

PRACTICE EXAM 5: OREGON CCB SIMULATION (80 QUESTIONS)

Recommended Time: 200 Minutes | Passing Score: 56/80 (70%)

1. Patel Roofing LLC is licensed with a Residential Specialty Contractor endorsement. A property management company asks Patel to reroof a 9,000squarefoot strip mall with a total contract value of \$62,000. The strip mall is a singlestory building, 18 feet tall. Can Patel legally accept this project?

- A. No, because the RSC endorsement does not permit work on any commercial structure regardless of size
- B. Yes, because the building qualifies as a small commercial structure and the RSC endorsement covers small commercial work
- C. No, because the contract value exceeds \$50,000, which triggers a commercial endorsement requirement
- D. Yes, but only if Patel obtains a temporary commercial variance from the CCB before starting work

2. A contractor operating as a sole proprietorship earns \$112,000 in net business income for the year. The contractor has no employees. On which federal tax forms will this income be reported?

- A. Form 1120S and Schedule K1 distributed to the sole shareholder
- B. Form 1065 with the income passing through to the sole proprietor's personal return
- C. Form 1120 with corporate income tax paid directly by the business entity
- D. Schedule C filed with the contractor's personal Form 1040, plus Schedule SE for selfemployment tax

3. A contractor's business plan identifies three competitors in the local market. The plan analyzes each competitor's strengths, weaknesses, pricing strategies, and market share. This analysis appears in which section of the business plan?

- A. Market analysis
- B. Executive summary

C. Financial projections

D. Company description

4. A contractor has been licensed with the CCB for six years. During a routine audit, the CCB discovers that the contractor's general liability insurance lapsed three weeks ago without replacement coverage. What is the status of the contractor's license?

A. The license remains active because the contractor has a 30day grace period to secure replacement insurance

B. The license is placed on probationary status allowing the contractor to complete active projects only

C. The license is suspended until replacement insurance is in place

D. The license is permanently revoked and the contractor must reapply as a new applicant

5. An LLC has four members. Three are siblings and one is an unrelated business partner. The LLC has no employees other than the members. How is this business classified for CCB purposes?

A. Exempt, because all businesses with four or fewer members are automatically classified as exempt

B. Nonexempt, because the LLC has more than two members who are not all immediate family

C. Exempt, because the majority of members (three of four) are immediate family members

D. Nonexempt, but only if the unrelated member performs construction work on jobsites

6. A contractor wants to determine whether their estimating process is accurate. After completing a project, the contractor compares actual costs to the original estimate and finds that materials came in 8% over budget while labor was 3% under budget. Which accounting practice enabled this analysis?

A. Job costing, which tracks income and expenses by individual project

B. Accrual basis accounting, which records revenue when earned and expenses when incurred

C. Balance sheet reconciliation, which compares assets and liabilities at year end

D. Cash basis accounting, which records transactions when cash changes hands

7. A contractor applies for a Commercial General Contractor — Level 1 endorsement. The contractor's superintendent has six years of construction experience, and the contractor's project manager has three years. Can the contractor meet the experience requirement by combining both employees' years?

- A. No, because only the RMI's personal experience counts toward the endorsement requirement
- B. No, because each key employee must individually meet the full eightyyear requirement
- C. Yes, because any combination of employees totaling eight years satisfies the requirement
- D. Yes, because the CGC1 endorsement allows combined experience from one or more key employees totaling at least eight years

8. A contractor's annual profit and loss statement shows gross revenue of \$485,000, cost of goods sold of \$312,000, and operating expenses of \$128,000. What is the contractor's net profit?

- A. \$173,000
- B. \$312,000
- C. \$45,000
- D. \$128,000

9. Under Oregon law, which of the following is considered "commencement of the improvement" for purposes of the Construction Lien Law?

- A. The first actual preparation or construction upon the site, or the first delivery of substantial materials
- B. The date the building permit is issued by the local building department
- C. The date the general contractor submits the first progress billing to the property owner
- D. The date the construction contract is signed and both parties exchange consideration

10. A contractor hires a framing subcontractor for a residential project. The subcontract value is \$8,500. The framing subcontractor does not hold a CCB license. What should the general contractor do?

- A. Hire the subcontractor and require them to obtain a license within 30 days of starting work
- B. Hire the subcontractor but withhold 20% of each payment until the license is obtained
- C. Proceed with the hire because subcontractors performing work under \$10,000 are exempt from licensing
- D. Do not hire the subcontractor — ORS 701.026 prohibits hiring unlicensed contractors regardless of the subcontract value

11. A contractor prepares a Gantt chart for a residential project and identifies that Activities B, C, and D can all proceed simultaneously after Activity A is complete. This scheduling arrangement is an example of which concept?

- A. Sequential dependency requiring activities to occur one after another
- B. Parallel activities that can be performed concurrently because they have no dependency on each other
- C. Critical path compression achieved by crashing multiple activities simultaneously
- D. Float allocation allowing noncritical activities to be rescheduled within available slack time

12. A contractor's takeoff identifies 156 recessed light fixtures needed for a commercial project. This is an example of which type of measurement?

- A. Linear measurement
- B. Area measurement
- C. Count measurement
- D. Volume measurement

13. A property owner files a CCB complaint alleging that a contractor abandoned a \$45,000 residential remodel with only 40% of the work complete. The CCB investigates and issues a final order requiring the contractor to pay \$18,000 in damages. The contractor refuses to pay. What recourse does the property owner have?

- A. The owner may make a claim against the contractor's surety bond for the \$18,000 owed
- B. The owner must file a separate civil lawsuit because the CCB cannot enforce payment orders
- C. The owner may request that Oregon OSHA suspend the contractor's license until payment is made
- D. The owner has no further recourse because CCB final orders are advisory and nonbinding

14. A contractor wants to minimize the risk of a nonpaying client. Which of the following contract provisions best protects the contractor?

- A. A warranty provision guaranteeing all work for a minimum of five years after completion

- B. A dispute resolution clause requiring the owner to waive all claims within 30 days of completion
- C. A scope of work provision that includes detailed descriptions of excluded items
- D. A progress payment schedule tied to defined milestones with a deposit due before work begins

15. Under Oregon law, a contractor performing residential work must provide the Consumer Protection Notice on projects exceeding which dollar amount?

- A. \$1,000
- B. \$2,000
- C. \$500
- D. \$5,000

16. A contractor receives an Invitation to Bid that specifies a mandatory prebid conference on March 5 at 10:00 AM. The contractor cannot attend due to a scheduling conflict but submits a bid anyway. The ITB states that attendance at the prebid conference is mandatory. What is the most likely consequence?

