

PRACTICE EXAM 40: 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 \$425,000, net worth of \$550,000, and tangible property valued at \$510,000. What is the Tennessee excise tax liability?

- A. \$1,375, at \$0.25 per \$100 of net worth
- B. \$1,275, at \$0.25 per \$100 of tangible property
- C. \$0, because net earnings under \$500,000 are exempt
- D. \$27,625, calculated at 6.5% of net earnings of \$425,000

2. A contractor files a mechanic's lien on a private commercial property on September 8, 2026. The property owner delays all settlement discussions. By what date must the enforcement lawsuit be filed?

- A. By September 8, 2027, which is one year from filing — delays do not toll this deadline
- B. By December 7, 2026, which is 90 days from filing
- C. By March 8, 2027, which is 180 days from filing
- D. By September 8, 2028, which is two years from filing

3. A contractor has total assets of \$1,060,000, total liabilities of \$690,000, current assets of \$400,000, and current liabilities of \$267,000. Can the contractor bid on a \$1,400,000 project?

- A. Yes, because net worth of \$370,000 supports a limit of \$3,700,000
- 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 (\$370,000) 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 signs an unconditional lien waiver before receiving the \$62,000 progress payment. The general contractor's company later dissolves and the payment is never made. What is the legal effect?

- A. The unconditional waiver is effective immediately upon signing regardless of whether payment is received
- B. The waiver is void because dissolution constitutes material breach
- C. The waiver converts to conditional upon dissolution
- D. The waiver is suspended until dissolution proceedings complete

5. A contractor enters into a cost-plus-percentage contract with a 14% fee for a \$620,000 estimated renovation. The contractor identifies a \$26,000 cost-saving substitution. What financial disincentive exists?

- A. No disincentive because the owner makes all final decisions
- B. A positive disincentive because value engineering credits increase the fee
- C. The contractor loses \$3,640 in fee income because 14% of \$26,000 is eliminated
- D. The disincentive is neutral because the owner verifies substitutions

6. An employer with 9 employees in Tennessee terminates a 56-year-old worker who recently disclosed a back injury requiring accommodation. Under which law can the worker file a complaint?

- A. The federal ADA, which applies at 5+ employees in construction
- B. Title VII, which covers disability at 9+ employees
- C. No federal or state law covers these claims at only 9 employees
- D. The Tennessee Human Rights Act, which applies at 8+ employees and covers both age and disability

7. A contractor operating as a sole proprietorship has gross receipts of \$930,000 and net earnings of \$119,000. 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 \$58,000 fixed fee for a \$700,000 estimated renovation. Material prices drop, bringing actual costs to \$635,000. What fee does the contractor receive?

- A. \$52,578, reduced proportionally because actual costs decreased
- B. \$58,000, because a fixed fee remains constant regardless of cost changes
- C. \$63,500, recalculated at 10% of actual costs
- D. \$58,000 minus a \$6,500 credit for reduced management burden

9. A contractor's employee suffers a fatal scaffold collapse at 3:30 PM on Thursday. The foreman calls the office at 3:55 PM. By what time must the fatality be reported to OSHA?

- A. By 3:55 PM on Friday, within 24 hours of the employer learning
- B. By 3:30 PM on Friday, within 24 hours of the time of death
- C. By 3:55 PM the following Thursday, within 5 working days
- D. By 11:55 PM on Thursday, within 8 hours of the employer learning

10. A contractor is excavating a trench reaching 5 feet 4 inches deep in Type C soil. The foreman says Type C at this depth is manageable. Is the foreman correct?

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

11. A roofing subcontractor wants to bid on a \$48,000 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. Yes, because the general contractor's license covers all roofing work
- C. No, because Tennessee has required all roofing subcontractors to be licensed since January 1, 2014, regardless of project value
- D. No, but only because the project exceeds \$25,000

12. A contractor operating as an S-corporation has net earnings of \$280,000, net worth of \$355,000, and tangible property valued at \$325,000. 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

13. A contractor wants to obtain a Tennessee license with a monetary limit of \$3,500,000. The contractor has a reviewed financial statement. Does this meet requirements?

