

PRACTICE EXAM 6: OREGON CCB SIMULATION (80 QUESTIONS)

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

1. Kim Remodeling Inc. is a corporation with two officers — a husband and wife. They hire their 19-year-old nephew as a full-time laborer. The nephew is the only employee. How is this business classified for CCB purposes?

- A. Nonexempt, because the nephew is an employee who is not a member of the immediate family as defined by Oregon law
- B. Exempt, because the corporation has only two officers and the nephew is a relative
- C. Nonexempt, because all corporations with any employees are automatically classified as nonexempt
- D. Exempt, because the nephew is under 21 years old and classified as a dependent

2. A contractor's project requires purchasing 3,600 square feet of tile. The tile costs \$6.50 per square foot. The contractor applies a waste factor of 15% for cutting and fitting around obstacles. What is the total material cost for tile including waste?

- A. \$23,400
- B. \$27,540
- C. \$26,910
- D. \$24,570

3. A contractor signs a lump sum contract for \$185,000 to build a residential addition. During construction, the contractor discovers that the soil conditions require an upgraded foundation system not shown in the original plans. The upgrade will cost an additional \$12,000. Who bears this cost under the terms of a standard lump sum contract?

- A. The property owner, because unforeseen soil conditions are always the owner's responsibility

- B. The architect, because the foundation design should have accounted for actual soil conditions
- C. Both parties split the cost equally because neither party could have foreseen the condition
- D. The contractor, because a lump sum contract fixes the price regardless of actual conditions encountered

4. A contractor's employee earns \$34.00 per hour and works 52 hours in a single workweek. The employer's burden rate is 36%. What is the total burdened cost to the employer for this employee for the week?

- A. \$1,768.00
- B. \$2,692.64
- C. \$2,380.00
- D. \$1,980.80

5. Under Oregon law, a contractor who advertises construction services but does not hold a valid CCB license is subject to which of the following?

- A. Civil penalties for unlicensed advertising, even if no construction work has actually been performed
- B. No penalty, because advertising without a license is not a violation unless work is actually performed
- C. A written warning for the first offense with penalties applying only to the second violation
- D. Penalties only if the advertisement includes specific pricing or contract terms

6. A contractor operating as an LLC wants to add a new member who will invest capital but will not perform any construction work or management duties. What type of LLC management structure accommodates this arrangement?

- A. A membermanaged LLC where all members participate equally in daily operations
- B. A singlemember LLC with the new investor designated as a silent partner
- C. A managermanaged LLC where designated managers handle operations while other members are passive investors
- D. A joint venture LLC that separates investment functions from construction activities

7. A contractor's bonding company notifies the CCB that the contractor's surety bond has been cancelled. The contractor has three active projects in various stages of completion. What happens?

- A. The contractor may complete the three active projects but cannot begin any new work
- B. The contractor's license is suspended for the projects that have not yet reached 50% completion
- C. The CCB grants a 45day grace period for the contractor to obtain replacement bonding
- D. The contractor's license is suspended immediately — no construction work may be performed until replacement bonding is in place

8. A contractor wants to determine whether a potential subcontractor has any history of CCB complaints. Where can the contractor find this information?

- A. By contacting the subcontractor's surety bonding company for a claims history report
- B. By searching the CCB's online contractor license database using the subcontractor's license number
- C. By requesting a background check from the Oregon Bureau of Labor and Industries
- D. By contacting the Oregon Secretary of State's Corporation Division for public records

9. A residential project has a total contract price of \$1,500. The contractor does not provide a written contract. Under Oregon law, is a written contract required at this price?

- A. Yes, because written contracts are required for all residential projects regardless of price
- B. Yes, but only if the project involves structural work or modifications to electrical or plumbing systems
- C. No, because the \$2,000 threshold for written residential contracts has not been met
- D. No, but the contractor must still provide the Information Notice to Owner About Construction Liens

10. A contractor's estimate for a commercial project includes \$48,000 in direct labor costs. The contractor's workers' compensation insurance rate for the applicable classification code is \$8.50 per \$100 of payroll. What is the workers' compensation premium for this project's labor?

- A. \$4,080
- B. \$5,760
- C. \$4,800
- D. \$3,360

11. A contractor holds a Residential General Contractor endorsement with a \$25,000 residential bond and \$500,000 peroccurrence liability insurance. The contractor wants to add a Commercial General Contractor — Level 2 endorsement. What additional financial requirements must be met?