- A. The contractor's bid will be accepted but ranked lower than bids from contractors who attended
- B. The owner will schedule a separate conference for the contractor at a mutually convenient time
- C. The contractor's bid may be rejected as nonresponsive for failing to attend the mandatory conference
- D. The contractor's bid will be accepted as long as it includes a written acknowledgment of all addenda

17. A general contractor on a commercial project discovers that the HVAC subcontractor has installed ductwork using a different gauge metal than specified in the plans. The substitution was made without approval. Under construction law, this unauthorized substitution is most accurately described as which of the following?

- A. An acceptable value engineering decision that reduces costs without affecting performance
- B. A minor deviation that is automatically covered by the project's contingency allowance
- C. A warranty claim that the HVAC subcontractor must resolve directly with the property owner
- D. A potential breach of the subcontract because the work does not conform to the contract specifications

18. A property owner signs a contract with a contractor at the owner's home on Wednesday afternoon. On Thursday morning, the owner calls the contractor to cancel under ORS 701.310. The contractor says it is too late because 24 hours have passed. Is the contractor correct?

- A. No, because ORS 701.310 allows cancellation until midnight at the end of the next business day — Thursday midnight
- B. Yes, because the cancellation right expires exactly 24 hours after the contract is signed
- C. No, because the OHSSA provides three business days to cancel regardless of ORS 701.310
- D. Yes, because the onebusinessday right under ORS 701.310 expired at the end of Wednesday

19. A contractor's project budget allocates 38% to materials, 32% to labor, 8% to equipment, 10% to job overhead, and 12% to general overhead. On a project with a total budget of \$125,000 before profit, how much is allocated to labor?

- A. \$47,500
- B. \$10,000
- C. \$40,000
- D. \$15,000

20. A contractor's insurance portfolio includes general liability, workers' compensation, commercial auto, and inland marine coverage. The contractor begins work on a new custom home. Which additional insurance type should the contractor consider for this project?

- A. Professional liability (errors and omissions) insurance
- B. Builder's risk insurance to cover the structure during construction
- C. Cyber liability insurance to protect against data breaches
- D. Directors and officers insurance to protect corporate leadership

21. An employee is working on a flat commercial roof at a height of six feet above the ground. The employer has provided a warning line system set back 15 feet from the roof edge but no other fall protection. Under Oregon OSHA, is this adequate?

- A. Yes, because warning line systems are always sufficient fall protection at any height
- B. Yes, because six feet is below the threshold requiring active fall protection systems

- C. The adequacy depends on the specific Oregon OSHA standards for warning line systems on low-slope roofs, which allow them as part of an approved fall protection plan under certain conditions
- D. No, because warning line systems are prohibited on commercial roofing projects under all circumstances

22. A contractor's employee reports a safety concern about an unguarded floor opening on the second story of a building under construction. The contractor dismisses the concern and takes no action. Two days later, Oregon OSHA inspects the site and finds the unguarded opening. What type of violation is most likely?

- A. Serious violation, because the unguarded opening creates a substantial probability of death or serious harm
- B. De minimis violation, because the opening was on an upper floor with limited worker access
- C. Other than serious violation, because no injury actually occurred from the unguarded opening
- D. Willful violation, because the employer was notified of the hazard and deliberately chose not to act

23. A contractor stores diesel fuel, hydraulic fluid, and used motor oil at a construction jobsite. Under environmental regulations, the contractor is required to do which of the following?

- A. Dispose of all petroleum products through the municipal waste collection service
- B. Store the fluids in any available containers as long as they are kept away from storm drains
- C. Obtain a hazardous materials storage permit from Oregon OSHA before bringing any fluids to the site
- D. Handle, store, and dispose of the materials in accordance with federal and state environmental regulations

24. A contractor hires a new employee on March 1. The contractor is required to have the employee complete Form I-9. What is the purpose of this form?

- A. To establish the employee's federal income tax withholding elections for payroll processing
- B. To verify the employee's identity and authorization to work in the United States
- C. To register the employee with the Oregon Employment Department for unemployment benefits
- D. To document the employee's construction experience for CCB endorsement qualification

25. Under Oregon's Construction Lien Law, the term "subcontractor" is specifically defined as which of the following?

- A. A contractor that has no direct contractual relationship with the owner
- B. Any individual who performs manual labor on a construction project for an hourly wage
- C. A contractor who holds a Residential Specialty Contractor endorsement from the CCB
- D. Any business entity that provides materials to a construction project but does not perform labor

26. A contractor completes work on a residential project on June 10. The homeowner posts a Notice of Completion on June 15, which is recorded with the county on June 18. For lien filing purposes, what date is considered the completion date?

- A. June 10, the date the contractor completed all physical work on the project
- B. June 18, the date the Notice of Completion was recorded with the county
- C. June 15, the date stated on the posted Notice of Completion
- D. June 25, ten days after the Notice of Completion was posted on the property

27. A general contractor receives a written demand from a lumber supplier who claims the GC's framing subcontractor owes \$4,200 for materials delivered to the project. The GC already paid the framing subcontractor in full. What step should the GC take to protect the property owner?

- A. Ignore the demand because the GC has no contractual relationship with the lumber supplier
- B. Obtain a lien waiver from the framing subcontractor confirming that all suppliers have been paid
- C. Pay the lumber supplier directly and deduct the amount from the subcontractor's next project
- D. File a CCB complaint against the framing subcontractor for failure to pay material suppliers

28. Under Oregon OSHA, a contractor is required to provide first aid supplies and at least one person trained in first aid on every construction site. On remote jobsites where medical facilities are not reasonably accessible, what additional provision must the employer make?

- A. A written exemption from Oregon OSHA waiving the first aid requirement for remote locations
- B. A supply of prescription medications appropriate for common construction injuries
- C. A direct communication link to a hospital emergency room staffed by a physician

D. Additional provisions for emergency medical transport to the nearest medical facility

29. A contractor's general overhead rate is 18% and the desired profit margin is 12%. Total direct costs for a project are \$54,000. What is the minimum selling price?

A. \$72,409

B. \$67,500

C. \$63,720

D. \$75,600

30. An employer in Oregon fires an employee at 2:00 PM on Tuesday. The employee's regular hourly rate is \$28.00. The employer mails the final paycheck on Friday. Under Oregon law, what penalty may the employer face?

A. No penalty, because mailing the check within three business days is within the legal timeframe

B. A flat fine of \$500 payable to the Oregon Employment Department

C. Penalty wages accruing at \$224 per day (8 hours × \$28.00) from Wednesday until the check is received

D. Interest charges on the unpaid wages at the statutory rate of 9% per annum

31. A contractor submits a bid on a commercial project. The ITB requires that all subcontractors be listed in the bid submission. The contractor omits the electrical subcontractor from the list. What is the most likely consequence?