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

14. A contractor wants to hire an electrical subcontractor for a \$31,000 scope on a commercial building. Does the electrical subcontractor need a separate license?

- A. No, because the general contractor's BC-B covers all electrical work
- B. No, because electrical licensing is required only for scopes exceeding \$50,000
- C. Yes, because the BC excludes electrical exceeding \$25,000, and \$31,000 exceeds that threshold
- D. Yes, because all electrical work on commercial buildings requires a separate license

15. An employer with 55 employees has a worker employed for 10 months who requests FMLA leave for a personal serious health condition. Is the worker eligible?

- A. Yes, because the employer has 50+ employees and the condition qualifies
- B. Yes, because the 12-month requirement is waived for serious conditions
- C. No, because FMLA requires 12 months of employment and this worker has only 10 months
- D. No, because FMLA for personal health is limited to 6 weeks

16. A contractor purchases \$52,000 in roofing materials for a commercial project. The combined sales tax rate is 9.5%. The building owner is a nonprofit hospital 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 hospital's certificate
- C. No, but the contractor can file a quarterly refund
- D. No, because the contractor is the end user and must pay the combined 9.5% sales tax of \$4,940 regardless of the owner's status

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

- A. Projects under \$125,000, no trade exam (community college course substitutes), joint ventures prohibited, subcontractors permitted
- B. Projects under \$150,000, trade exam required, joint ventures permitted, subcontractors prohibited
- 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 \$102,000 scope of masonry work. Does the subcontractor need an LMC license?

- A. No, because the LMC threshold is \$125,000 for commercial projects
- B. No, because the general contractor's license covers all masonry work
- C. Yes, because all masonry subcontractors must hold an LMC regardless of value
- D. Yes, because the LMC is required at \$100,000 or more, and \$102,000 exceeds that threshold

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, post-accident, and random testing but omits reasonable suspicion testing. Does this qualify?

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

20. A contractor operating as a general partnership has gross receipts of \$1,400,000 and net earnings of \$180,000. The CPA says the partnership owes franchise and excise tax. Is the CPA correct?

- A. No, because general partnerships are exempt from all Tennessee state taxes

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

21. A contractor enters into a guaranteed maximum price (GMP) contract for \$1,800,000 with a 50/50 shared savings clause. Actual costs total \$1,720,000. How are the savings distributed?

- A. The owner receives \$40,000 and the contractor receives \$40,000, splitting the \$80,000 equally
- B. The contractor receives the entire \$80,000 as an efficiency bonus
- C. The owner receives the full \$80,000 because the GMP exists solely for owner protection
- D. Savings held in escrow until warranty obligations expire

22. A contractor enters into a \$720,000 lump-sum contract for a dental clinic. During demolition, the contractor discovers hidden mold requiring \$40,000 in remediation. The contract has no differing site conditions clause. Who bears the cost?

- A. The owner because mold is a pre-existing condition
- 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 risk
- D. The contractor can suspend work until the owner funds remediation

23. A project owner terminates a contractor for cause on a \$2,000,000 project after documented breaches and two cure notices. The contractor completed 50%. A replacement charges \$1,180,000 to finish. The original remaining balance was \$1,000,000. What does the original contractor receive?

- A. \$1,000,000, representing 50% of the contract price
- B. The value of acceptably completed work with no offset for replacement cost
- C. \$1,000,000 plus a 10% termination fee
- D. The value of acceptably completed work, reduced by the \$180,000 difference between replacement cost (\$1,180,000) and remaining balance (\$1,000,000)

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

25. A material supplier delivers \$72,000 in custom doors 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 demand letter by certified mail within 30 days
- C. 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
- D. File a breach of contract lawsuit within one year

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

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

27. A contractor has a net worth of \$335,000 and working capital of \$310,000. The contractor applies for unlimited status. Does the contractor qualify?