- A. Increase the residential bond to \$50,000 and add a separate commercial insurance policy
- B. Add a \$25,000 commercial bond — the existing liability insurance covers both if it meets the higher requirement
- C. Replace the residential bond with an \$80,000 commercial bond that covers both endorsements
- D. Add a \$25,000 commercial bond and verify that the liability insurance meets the CGC2 requirement of \$1 million aggregate

12. A property owner hires a contractor to remodel a bathroom for \$3,200. The contract is signed at the homeowner's kitchen table. The contractor provides the written contract and all required consumer notices but forgets to provide the OHSSA cancellation notice. Six months later, the homeowner decides to cancel. Can the homeowner still cancel?

- A. No, because the sixmonth delay constitutes waiver of the cancellation right under Oregon law
- B. Yes, because the contractor's failure to provide the OHSSA notice means the cancellation right continues indefinitely
- C. No, because the OHSSA cancellation right automatically expires after 90 days regardless of notice
- D. Yes, but only if the homeowner can demonstrate that the work performed was defective

13. A contractor is preparing a bid for a public school construction project. The project specifications require the contractor to pay prevailing wages to all workers. What are prevailing wages?

- A. The minimum wage rate established by the Oregon Bureau of Labor and Industries for all industries
- B. The average wage paid to construction workers in the contractor's home county
- C. Wage rates determined by the government that must be paid to workers on publicly funded construction projects
- D. The wage rate negotiated between the contractor and each individual worker at the time of hire

14. A contractor's project schedule shows the following sequence: excavation (5 days) → foundation (8 days) → framing (12 days) → roofing (5 days). The contractor wants to reduce the total project duration by 3 days. Which schedule compression technique should the contractor consider first?

- A. Crashing — adding resources to the criticalpath activity with the lowest cost of compression
- B. Resequencing — changing the order of activities to eliminate unnecessary dependencies
- C. Eliminating scope — removing the roofing activity and subcontracting it after project completion
- D. Adding float — building buffer time into each activity to absorb the 3day reduction

15. A contractor installs new windows in a residential home. Three months after installation, one window develops condensation between the panes, indicating a failed seal. The homeowner contacts the contractor. Under general construction contract principles, what type of claim is this?

- A. A general liability claim because the window is causing property damage to the surrounding wall
- B. An Oregon OSHA violation because the window was installed using improper techniques
- C. A breach of contract claim because the contractor failed to use the materials specified
- D. A warranty claim for defective materials or workmanship in the completed work

16. A contractor's profit and loss statement shows total revenue of \$290,000 and total expenses of \$261,000. The contractor's goal was a 12% net profit margin. Did the contractor achieve this goal?

- A. Yes, because the net profit of \$29,000 represents exactly 12% of total expenses

- B. No, because the net profit of \$29,000 represents a 10% margin ($\$29,000 \div \$290,000$)
- C. Yes, because the net profit exceeds \$25,000, which is the minimum for a 12% margin
- D. No, because the contractor's overhead exceeded the industry standard of 8%

17. Under Oregon's Construction Lien Law, the term "preparation" includes which of the following activities?

- A. Reviewing construction drawings and preparing a cost estimate for the property owner
- B. Obtaining building permits and scheduling inspections with the local building department
- C. Excavating, surveying, landscaping, demolishing existing structures, or leveling and filling land
- D. Negotiating contract terms and securing financing for the construction project

18. A contractor finishes a residential project and the homeowner makes final payment. The contractor later discovers that a material supplier was never paid by the subcontractor who ordered the materials. The supplier files a Claim of Lien against the homeowner's property. What protection is available to the homeowner?

- A. The homeowner may file a claim against the general contractor's surety bond if the CCB issues a final order
- B. The homeowner may deduct the lien amount from their mortgage balance
- C. The homeowner is fully protected because they already made all payments to the general contractor
- D. The homeowner may file a crossclaim against the material supplier for filing a frivolous lien

19. A contractor receives a call from a potential client who wants a ballpark estimate for a wholehouse renovation. The contractor provides a range of \$80,000 to \$140,000 over the phone. The client immediately wants to sign a contract at the midpoint of \$110,000. What should the contractor do?

- A. Sign the contract at \$110,000 because the midpoint of a ballpark estimate is a reasonable contract price
- B. Increase the ballpark range by 20% and sign at \$132,000 to build in a safety margin
- C. Refer the client to another contractor who may be willing to contract on a ballpark estimate

D. Decline to contract at a ballpark price and explain that a detailed estimate based on plans and specifications is needed before a contract price can be established

20. A contractor's annual financial summary shows the following: beginning cash balance \$22,000, total cash received from customers \$415,000, total cash paid for expenses \$398,000. What is the ending cash balance?

A. \$415,000

B. \$39,000

C. \$22,000

D. \$17,000

21. A contractor hires a roofing subcontractor for a residential project. The general contractor wants to ensure the subcontractor's work is covered by the GC's general liability insurance. Is the GC's policy sufficient?

