000) falls short
- B. Yes, because net worth exceeds \$300,000 and only one value needs to meet the threshold
- C. Yes, because the average exceeds \$300,000
- D. No, because unlimited requires a minimum net worth of \$500,000

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

45. A contractor completes all work on a private commercial renovation on October 18. The owner withholds \$46,000. The contractor files a mechanic's lien on January 13, 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 filing
- D. No, because the 90-day period begins from when retainage was due

46. A contractor wants to hire an HVAC subcontractor for a \$27,500 scope on a commercial building. Does the HVAC subcontractor need a separate license?

- A. No, because the general contractor's BC-B covers all mechanical trades
- B. Yes, because the BC excludes HVAC 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 on commercial buildings requires a separate license

47. 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 a facility designed for illegal narcotics production. What element is missing?

- A. Legal capacity, because parties 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 illegal activity
- D. Offer, because offers involving illegal activities are automatically void

48. A contractor operating as a C-corporation has net earnings of \$360,000, net worth of \$450,000, and tangible property valued at \$500,000. What is the combined franchise and excise tax liability?

- A. \$1,250 in franchise tax only
- B. \$23,400 in excise tax only

- C. \$0, because net earnings under \$400,000 are exempt
- D. \$24,650, consisting of \$1,250 in franchise tax based on tangible property of \$500,000 plus \$23,400 in excise tax at 6.5% of net earnings

49. A contractor licensed in North Carolina wants to obtain a Tennessee license. The contractor holds a NASCLA Accredited Commercial Exam credential and passed the NC trade exam. What testing is required?

- A. The trade exam may be waived through reciprocity, NASCLA accepted for BC-B, but the Business and Law exam must still be passed
- B. Both exams 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 North Carolina

50. A contractor operating as a general partnership has two partners and 5 employees. One partner wants both exempted from workers' compensation. What is the correct obligation?

- A. Workers' compensation is required for all 5 employees because Tennessee mandates coverage for employers with one or more employees, but the partners can individually exempt themselves by registering with the Secretary of State
- B. Both partners and employees are automatically exempt because partnerships are not employers
- C. Coverage is required for all workers including partners with no exemption available
- D. Coverage is optional because partnerships with fewer than 10 workers are exempt

Practice Exam 38: Answer Key and Explanations

1. D. Excise tax — $6.5\% \times \$400,000 = \$26,000$.
2. B. Lien enforcement — One year from filing. July 22, 2027.
3. C. Monetary limit — Working capital = $\$395,000 - \$262,000 = \$133,000$. Limit = \$1,330,000. Below \$1,400,000.
4. D. Cost-plus-percentage — $13\% \times \$22,000 = \$2,860$ lost fee.
5. C. Pregnancy — Title VII/PDA requires 15+ (doesn't apply at 10). THRA at 8+ covers pregnancy.
6. C. Unconditional waiver — Effective immediately regardless of payment or bankruptcy.
7. A. Sole proprietorship — Exempt from franchise and excise. Only business tax.

8. B. Cost-plus-fixed-fee — \$59,000 constant regardless of costs.
9. C. Excavation — Protection at 5+ feet unless stable rock. No "barely over" exception.
10. B. Roofing — Licensed since January 1, 2014, regardless of value.
11. A. S-corporation — Subject to both franchise and excise despite pass-through status.
12. D. Financial statements — Limits exceeding \$3,000,000 require audited statement.
13. A. Electrical — BC excludes electrical exceeding \$25,000. \$24,800 below threshold.
14. B. FMLA — 50+ employees, 14 months tenure, personal health qualifies. All met.
15. B. Sales tax — Contractor is end user. $\$56,000 \times 9.5\% = \$5,320$. Exemption doesn't transfer.
16. D. Public property — Liens cannot be filed. Payment bond claim.
17. B. BC-A/r — \$125,000, no trade exam (community college), joint ventures prohibited, subcontractors permitted.
18. C. LMC — Required at \$100,000+. \$99,000 below threshold.
19. D. Drug-Free Workplace — All four required. Omitting post-accident disqualifies.
20. A. General partnership — Exempt from franchise and excise. Only business tax.
21. D. Termination for convenience — Costs + earned profit. No anticipated profit. $\$693,000 + \$77,000 = \$770,000$.
22. B. GMP shared savings — \$120,000 split 60/40: owner \$72,000, contractor \$48,000.
23. C. Lump-sum risk — Without differing site conditions clause, contractor bears unforeseen costs.
24. D. Termination for cause — Value of acceptable work offset by \$165,000 additional completion cost.
25. B. E-Verify — Required for 50+ employees. Both I-9 and E-Verify required at 56.
26. B. Remote claimant — Notice of Nonpayment within 90 days, file lien within 90 days.
27. A. Unlimited — Both \$350,000 and \$305,000 each exceed \$300,000. Qualifies.
28. A. Franchise tax — \$0.25 per \$100 of greater value (\$510,000 tangible). \$1,275.
29. D. T&M — No inherent ceiling. Cap requires written modification by both parties.
30. C. Addenda — Modify previously issued documents. Type III controls for foundation.
31. C. Disability — ADA at 15+ and THRA at 8+. Both apply at 16.
32. A. Self-employment tax — $15.3\% \times \$190,000 = \$29,070$.
33. A. Licensing — Total = $\$12,600 + \$9,200 + \$1,800 + \$1,900 = \$25,500$. Exceeds \$25,000.
34. C. Plumbing — BC excludes plumbing exceeding \$25,000. \$26,500 exceeds.

35. D. Georgia reciprocity and NASCLA — Trade exam waived. NASCLA for BC-B. Business and Law exam required.
36. C. GL tiers — \$2,400,000 exceeds \$1,501,000. Highest tier requires \$1,000,000. \$750,000 insufficient.
37. D. Limited partnership — Franchise = \$0.25 per \$100 of \$395,000 = \$987.50. Excise = $6.5\% \times \$305,000 = \$19,825$. Combined = \$20,812.50.
38. B. Change order — Written and signed before work. Lack of documentation weakens position.
39. B. FMLA — Requires 50+ employees. Only 48. Not met.
40. D. Percentage of completion — $(\$640,000 \div \$1,280,000) \times \$1,600,000 = 0.50 \times \$1,600,000 = \$800,000$.
41. B. Conditional waiver — Effective when payment received. Check cleared. Condition satisfied.
42. C. GL tiers — \$480,000 in up-to-\$500,000 tier. \$100,000 minimum. Meets requirement.
43. A. Unlimited — Both must exceed \$300,000. Working capital (\$288,000) falls short.
44. D. Discrimination — Title VII at 15+, ADA at 15+: both apply. ADEA at 20+: does not at 19.
45. A. Lien timing — 87 days, within 90. Timely. Enforcement within one year.
46. B. HVAC — BC excludes HVAC exceeding \$25,000. \$27,500 exceeds.
47. C. Legal purpose — Facility for illegal activity lacks legal purpose.
48. D. Corporate taxes — Franchise = \$0.25 per \$100 of \$500,000 tangible = \$1,250. Excise = $6.5\% \times \$360,000 = \$23,400$. Combined = \$24,650.
49. A. NC reciprocity and NASCLA — Trade exam waived. NASCLA for BC-B. Business and Law exam required.
50. A. Workers' comp — Required for 1+ employees. Partners can individually exempt via Secretary of State.