- A. No, because working capital must exceed \$350,000 for unlimited
- B. No, because unlimited requires a minimum net worth of \$500,000
- C. Yes, because both net worth (\$335,000) and working capital (\$310,000) each independently exceed \$300,000
- D. Yes, because net worth alone exceeding \$300,000 satisfies the sole requirement

28. A contractor is reviewing the standard order of precedence for a \$3,100,000 project. The specifications require epoxy floor coating throughout. The addenda changed the requirement to polyurethane coating for the warehouse only. The drawings show acrylic coating in the warehouse. Which coating should be installed in the warehouse?

- A. Epoxy because specifications always take precedence
- B. Acrylic because drawings provide the most location-specific information
- C. The contractor may choose any coating
- D. Polyurethane because addenda modify previously issued documents and represent the most current intent

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

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

30. A contractor wants to determine whether a carport construction project requires a license. The project includes: steel materials \$13,000, concrete footings \$2,200, labor \$8,400, 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 carports 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 steel require licensing

31. A contractor operating as a limited partnership has gross receipts of \$2,700,000, net earnings of \$330,000, net worth of \$420,000, and tangible property valued at \$380,000. What combination of taxes applies?

- A. 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
- B. Business tax only, because limited partnerships are exempt from franchise and excise tax
- C. Franchise and excise tax only, because limited partnerships are exempt from business tax
- D. No Tennessee taxes because limited partnerships are pass-through entities

32. A contractor holds a Tennessee license with a monetary limit of \$2,400,000. The contractor carries \$500,000 in GL insurance. Does the contractor meet the minimum?

- A. Yes, because \$500,000 meets the \$501,000–\$1,500,000 tier

- B. No, because the \$2,400,000 limit exceeds \$1,501,000, placing the contractor in the highest tier requiring \$1,000,000 minimum GL
- C. No, because all contractors with limits above \$2,000,000 must carry GL equal to the limit
- D. Yes, because GL requirements are based on project values

33. A contractor operating as a C-corporation has net worth of \$470,000 and tangible property valued at \$520,000. What is the franchise tax liability?

- A. \$1,300, calculated at \$0.25 per \$100 of tangible property of \$520,000 because it is the greater value
- B. \$1,175, at \$0.25 per \$100 of net worth
- C. \$100, the minimum franchise tax
- D. \$2,475, at \$0.25 per \$100 of combined values

34. A contractor enters into a \$670,000 lump-sum contract for a commercial tenant improvement. During construction, the owner verbally approves a \$16,000 upgrade to the conference room AV system. 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

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

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

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

37. A contractor enters into a time-and-materials contract for emergency water damage repair. After two weeks, costs reach \$210,000. The owner demands a cost cap of \$270,000. 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

38. An employer with 48 employees at a single location has a worker employed for 2 years who requests FMLA leave to care for a spouse undergoing surgery. Is the worker eligible?

- A. Yes, because spousal 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 spousal care is limited to 4 weeks

39. A contractor operating as an LLC has gross receipts of \$1,900,000. The company paid \$1,350,000 to licensed subcontractors and \$175,000 to an unlicensed crew. What is deductible for business tax?

- A. \$1,525,000, because all payments are deductible regardless of licensing
- B. \$1,350,000, because only payments to properly licensed subcontractors qualify
- C. \$0, because Tennessee does not permit deductions for business tax
- D. \$675,000, because the deduction is capped at 50%

40. A contractor signs a conditional lien waiver in exchange for a \$50,000 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 conditional waiver is now effective because the condition — actual receipt of payment — has been satisfied

- B. The waiver remains conditional for 30 days regardless
- C. The waiver converts to unconditional only after separate written confirmation
- D. The waiver is effective only after 90 days

41. A contractor completes all work on a private commercial renovation on December 10. The owner withholds \$50,000. The contractor files a mechanic's lien on March 7, which is 87 days after last furnishing. Is the filing timely, and what is the enforcement deadline?