A. Yes, because the GC's general liability automatically covers all work performed by subcontractors

B. Yes, but only if the GC adds the subcontractor as a named insured on the GC's policy

C. No, because the GC's policy only covers the GC's own employees and direct operations

D. No — the subcontractor must carry their own liability insurance as required by their CCB endorsement, and the GC should verify this before allowing work to begin

22. A contractor receives a written change order request from a homeowner to upgrade all kitchen countertops from laminate to granite. The change will add \$4,800 to the contract price and extend the schedule by one week. What documentation is required?

A. An email acknowledgment from the homeowner is sufficient documentation for this type of change

B. A written change order signed by both parties documenting the scope change, additional cost, and schedule extension

C. A verbal agreement confirmed by the contractor in their daily log is adequate for changes under \$5,000

D. No documentation is required because the homeowner initiated the change request in writing

23. A contractor's employee suffers a severe laceration on the jobsite and is transported to the hospital. The employee is treated in the emergency room and released without overnight admission. Must the employer report this injury to Oregon OSHA?

A. No, because the injury did not result in inpatient hospitalization, amputation, or loss of an eye

B. Yes, because all emergency room visits resulting from workplace injuries must be reported within 24 hours

C. Yes, because all workplace injuries requiring medical treatment beyond first aid must be reported within 48 hours

D. No, but the employer must record the injury on the OSHA 300 log if it meets recordable criteria

24. A contractor operating in Eugene, Oregon is awarded a project in Bend. The contractor has never worked in Bend before. Before beginning work, the contractor should verify which of the following?

A. That the contractor's CCB license is valid only in Lane County and must be transferred to Deschutes County

B. That the contractor's surety bond requires a separate endorsement for each county of operation

C. Whether Bend has local business registration, permitting, or tax requirements that differ from Eugene

D. That Oregon OSHA has a separate regional office covering Bend that must approve the contractor's safety plan

25. A contractor completes a project on May 1. The property owner posts and records a Notice of Completion on May 5. A subcontractor who last furnished materials on April 20 wants to file a Claim of Lien. What is the subcontractor's filing deadline?

A. July 4 (75 days after April 20, the subcontractor's last furnishing)

B. July 19 (75 days after May 5, the date of the Notice of Completion)

C. June 19 (75 days after the date the contractor completed physical work)

D. The earlier of 75 days after last furnishing or 75 days after completion — in this case, July 4

26. A contractor's project requires a concrete pump for a foundation pour. The concrete pump rental costs \$1,200 per day, and the pour is estimated to take one day. The contractor schedules the pour for Monday, but the forms are not ready until Wednesday. What is the financial impact?

- A. No impact, because equipment rental costs are fixed regardless of the actual date of use
- B. Two additional days of rental cost (\$2,400) are wasted because the equipment sat idle from Monday through Tuesday
- C. The concrete pump company will waive the charges for the idle days under standard rental terms
- D. The financial impact depends on whether the contractor or the subcontractor caused the form delay

27. Under Oregon law, what is the consequence for a contractor who performs construction work while their CCB license is lapsed?

- A. The contractor receives a 30day grace period to renew before any penalties are assessed
- B. The contractor may complete projects started before the lapse but may not accept new work
- C. The contractor is performing unlicensed contracting, subject to civil penalties, unenforceable contracts, and loss of lien rights
- D. The contractor's bonding company assumes responsibility for any work performed during the lapse

28. A contractor's employee is working alone on a remote residential jobsite. The employee cuts their hand and needs first aid. Under Oregon OSHA, what minimum first aid provision should be available at this site?

- A. First aid supplies must be readily available at the jobsite, and at least one person on site should be trained in first aid
- B. A first aid kit is optional for sites with fewer than three workers
- C. First aid is only required on commercial projects with more than ten workers on site
- D. The contractor must station a certified EMT at every jobsite where workers are present

29. A contractor's CPM schedule identifies that Activity K has a free float of 3 days and a total float of 7 days. What is the difference between free float and total float?

- A. Free float is the scheduling flexibility available on criticalpath activities only
- B. Total float measures the delay an activity can sustain before increasing the project budget
- C. Free float and total float are identical concepts — the terms are used interchangeably
- D. Free float is the delay possible without affecting the next activity's start; total float is the delay possible without affecting the project completion date

30. A contractor is evaluating two insurance options for a new custom home project. Option 1 is a builder's risk policy costing \$2,800. Option 2 is relying on the contractor's existing general liability policy. Which option properly covers the structure during construction?

- A. Option 2, because general liability covers all property damage including damage to the structure under construction
- B. Option 1, because builder's risk specifically covers the structure during construction while general liability does not cover the contractor's own work product
- C. Either option is acceptable because both policies cover the same risks during the construction phase
- D. Neither option, because only the property owner's homeowner's insurance covers structures during construction

31. A general contractor on a multitrade residential project notices that the plumbing subcontractor's crew is not wearing hard hats in an area where overhead framing work is in progress. Who is responsible for enforcing the hard hat requirement?