A. The bid will be accepted and the contractor can add the electrical subcontractor after award

B. The owner will contact the contractor to request the missing subcontractor information

C. The electrical subcontractor will be automatically assigned by the project architect

D. The bid may be rejected as nonresponsive for failing to include all required information

32. A contractor wants to verify that their business is properly registered with all required state agencies. Which of the following combinations represents the minimum registrations needed for a nonexempt LLC with employees?

- A. CCB license only — the CCB handles all other state registrations automatically
- B. CCB license, Secretary of State LLC registration, Oregon Department of Revenue BIN, Oregon Employment Department, and Workers' Compensation Division
- C. Secretary of State LLC registration and CCB license only — tax registrations are optional
- D. CCB license and Oregon Department of Revenue registration — Employment Department registration is only for businesses with more than 10 employees

33. A contractor is reviewing a residential contract and notices that the dispute resolution clause requires binding arbitration. The contractor has not disclosed this provision as part of the explanation of property owner's rights. What must the contractor do before the homeowner signs?

- A. Disclose the arbitration provision as part of the explanation of property owner's rights, as required by Oregon CCB rules
- B. Remove the arbitration clause because Oregon law prohibits binding arbitration in residential contracts
- C. Obtain a separate notarized agreement from the homeowner specifically consenting to arbitration
- D. File the arbitration clause with the CCB for preapproval before including it in the contract

34. A contractor's CPM schedule shows the following path durations: Path 1 (A→B→E→G) = 22 days, Path 2 (A→C→F→G) = 18 days, Path 3 (A→D→G) = 15 days. Which path is the critical path, and how much float does Path 3 have?

- A. Path 2 is the critical path; Path 3 has 3 days of float
- B. Path 3 is the critical path; Path 1 has 7 days of float
- C. Path 1 is the critical path; Path 3 has 7 days of float
- D. Path 1 is the critical path; Path 3 has 4 days of float

35. A contractor operating as a sole proprietor discovers that their annual selfemployment tax obligation is substantially higher than expected. The contractor's accountant recommends electing SCorporation taxation for the LLC. What is the primary tax advantage of this election?

- A. The contractor's income is split into salary subject to FICA and distributions subject to FICA

- B. The contractor pays no federal income tax on the first \$50,000 of business income
- C. The contractor's CCB license fee is reduced by 50% for SCorporations
- D. The contractor can split income into salary (subject to FICA) and distributions (not subject to FICA), potentially reducing selfemployment tax

36. A contractor receives a change order request from a homeowner to add a deck to an ongoing kitchen remodel. The deck will cost \$7,500 in additional work. What documentation is required

- A. A verbal agreement is sufficient because the change is to an existing contract, not a new project
- B. A written change order signed by both parties documenting the additional scope, cost, and schedule impact
- C. A separate new construction contract for the deck because it is a different type of work
- D. An email from the homeowner confirming the request, which satisfies Oregon's written documentation requirement

37. A commercial contractor holds a CGC2 endorsement with a \$25,000 bond and \$1 million aggregate insurance. A project owner requires the contractor to carry \$2 million in aggregate liability coverage for a specific project. What should the contractor do?

- A. Obtain a projectspecific insurance policy or increase the aggregate limit to \$2 million for the duration of the project
- B. Decline the project because the CCB does not allow contractors to carry insurance above endorsement minimums
- C. Proceed with the \$1 million aggregate and inform the owner that CCB minimums supersede contract requirements
- D. File a waiver request with the CCB to temporarily increase the insurance requirement for one project

38. A contractor is building a custom home. The building inspector conducts a framing inspection and identifies that the bottom plate of an exterior wall is not properly anchored to the foundation. The inspector fails the framing inspection. What must happen before the project can proceed?

- A. The contractor may proceed to insulation if the anchor bolt deficiency is on a nonstructural wall
- B. The general contractor must file an appeal with the Building Codes Division to challenge the inspection result

- C. The contractor must correct the anchoring deficiency and request a reinspection before subsequent work can proceed
- D. The architect must issue a revised drawing approving an alternative anchoring method

39. A contractor's employee suffers a back injury while lifting heavy materials on a jobsite. The employee files a workers' compensation claim. The contractor's experience modification rate is currently 0.85. If this claim is significant, how will it likely affect future premiums?

- A. No effect, because claims filed by employees who were not wearing back braces are excluded
- B. The experience modification rate will likely increase above 0.85, resulting in higher future premiums
- C. The workers' compensation carrier will cancel the policy immediately upon receipt of the claim
- D. The experience modification rate will decrease because the claim demonstrates the policy is being utilized

40. A subcontractor on a residential project sends a Notice of Right to Lien to the property owner. Two months later, the general contractor pays the subcontractor in full. The subcontractor then sends the owner a written statement releasing their lien rights. This document is known as which of the following?

- A. A lien waiver
- B. A Notice of Completion
- C. A Certificate of Insurance
- D. A bond release

41. A contractor is demolishing an interior wall in a 1960s era home and discovers what appears to be vermiculite insulation in the attic space above. Why is this discovery significant?

- A. Vermiculite insulation is a fire hazard that requires immediate evacuation of the building
- B. Vermiculite insulation always contains lead paint that triggers EPA RRP Rule compliance
- C. Vermiculite from certain sources may contain asbestos and should be treated with caution
- D. Vermiculite insulation may contain asbestos, requiring the contractor to stop work and have the material tested by an accredited inspector before proceeding

42. A contractor is preparing an estimate for a concrete driveway. The driveway will be 60 feet long, 12 feet wide, and 4 inches thick. How many cubic yards of concrete are needed before applying a waste factor?

- A. 240 cubic yards
- B. 8.9 cubic yards
- C. 26.7 cubic yards
- D. 2,880 cubic yards

43. Under Oregon OSHA, which of the following is required before an employee begins working in a trench that is six feet deep?

- A. The employee must hold a valid trench safety certification issued by Oregon OSHA
- B. The excavation must be registered with the local building department and a permit obtained
- C. A protective system must be in place and a competent person must have inspected the excavation
- D. The contractor must file a preexcavation notification with Oregon OSHA at least 48 hours in advance

44. An Oregon contractor advertises their services on a local radio station. The advertisement mentions the company name, services offered, and phone number, but does not mention the CCB license number. Is this advertisement in compliance with Oregon law?

- A. No, because Oregon law requires the CCB license number to appear on all advertising including radio commercials
- B. Yes, because radio advertisements are exempt from the CCB license number requirement
- C. No, but only if the advertisement is longer than 30 seconds in duration
- D. Yes, because broadcast media only requires the license number if the advertisement includes pricing

45. A contractor's cash flow analysis reveals that accounts receivable have increased by 40% over the past six months while revenue has remained flat. What does this trend indicate?