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

42. 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 because it requires 20+
- C. Only Title VII applies — ADA and ADEA both require 25+
- D. None apply because the minimum threshold is 20+

43. A contractor holds a Tennessee license with a monetary limit of \$580,000. The contractor carries \$100,000 in GL insurance. Does the contractor meet the minimum?

- A. Yes, because \$100,000 is the minimum for all Tennessee contractors
- B. No, because the \$580,000 limit exceeds \$500,000, placing the contractor in the \$501,000–\$1,500,000 tier requiring \$500,000 minimum GL
- C. No, because the GL minimum is 25% of the monetary limit
- D. Yes, because GL requirements are based on project values

44. A contractor operating as a sole proprietorship earns \$192,000 in net self-employment income. What is the approximate self-employment tax?

- A. Approximately \$29,376 at 15.3%, covering both Social Security (12.4%) and Medicare (2.9%)
- B. Approximately \$14,688 at 7.65% because sole proprietors pay only the employee half
- C. Approximately \$5,568 at 2.9% for Medicare only

D. Approximately \$23,808 at 12.4% for Social Security only

45. 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 drug manufacturing. 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. Offer, because offers involving illegal activities are automatically void
- D. Legal purpose — the contract lacks legal purpose because it involves illegal activity

46. A contractor wants to hire a plumbing subcontractor for a \$26,000 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 \$26,000 exceeds that threshold
- D. Yes, because all plumbing on commercial buildings requires a separate license

47. A contractor wants to hire an HVAC subcontractor for a \$26,500 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. No, because HVAC licensing is required only for scopes exceeding \$50,000
- C. Yes, because the BC excludes HVAC exceeding \$25,000, and \$26,500 exceeds that threshold
- D. Yes, because all HVAC on commercial buildings requires a separate license

48. 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. The trade exam may be waived through reciprocity, NASCLA accepted for BC-B, but the Business and Law exam must still be passed
- C. NASCLA waives the Business and Law exam, but the trade exam must be taken
- D. No reciprocity exists with Georgia

49. A contractor has a net worth of \$308,000 and working capital of \$294,000. 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 (\$294,000) falls short
- C. Yes, because the average exceeds \$300,000
- D. No, because unlimited requires a minimum net worth of \$500,000

50. A contractor operating as a general partnership has two partners and 6 employees. One partner wants both exempted from workers' compensation. What is the correct obligation?

- A. Both partners and employees are automatically exempt because partnerships are not employers
- B. Coverage is optional because partnerships with fewer than 10 workers are exempt
- C. Workers' compensation is required for all 6 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
- D. Coverage is required for all workers including partners with no exemption available

Practice Exam 40: Answer Key and Explanations

1. D. Excise tax — $6.5\% \times \$425,000 = \$27,625$.
2. A. Lien enforcement — One year from filing. September 8, 2027.
3. C. Monetary limit — Working capital = $\$400,000 - \$267,000 = \$133,000$. Limit = $\$1,330,000$. Below $\$1,400,000$.
4. A. Unconditional waiver — Effective immediately regardless of payment.
5. C. Cost-plus-percentage — $14\% \times \$26,000 = \$3,640$ lost fee.
6. D. Discrimination — ADA requires 15+ (doesn't apply at 9). THRA at 8+ covers age and disability.
7. A. Sole proprietorship — Exempt from franchise and excise. Only business tax.
8. B. Cost-plus-fixed-fee — $\$58,000$ constant regardless of costs.
9. D. Fatality — 8 hours from employer learning. $3:55 \text{ PM} + 8 = 11:55 \text{ PM Thursday}$.
10. D. Excavation — Protection at 5+ feet unless stable rock. Type C not stable rock.
11. C. Roofing — Licensed since January 1, 2014, regardless of value.
12. A. S-corporation — Subject to both franchise and excise despite pass-through status.
13. B. Financial statements — Limits exceeding $\$3,000,000$ require audited statement.
14. C. Electrical — BC excludes electrical exceeding $\$25,000$. $\$31,000$ exceeds.
15. C. FMLA — Requires 12 months employment. Worker has 10 months. Not eligible.

16. D. Sales tax — Contractor is end user. $\$52,000 \times 9.5\% = \$4,940$. Exemption doesn't transfer.
17. A. BC-A/r — \$125,000, no trade exam (community college), joint ventures prohibited, subcontractors permitted.
18. D. LMC — Required at \$100,000+. \$102,000 exceeds.
19. A. Drug-Free Workplace — All four required. Omitting reasonable suspicion disqualifies.
20. B. General partnership — Exempt from franchise and excise. Only business tax.
21. A. GMP shared savings — \$80,000 split 50/50: \$40,000 each.
22. C. Lump-sum risk — Without differing site conditions clause, contractor bears unforeseen costs.
23. D. Termination for cause — Value of acceptable work offset by \$180,000 additional completion cost.
24. A. E-Verify — Required for 50+ employees. Both I-9 and E-Verify required at 54.
25. C. Remote claimant — Notice of Nonpayment within 90 days, file lien within 90 days.
26. B. Arkansas reciprocity — Trade exam waived. Business and Law exam required.
27. C. Unlimited — Both \$335,000 and \$310,000 each exceed \$300,000. Qualifies.
28. D. Addenda — Modify previously issued documents. Polyurethane controls for warehouse.
29. B. Disability — ADA at 15+ and THRA at 8+. Both apply at 16.
30. A. Licensing — Total = $\$13,000 + \$2,200 + \$8,400 + \$1,900 = \$25,500$. Exceeds \$25,000.
31. A. Limited partnership — All three apply: business tax, franchise tax, excise tax.
32. B. GL tiers — \$2,400,000 exceeds \$1,501,000. Highest tier requires \$1,000,000. \$500,000 insufficient.
33. A. Franchise tax — \$0.25 per \$100 of greater value (\$520,000 tangible). \$1,300.
34. B. Change order — Written and signed before work. Lack of documentation weakens position.
35. C. Percentage of completion — $(\$640,000 \div \$1,280,000) \times \$1,600,000 = 0.50 \times \$1,600,000 = \$800,000$.
36. D. Termination for convenience — Costs + earned profit. No anticipated profit. $\$742,500 + \$82,500 = \$825,000$.
37. D. T&M — No inherent ceiling. Cap requires written modification by both parties.
38. B. FMLA — Requires 50+ employees. Only 48. Not met.
39. B. Business tax deduction — Only licensed subcontractor payments (\$1,350,000) deductible.
40. A. Conditional waiver — Effective when payment received. Check cleared. Condition satisfied.
41. D. Lien timing — 87 days, within 90. Timely. Enforcement within one year.
42. B. Discrimination — Title VII at 15+, ADA at 15+: both apply. ADEA at 20+: does not at 19.
43. B. GL tiers — \$580,000 exceeds \$500,000. \$501,000–\$1,500,000 tier requires \$500,000. \$100,000 insufficient.
44. A. Self-employment tax — $15.3\% \times \$192,000 = \$29,376$.
45. D. Legal purpose — Facility for illegal activity lacks legal purpose.
46. C. Plumbing — BC excludes plumbing exceeding \$25,000. \$26,000 exceeds.
47. C. HVAC — BC excludes HVAC exceeding \$25,000. \$26,500 exceeds.
48. B. Georgia reciprocity and NASCLA — Trade exam waived. NASCLA for BC-B. Business and Law exam required.

49. B. Unlimited — Both must exceed \$300,000. Working capital (\$294,000) falls short.

50. C. Workers' comp — Required for 1+ employees. Partners can individually exempt via Secretary of State.