- A. The contractor's profitability has improved because more revenue has been earned but not yet collected
- B. The contractor's pricing strategy is generating higher contract values on each project
- C. The contractor's insurance premiums have decreased due to improved safety performance
- D. The contractor's collections are slowing, meaning customers are taking longer to pay, which threatens cash flow

46. A lender reviewing a contractor's loan application asks to see the company's balance sheet. Which specific information will the balance sheet provide to the lender?

- A. The contractor's annual revenue, expenses, and net profit over the previous fiscal year
- B. The contractor's assets, liabilities, and owner's equity at a specific point in time
- C. The contractor's cash inflows and outflows for the most recent quarter
- D. The contractor's job cost reports showing profitability on each completed project

47. A contractor installs a guardrail system on a commercial construction project. The guardrail has a top rail at 42 inches, a midrail at 21 inches, and a toeboard at the platform edge. Under Oregon OSHA, what is the minimum height requirement for the top rail of a guardrail system?

- A. 42 inches above the walking/working surface
- B. 36 inches above the walking/working surface
- C. 48 inches above the walking/working surface
- D. 39 inches above the walking/working surface

48. A contractor's employee is cleaning a paint sprayer with a solvent. The employee has not received Hazard Communication training and does not know that the solvent requires chemical-resistant gloves. The employee develops a chemical burn on their hands. Under the HazCom standard, who is responsible for this injury?

- A. The chemical manufacturer, who failed to produce an adequate Safety Data Sheet
- B. The employee, who should have read the label on the solvent container before use
- C. The employer, who failed to provide the required HazCom training before the employee handled the chemical

D. Oregon OSHA, which failed to conduct a timely inspection of the contractor's jobsite

49. A contractor holds both a residential and commercial endorsement (dual endorsement). How many surety bonds must the contractor maintain?

A. One bond at the higher of the two endorsement amounts

B. One bond at the combined total of both endorsement amounts

C. Three bonds — one residential, one commercial, and one general business bond

D. Two separate bonds — one residential and one commercial

50. A contractor's project schedule shows that drywall hanging (Activity H) has a duration of 8 days and 3 days of total float. The drywall crew notifies the contractor that they will be 5 days late arriving to the project. What is the impact?

A. No impact, because the 5day delay is within the activity's 8day duration

B. The project completion date will be delayed by 2 days because the delay exceeds available float by 2 days

C. The project completion date will be delayed by 5 days because any delay to any activity delays the project

D. No impact, because the contractor can crash the drywall activity by adding a second crew

51. A contractor operating in Bend, Oregon takes on a project in Portland. The contractor discovers that Portland requires local business tax registration and compliance with Metro transit district taxes. What should the contractor do?

A. Register with the local jurisdictions and comply with all applicable local tax requirements for the Portland project

B. Request an exemption from local taxes because the contractor's primary business location is in Bend

C. Pay the local taxes only if the project value exceeds \$50,000 in total contract price

D. File a protest with the Oregon Department of Revenue challenging the local jurisdiction's authority

52. A property owner receives a Notice of Right to Lien from a tile supplier they have never heard of. The owner has already paid the general contractor in full for all tile work. What should the owner do?

- A. Ignore the notice because it is only a warning and the owner has already paid the general contractor
- B. Refuse to make any further payments to the general contractor until the supplier issue is resolved
- C. Contact the general contractor to verify that the tile supplier has been paid and request proof of payment
- D. File a CCB complaint immediately against the tile supplier for sending a fraudulent notice

53. A contractor operating as an LLC wants to open a second location in a different Oregon city. Does the contractor need to take any action with the CCB?

- A. Yes, the contractor must apply for a second CCB license for the new location
- B. Yes, the contractor must notify the CCB of the new business address and update their records
- C. No, because the CCB license covers all locations within the state of Oregon
- D. No, but the contractor must register the new location as a separate business with the Secretary of State

54. A contractor estimates that a project will require 320 laborhours at a burdened rate of \$42.00 per hour. During the project, the contractor adds a second crew to accelerate the schedule, but the additional crew is less experienced and works at 80% of the efficiency of the primary crew. The second crew works 80 hours. What is the effective labor cost for the second crew's contribution?

- A. \$3,360, representing 80 hours at the burdened rate
- B. \$3,360 for the hours worked, but the crew only produced the equivalent of 64 hours of output
- C. \$4,200, because the second crew's hours must be multiplied by 1.25 to account for inefficiency
- D. \$4,200 in cost for 80 hours at \$42.00, but the crew completed only 64 hours' worth of work, making the effective cost per productive hour \$65.63

55. Under Oregon law, a contractor must report which of the following changes to the CCB?

- A. Change of business address, change of ownership, change of RMI, change of exempt/nonexempt status, and cancellation of bond or insurance
- B. Change of business address only — all other changes are reported at the time of license renewal

- C. Change of RMI and change of insurance carrier only — other changes do not require notification
- D. None — all changes are reported through the biennial license renewal process

56. A contractor's takeoff shows that a project requires 2,800 square feet of exterior siding. The contractor estimates a waste factor of 10% for cutting and fitting. Siding material costs \$4.25 per square foot installed. What is the estimated material cost including waste?

- A. \$11,900
- B. \$12,600
- C. \$13,090
- D. \$11,220

57. A contractor operating as a general partnership has two partners who are unrelated. The partnership has no employees. One partner wants to hire a parttime laborer for a single project. What must happen before the laborer begins work?

- A. The laborer may begin immediately because partnerships with fewer than three employees are exempt
- B. The partnership must notify the CCB of the change to nonexempt status and obtain workers' compensation insurance
- C. The laborer must sign an independent contractor agreement waiving workers' compensation coverage
- D. The partnership must obtain a temporary employment permit from the Oregon Employment Department

58. A contractor receives an Oregon OSHA citation for a serious violation. The contractor wants to contest the citation. Within how many calendar days must the contractor file an appeal?

- A. 10 calendar days from the date the citation was received
- B. 15 calendar days from the date the citation was received
- C. 60 calendar days from the date the citation was received
- D. 30 calendar days from the date the citation was received

59. A contractor builds a new singlefamily home and delivers it to the buyers. Eight months after movein, the buyers discover that the basement leaks during heavy rain. Under ORS 701.320, what warranty obligation applies?

- A. The contractor was required to make a written offer of warranty against defects in materials and workmanship before the contract was signed
- B. The contractor has no warranty obligation because basement waterproofing is excluded from standard warranties
- C. The warranty obligation expired six months after first occupancy under Oregon's residential warranty statute
- D. The buyers must file a CCB complaint within 30 days of discovering the defect or forfeit their warranty rights

60. A contractor's overhead analysis reveals the following annual costs: office rent \$24,000, office staff \$48,000, vehicle expenses \$14,400, insurance premiums \$9,600, marketing \$4,800, and professional fees \$3,600. Total annual direct costs are \$580,000. What is the overhead rate, and how much overhead should be allocated to a project with \$42,000 in direct costs?

- A. The overhead rate is approximately 15%, but the allocation depends on seasonal adjustments
- B. The overhead rate is 20% and the allocation is \$8,400
- C. The overhead rate is 18% and the allocation is \$7,560
- D. The overhead rate is 18% and the allocation is \$7,560, calculated as $\$104,400 \div \$580,000 = 18\%$, then $\$42,000 \times 0.18 = \$7,560$

61. A contractor is evaluating two project opportunities. Project A has estimated direct costs of \$85,000 with low risk. Project B has estimated direct costs of \$85,000 with high risk due to unfamiliar work type and an unreliable client. If the contractor applies the same markup to both projects, which statement is most accurate?

- A. The contractor should apply a higher markup to Project B to compensate for the additional risk
- B. Both projects should receive identical markups because the direct costs are the same
- C. Both projects should receive identical markups because the direct costs are the same and risk is not a pricing factor
- D. Project B should receive a lower markup to make the bid more competitive against specialized contractors

62. A contractor files a Claim of Lien on a residential property on May 1. On August 15, the contractor has not filed a foreclosure lawsuit. What is the status of the lien?

- A. The lien has expired because 120 days have passed since recording without a foreclosure action
- B. The lien remains valid for 180 days from the date of filing
- C. The lien remains valid indefinitely until the property is sold or the debt is paid
- D. The lien has entered a 30day grace period during which the contractor may still file for foreclosure

63. A contractor is reviewing their workers' compensation policy and sees that the experience modification rate is 1.15. What does this rate indicate?

- A. The contractor's premiums are 15% lower than the industry average due to excellent safety performance
- B. The contractor has 15 active workers' compensation claims in the current policy year
- C. The contractor's total payroll exceeds the industry threshold by 15%
- D. The contractor's claims history is 15% worse than the industry average, resulting in premiums 15% higher than baseline

64. An employer pays an independent contractor \$8,500 for concrete work during the calendar year. Which IRS form must the employer issue to the independent contractor by January 31?

- A. Form W2 reporting wages and tax withholdings for the calendar year
- B. Form 1099NEC reporting nonemployee compensation of \$600 or more
- C. Form 941 reporting quarterly employment taxes withheld from the contractor's payments
- D. No form is required because independent contractors are responsible for their own tax reporting

65. A contractor's daily log from a residential project records the following: "Tuesday, October 14 — Rain from 6 AM to 11 AM, site too wet to pour concrete. Crew reassigned to interior trim work. Concrete pour rescheduled to Thursday, October 16. Owner notified by phone at 8:30 AM." This log entry serves which primary purpose?

- A. Satisfying the CCB's requirement to submit daily reports to the property owner's mortgage lender
- B. Providing documentation for the contractor's workers' compensation insurance audit

- C. Creating a contemporaneous record supporting a potential schedule extension or change order claim
- D. Meeting Oregon OSHA's mandatory daily activity reporting requirement for all construction projects

66. A contractor wants to protect against the risk of a customer filing a construction defect lawsuit three years after project completion. Which type of insurance coverage specifically addresses this longtail risk?

- A. General liability insurance under the products and completed operations coverage
- B. Builder's risk insurance, which extends coverage for three years after project completion
- C. Workers' compensation insurance, which includes a completed operations rider
- D. Inland marine insurance, which covers postconstruction claims related to installed materials

67. A contractor's employee works on a scaffold platform at a height of 12 feet. The scaffold has a top rail and midrail but no toeboard. A hammer falls from the platform and strikes a worker below, causing a head injury. Which scaffold safety requirement was violated?

- A. The requirement for a safety net below the scaffold platform at heights exceeding 10 feet
- B. The requirement for all workers to wear hard hats within 50 feet of any scaffold structure
- C. The requirement for tool tethering systems on all scaffold platforms above 6 feet
- D. The requirement for toeboards on all open sides and ends of scaffold platforms more than ten feet above the ground

68. A contractor's framing crew completes the second floor of a twostory home. Before installing the subfloor, there is an unprotected floor opening measuring 3 feet by 4 feet where the stairway will be installed. What fall protection is required?

- A. No protection is needed because floor openings for stairways are exempt from fall protection requirements
- B. The opening must be guarded with a standard guardrail system or covered with a secured floor cover
- C. A warning sign posted within 10 feet of the opening is sufficient protection for experienced workers
- D. Fall protection is only required if the opening exceeds 6 feet by 6 feet in dimension

69. A contractor's accounting records show that Project Alpha generated \$92,000 in revenue with \$78,000 in total costs, while Project Beta generated \$65,000 in revenue with \$62,500 in total costs. Which project was more profitable in terms of profit margin?

- A. Project Alpha, with a profit margin of approximately 15.2% compared to Project Beta's 3.8%
- B. Project Beta, because it had lower total costs and therefore lower financial risk
- C. Both projects have the same profitability because the revenue to cost ratios are identical
- D. Project Alpha and Beta cannot be compared without knowing the overhead allocation for each

70. A contractor completes a project and the homeowner is satisfied with the work. The contractor asks the homeowner to leave an online review. Under Oregon law, is there any restriction on soliciting customer reviews?

- A. No specific Oregon law prohibits contractors from soliciting customer reviews, but the CCB license number should be displayed on the contractor's online profiles
- B. Yes, contractors must obtain written permission from the CCB before soliciting reviews
- C. Yes, contractors may only solicit reviews through the CCB's official customer feedback portal
- D. No, but all solicited reviews must be submitted to the CCB for verification before publication

71. A contractor operating as an LLC fails to maintain the LLC as a separate entity — commingling personal and business funds, failing to hold member meetings, and using business accounts for personal expenses. If the LLC is sued, what risk does this behavior create?

- A. The CCB will automatically revoke the LLC's contractor license for improper business management
- B. The Oregon Secretary of State will dissolve the LLC and reclassify it as a sole proprietorship
- C. Oregon OSHA will increase the LLC's inspection frequency due to administrative noncompliance
- D. A court may "pierce the corporate veil," eliminating the liability protection and exposing members' personal assets

72. A contractor hires an electrical subcontractor who holds a valid CCB license with a Residential Specialty Contractor endorsement. During the project, the contractor learns the electrician performing the work does not hold an individual electrical license from the Building Codes Division. What should the contractor do?

- A. Allow the work to continue because the CCB license covers all construction activities
- B. Stop the electrical work immediately — the individual performing electrical work must hold a BCD electrical license in addition to the company's CCB license
- C. Contact the CCB to verify whether the BCD license is required for residential electrical work
- D. Allow the work to continue if the electrician is supervised by a licensed journeyman on another project

73. A contractor's bid on a commercial project includes a 10% markup on total costs. A competing contractor submits a bid with a 22% markup on the same estimated costs. If both contractors' cost estimates are identical, which contractor will win if the project is awarded to the lowest bidder?

- A. The contractor with the 10% markup, because their selling price is lower
- B. The contractor with the 22% markup, because the higher price signals greater quality
- C. Neither contractor, because bids with different markups are automatically disqualified
- D. Both contractors are equally competitive because markup percentage does not affect selling price

74. Under Oregon law, a contractor who receives a CCB final order requiring payment of damages to a property owner must pay within the timeframe specified in the order. If the contractor fails to pay, the unpaid amount may be collected from which source?

- A. The contractor's general liability insurance policy
- B. The Oregon Construction Industry Recovery Fund
- C. The contractor's surety bond
- D. The Oregon Workers' Compensation Division trust fund

75. A contractor is planning a project that involves working near overhead power lines. Oregon OSHA requires that workers, equipment, and materials maintain a minimum clearance distance from energized power lines. For standard voltage lines (up to 50kV), what is the minimum clearance?

- A. 5 feet from all energized power lines regardless of voltage
- B. 15 feet from energized lines carrying up to 50kV
- C. 20 feet from all energized power lines regardless of voltage
- D. 10 feet from energized lines carrying up to 50kV

76. A contractor's project involves excavating near an existing underground natural gas line. Before beginning excavation, what must the contractor do?

- A. Notify the local fire department and obtain a hot work permit for the excavation area
- B. Contact the Oregon Utility Notification Center (811) to have underground utilities located and marked
- C. Install a gas detection monitor at the excavation site and proceed with manual digging only
- D. Obtain a blasting permit from the local building department and evacuate adjacent properties

77. A contractor's estimate includes the following costs: materials \$38,000, labor \$31,000, equipment \$5,500, job overhead \$7,200, and general overhead \$14,700. The contractor applies a 15% markup to the total cost. What is the selling price?

- A. \$110,860
- B. \$96,400
- C. \$107,350
- D. \$100,740

78. A property owner wants to ensure that their home is not subject to construction liens after the project is complete. The owner asks the general contractor for documentation proving that all subcontractors and suppliers have been paid. What document should the owner request?

- A. A copy of the general contractor's profit and loss statement for the project
- B. A certified copy of the general contractor's CCB license and current bond certificate
- C. Lien waivers from each subcontractor and supplier for all work and materials paid to date
- D. A letter from the CCB confirming that no complaints have been filed against the contractor

79. A contractor schedules a foundation inspection. The building inspector arrives and discovers that the rebar placement does not match the structural drawings. The inspector fails the inspection. The concrete pour was scheduled for the following morning. What is the correct sequence of events?

- A. Pour the concrete as scheduled and request a reinspection after the concrete has cured

- B. Correct the rebar placement, request a reinspection, and postpone the pour until the inspection passes
- C. File an appeal with the Building Codes Division to waive the rebar spacing requirement
- D. Contact the structural engineer to issue a field revision approving the asbuilt rebar placement

80. A contractor completes a kitchen remodel and the homeowner signs a Certificate of Completion. Three weeks later, the homeowner notices that a cabinet door is misaligned and contacts the contractor. The contractor has already received final payment. What is the contractor's obligation?

- A. None, because the homeowner signed a Certificate of Completion accepting the work as satisfactory
- B. The contractor retains no obligation because the final payment has been received and deposited
- C. The contractor must offer a full refund of the project price if any defect is found after completion
- D. The contractor should address the defect under their warranty obligations and professional responsibility

Practice Exam 5: Answer Key and Explanations

1. B — A 9,000squarefoot, 18foottall strip mall falls within the small commercial definition (nonresidential $\leq 10,000$ sq ft and ≤ 20 ft high). The RSC endorsement permits work on both residential and small commercial structures, so Patel can legally accept the project.
2. D — A sole proprietor reports business income on Schedule C filed with their personal Form 1040. Because the sole proprietor has no employer splitting FICA, they must also file Schedule SE to calculate and pay selfemployment tax (15.3%) on net business income.
3. A — The market analysis section examines the competitive landscape, target customers, market conditions, and competitor strengths and weaknesses. This section answers the lender's question: who are your customers and why will they choose you over competitors?
4. C — When a contractor's liability insurance lapses, the CCB suspends the license until replacement coverage is in place. The contractor may not perform any construction work during the suspension — doing so constitutes unlicensed contracting.

5. B — An LLC with more than two members who are not all immediate family triggers nonexempt classification. One unrelated member among four total exceeds the exempt threshold, regardless of the majority being siblings.

6. A — Job costing tracks income and expenses by individual project, enabling the contractor to compare actual costs to estimates and identify which cost categories ran over or under budget. This analysis is the feedback loop that improves future estimating accuracy.

7. D — The CGC1 endorsement requires at least eight years of construction experience from one or more key employees. The combined experience of the superintendent (6 years) and project manager (3 years) exceeds eight years, satisfying the requirement.

8. C — Net profit: $\$485,000 - \$312,000 - \$128,000 = \$45,000$. The profit and loss statement reveals the bottom line after cost of goods sold and operating expenses are deducted from gross revenue.

9. A — "Commencement of the improvement" is the first actual preparation or construction upon the site, or the first delivery of materials of such substantial character as to notify interested persons that work has begun. This date is significant for lien priority.

10. D — ORS 701.026 prohibits hiring unlicensed contractors regardless of the subcontract value. There is no dollar threshold below which licensing is waived. The general contractor must verify that every subcontractor holds a valid CCB license before hiring.

11. B — Activities that can proceed simultaneously with no dependency on each other are parallel activities. Identifying parallel work opportunities is one of the most effective ways to compress a project schedule without adding cost.

12. C — Individual fixtures measured as discrete units represent a count measurement. The takeoff process uses four quantity types — linear, area, volume, and count — and selecting the correct type ensures accurate material quantification and pricing.

13. A — When a contractor refuses to pay a CCB final order, the property owner may make a claim against the contractor's surety bond. The bonding company pays valid claims up to the bond face amount, and the contractor must reimburse the surety.

14. D — A progress payment schedule tied to defined milestones with a deposit ensures the contractor receives payment throughout the project rather than bearing the full financial burden until completion. This is the most effective contract provision for managing nonpayment risk.

15. B — The Consumer Protection Notice is required for residential projects exceeding \$2,000. This notice informs the property owner about the CCB's role, the complaint process, and resources available if a dispute arises.

16. C — If the ITB states that attendance at the prebid conference is mandatory, a bid from a contractor who did not attend may be rejected as nonresponsive. Mandatory requirements in the ITB must be taken literally.

17. D — An unauthorized material substitution that does not conform to the contract specifications is a potential breach of the subcontract. The GC should require the subcontractor to either obtain approval for the substitution or replace the material with the specified gauge.

18. A — ORS 701.310 allows cancellation until midnight at the end of the next business day, not 24 hours from signing. A contract signed Wednesday afternoon may be cancelled through midnight Thursday. The contractor is incorrect.

19. C — Labor at 32% of \$125,000: $\$125,000 \times 0.32 = \$40,000$. Understanding the percentage breakdown of project costs helps contractors monitor budget performance and identify categories that may be running over or under estimates.

20. B — Builder's risk insurance covers the structure during construction against damage from fire, theft, vandalism, and weather events. On a new custom home, this coverage protects the significant investment in the partially completed building.

21. C — Warning line systems on lowslope roofs may be acceptable under specific Oregon OSHA standards as part of an approved fall protection plan under certain conditions. The adequacy depends on the roof slope, work activities, and whether the system meets all regulatory requirements.

22. A — An unguarded floor opening creating a fall hazard with substantial probability of death or serious harm is a serious violation. While the employer was notified and took no action, the willful classification requires evidence of intentional and knowing disregard beyond a single reported concern.

23. D — Diesel fuel, hydraulic fluid, and used motor oil must be handled, stored, and disposed of in accordance with federal and state environmental regulations. Improper disposal — including dumping on the ground or into storm drains — violates environmental law.

24. B — Form I9 verifies the employee's identity and authorization to work in the United States. Every employer must complete this form for each new employee within three business days of the employee's first day of work.

25. A — Under Oregon's Construction Lien Law (ORS 87.005), a "subcontractor" is specifically defined as a contractor that has no direct contractual relationship with the owner. This distinction determines the notice requirements for preserving lien rights.

26. C — When an owner or mortgagee posts and records a Notice of Completion, the date stated on the notice is determinative of the completion date for lien filing purposes. This date starts the 75day clock for filing a Claim of Lien.

27. B — The GC should obtain a lien waiver from the framing subcontractor confirming that all suppliers have been paid. This protects the property owner from a potential lien claim by the lumber supplier and verifies that the GC's payment reached the end of the payment chain.

28. D — On remote sites where medical facilities are not reasonably accessible, the employer must make additional provisions for emergency medical transport. This may include arrangements with ambulance services, helicopter evacuation, or other emergency transport.

29. A — Direct costs: \$54,000. General overhead: $\$54,000 \times 0.18 = \$9,720$. Total cost: \$63,720. To achieve a 12% margin, the selling price = $\$63,720 \div (1 - 0.12) = \$63,720 \div 0.88 = \$72,409$. The margin formula ensures the profit is calculated on the selling price, not the cost.

30. C — Oregon requires that final wages for a discharged employee be paid by the end of the next business day. Mailing on Friday means wages were late from Wednesday through the date of receipt. Penalty wages accrue at $8 \text{ hours} \times \$28.00 = \224 per day.

31. D — Omitting required information from a bid package makes the bid nonresponsive. If the ITB requires a subcontractor list and a listed trade is missing, the bid may be rejected regardless of price competitiveness.

32. B — A nonexempt LLC with employees requires CCB licensing, Secretary of State LLC registration, Oregon Department of Revenue business identification number, Oregon Employment Department registration, and Workers' Compensation Division compliance. All five registrations are necessary.

33. A — Oregon CCB rules require disclosure of any arbitration provision as part of the explanation of property owner's rights. The homeowner must be informed that agreeing to arbitration may waive their right to a jury trial.

34. C — The critical path is the longest path: Path 1 at 22 days. Path 3 has float equal to the difference between the critical path and its own duration: $22 - 15 = 7$ days of float. Float represents scheduling flexibility on noncritical paths.

35. D — S Corporation taxation allows the contractor to split income into salary (subject to FICA) and distributions (not subject to FICA). This can significantly reduce the selfemployment tax burden compared to a sole proprietorship where all net income is subject to the 15.3% SE tax.

36. B — Any change to scope, price, or schedule must be documented in a written change order signed by both parties before the changed work is performed. A \$7,500 deck addition is a significant scope change requiring formal documentation.

37. A — CCB endorsement minimums are floors, not ceilings. The contractor can and should obtain projectspecific insurance or increase coverage to meet the project owner's contractual requirements. Declining a project solely because the owner wants more coverage is unnecessary.

38. C — A failed inspection requires correction of the deficiency and a successful reinspection before subsequent work can proceed. Installing insulation, drywall, or any covering before the framing inspection passes would require removal at the contractor's expense.

39. B — The experience modification rate reflects claims history relative to industry averages. A significant claim will increase the rate above 0.85, resulting in higher premiums in future policy periods. This creates a direct financial incentive for workplace safety.

40. A — A lien waiver is a written statement releasing the subcontractor's or supplier's lien rights for work or materials already paid. Collecting lien waivers at each payment milestone protects the property owner from future lien claims.

41. D — Vermiculite insulation from certain sources (particularly the Libby, Montana mine) may contain asbestos. The contractor must stop work and have the material tested by an accredited inspector before proceeding. Disturbing asbestos creates serious health hazards.

42. B — Volume = $(60 \times 12 \times 0.333) \div 27 = 240 \div 27 = 8.9$ cubic yards. Convert 4 inches to feet (0.333), multiply length \times width \times depth in feet to get cubic feet, then divide by 27 to convert to cubic yards.

43. C — Excavations five feet or deeper require a protective system (sloping, shoring, or shielding) and inspection by a competent person. Both requirements must be met before any worker enters the trench.

44. A — Oregon law requires the CCB license number on all advertising, including television and radio commercials. There is no exemption for broadcast media — the license number must be stated in the advertisement.

45. D — Rising accounts receivable with flat revenue means customers are paying more slowly. This threatens cash flow because the contractor's expenses continue on schedule while collections lag behind, potentially creating a cash shortfall.

46. B — The balance sheet shows assets, liabilities, and owner's equity at a specific point in time. It tells the lender what the business owns, what it owes, and what residual value belongs to the owners.

47. A — Oregon OSHA requires the top rail of a guardrail system to be 42 inches (plus or minus 3 inches) above the walking/working surface. The midrail must be approximately midway between the top rail and the platform surface.

48. C — The employer is responsible for providing HazCom training before employees handle hazardous chemicals. Failure to train is a violation of the Hazard Communication Standard, and the resulting injury is attributable to the employer's noncompliance.

49. D — Contractors holding dual endorsements (both residential and commercial) must maintain two separate surety bonds — one residential and one commercial. The bonds serve different purposes and cover different types of projects.

50. B — Activity H has 3 days of float. A 5day delay exceeds the float by 2 days ($5 - 3 = 2$). The excess delay pushes Activity H onto the critical path and delays the project completion date by 2 days.

51. A — Local jurisdictions may impose additional requirements that do not apply statewide. The contractor must research and comply with all applicable local requirements — including Portland's business tax and Metro transit taxes — for projects in that jurisdiction.

52. C — The Notice of Right to Lien is a warning, not a lien. The owner should contact the general contractor to verify that the tile supplier has been paid. If the GC has not paid the supplier despite receiving payment from the owner, the owner may be at risk of a lien.

53. B — The contractor must notify the CCB of the new business address and update their records. Oregon law requires prompt reporting of address changes to ensure the CCB can reach the contractor for renewal notices, correspondence, and legal documents.

54. D — The second crew costs \$4,200 ($80 \text{ hours} \times \42.00) but produces only 64 hours of productive output (80×0.80). The effective cost per productive hour is $\$4,200 \div 64 = \65.63 , compared to \$42.00 for the primary crew — a 56% premium for the acceleration.

55. A — Oregon law requires contractors to report all listed changes promptly: address, ownership, RMI, exempt/nonexempt status, and bond or insurance cancellation. Each change has immediate compliance implications that cannot wait for the next renewal cycle.

56. C — Quantity with waste: $2,800 \times 1.10 = 3,080 \text{ sq ft}$. Cost: $3,080 \times \$4.25 = \$13,090$. Failing to include the waste factor would understate the material cost by \$1,190, which would come directly out of the contractor's profit.

57. B — Hiring an employee changes the partnership's classification to nonexempt, requiring notification to the CCB and procurement of workers' compensation insurance. This obligation applies even for parttime, temporary, or singleproject hires.

58. D — Employers have 30 calendar days from receipt of an Oregon OSHA citation to file an appeal. If no appeal is filed within this window, the citation becomes a final order and penalties become due.

59. A — Under ORS 701.320, contractors building new residential homes must make a written offer of warranty against defects in materials and workmanship before the contract is signed. A leaking basement eight months after occupancy would be a potential warranty claim.

60. D — Total overhead: $\$24,000 + \$48,000 + \$14,400 + \$9,600 + \$4,800 + \$3,600 = \$104,400$. Overhead rate: $\$104,400 \div \$580,000 = 18\%$. Project allocation: $\$42,000 \times 0.18 = \$7,560$.

61. C — Risk should be reflected in pricing. Higherrisk projects warrant higher markups to compensate for the increased probability of cost overruns, disputes, and unexpected conditions. Applying the same markup regardless of risk underprices dangerous opportunities.

62. A — A construction lien expires 120 days after recording unless a foreclosure lawsuit is filed. May 1 plus 120 days = August 29. By August 15, the lien has not yet expired — but the contractor has only 14 days remaining to file suit.

63. D — An experience modification rate of 1.15 means the contractor's claims history is 15% worse than the industry average, resulting in premiums 15% above the baseline rate. A rate below 1.00 indicates betterthanaverage safety performance.

64. B — Payments of \$600 or more to an independent contractor during the calendar year must be reported on Form 1099NEC by January 31. The \$8,500 payment exceeds the \$600 threshold, making the 1099NEC filing mandatory.

65. C — Daily logs create a contemporaneous record that supports schedule extension requests, change order justifications, and dispute resolution. A timestamped entry noting weather delays and owner notification is far more powerful evidence than afterthefact recollections.

66. A — General liability insurance under products and completed operations coverage addresses claims arising from work completed months or years ago. This longtail coverage protects against defect lawsuits that may surface well after project completion.

67. D — Toeboards are required on all open sides and ends of scaffold platforms more than ten feet above the ground. Toeboards prevent tools and materials from falling off the platform edge and striking workers below.

68. B — Floor openings on elevated surfaces must be guarded with a standard guardrail system or covered with a secured floor cover capable of supporting anticipated loads. Unprotected floor openings at any height above six feet create a fall hazard requiring protection.

69. A — Project Alpha: $(\$92,000 - \$78,000) \div \$92,000 = 15.2\%$ margin. Project Beta: $(\$65,000 - \$62,500) \div \$65,000 = 3.8\%$ margin. Alpha is significantly more profitable as a percentage of revenue, demonstrating why margin analysis matters more than raw profit dollars.

70. A — No specific Oregon law prohibits contractors from soliciting customer reviews. However, the CCB license number should be displayed on the contractor's online profiles and website, as all advertising must include the license number.

71. D — Commingling personal and business funds and failing to maintain corporate formalities can lead a court to "pierce the corporate veil," eliminating the LLC's liability protection and exposing members' personal assets to business debts and judgments.

72. B — In Oregon, individuals performing electrical work must hold a BCD electrical license in addition to the company's CCB license. The contractor should stop the electrical work immediately until a properly licensed electrician is assigned.

73. A — With identical cost estimates, the contractor with the 10% markup will have a lower selling price than the contractor with the 22% markup. On lowestbid projects, the lower price wins — though the winning contractor accepts a thinner profit margin.

74. C — If a contractor fails to pay a CCB final order, the unpaid amount may be collected from the contractor's surety bond. The bonding company pays the claimant up to the bond amount, and the contractor must reimburse the surety.

75. D — Oregon OSHA requires a minimum clearance of 10 feet from energized power lines carrying up to 50kV. Greater clearance distances are required for higher voltages. Contact with overhead power lines is a leading cause of electrocution in construction.

76. B — Before excavating near underground utilities, the contractor must contact the Oregon Utility Notification Center (dial 811) to have all underground utilities located and marked. This is a legal requirement that prevents damage to gas, water, electric, and communication lines.

77. A — Total cost: $\$38,000 + \$31,000 + \$5,500 + \$7,200 + \$14,700 = \$96,400$. Selling price with 15% markup: $\$96,400 \times 1.15 = \$110,860$. Both job overhead and general overhead must be included in the cost base before markup is applied.

78. C — Lien waivers from each subcontractor and supplier confirm that they have been paid for all work and materials to date and release their lien rights. Collecting waivers at each progress payment milestone is the most effective way to protect the property from liens.

79. B — A failed inspection requires correction and reinspection before proceeding. Pouring concrete over noncompliant rebar would permanently embed the deficiency, making correction impossible and potentially creating a structural safety hazard.

80. D — A signed Certificate of Completion does not extinguish the contractor's warranty obligations. Minor defects like misaligned cabinet doors should be addressed under the contractor's warranty and professional responsibility to stand behind their work.