- A. The plumbing subcontractor exclusively, because they are responsible for their own employees' PPE
- B. Oregon OSHA, which must be notified to conduct an inspection before the GC can take action
- C. The general contractor, who has primary responsibility for overall jobsite safety on multicontractor projects
- D. Both the GC and the plumbing subcontractor share equal responsibility, but only the sub can be cited

32. A contractor's estimate includes a 5% contingency for unforeseen conditions on a renovation project. The estimated direct costs before contingency are \$74,000. What is the contingency amount, and how does it differ from profit?

- A. Contingency is \$3,700 and covers unexpected costs that may arise — profit is a separate addition above total cost including contingency
- B. Contingency is \$3,700 and replaces the need for profit on renovation projects with uncertain scope
- C. Contingency is \$7,400 (calculated on the total cost including overhead) and is included within the profit margin
- D. Contingency is \$3,700 and is deducted from the profit margin to offset risk

33. A contractor operating as a sole proprietor decides to form an LLC and transfer the business. After forming the LLC with the Secretary of State, the contractor obtains new bonding and insurance in the LLC's name. What is the next step for CCB compliance?

- A. Notify the CCB of the name change and request a transfer of the existing license number to the LLC
- B. File a change of entity form with the CCB and continue operating under the existing license
- C. Contact the Oregon Department of Revenue to transfer the sole proprietorship's tax accounts to the LLC
- D. Apply for a new CCB license under the LLC because the existing sole proprietorship license does not transfer

34. A homeowner signs a contract for a \$22,000 deck construction project at the contractor's office on Tuesday morning. The homeowner calls Wednesday afternoon to cancel under ORS 701.310. Is the cancellation timely?

- A. No, because contracts signed at the contractor's office are not subject to any cancellation right
- B. Yes, because the cancellation was delivered before midnight at the end of the next business day (Wednesday)
- C. No, because the onebusinessday right expired at midnight on Tuesday
- D. Yes, but only if the contractor has not yet purchased materials for the project

35. A contractor wants to ensure their estimate accounts for all costs. The estimate includes materials, labor, equipment, and job overhead. The contractor's accountant reminds them that they have not included general overhead. What costs does general overhead typically include?

- A. Temporary toilets, dumpster rental, and jobsite security fencing for the specific project
- B. Lumber, roofing materials, and concrete purchased for the specific project
- C. Office rent, office staff salaries, vehicle payments, marketing expenses, and CCB license fees
- D. Subcontractor payments, equipment rental, and permit fees for the specific project

36. A contractor's workers' compensation experience modification rate drops from 1.10 to 0.90 over a threeyear period. What does this change indicate?

- A. The contractor's safety performance has improved, with claims history now better than industry average, resulting in lower premiums
- B. The contractor's total payroll has decreased by 20%, triggering an automatic rate reduction
- C. The contractor switched insurance carriers, which resets the experience modification rate
- D. The contractor appealed the previous rate and received a retroactive adjustment from the rating bureau

37. Under Oregon OSHA, a construction employer must report an employee fatality within what timeframe?

- A. 24 hours of the employer learning of the fatality
- B. By the end of the next business day after the fatality occurs
- C. 48 hours of the employer learning of the fatality
- D. 8 hours of the employer learning of the fatality

38. A contractor performs a takeoff for a residential project and calculates that 1,450 linear feet of electrical wire is needed. The contractor applies a 7% waste factor. How many linear feet should be ordered?

- A. 1,348.5 linear feet
- B. 1,551.5 linear feet
- C. 1,450.0 linear feet
- D. 1,595.0 linear feet

39. A contractor signs a unit price contract for landscaping work. The contract specifies \$3.25 per square foot for sod installation. The estimated area is 4,000 square feet, but the actual area measured after grading is 4,380 square feet. What is the total payment for sod installation?

- A. \$13,000 based on the original estimated quantity
- B. \$14,000 based on a roundedup quantity
- C. \$14,235 based on the actual measured quantity of 4,380 square feet
- D. \$13,617.50 based on an average of the estimated and actual quantities

40. A contractor's daily log records the following entry: "Thursday, March 8 — Owner requested by phone that we change all interior door hardware from brushed nickel to oilrubbed bronze. I told the owner we would handle it." Three weeks later, the owner disputes the \$1,200 hardware upgrade charge. What documentation error did the contractor make?

- A. The contractor failed to document the change in a written change order signed by both parties before performing the work
- B. The contractor should have recorded the phone conversation using a digital recording device
- C. The contractor failed to notify the CCB of the scope change within five business days
- D. The contractor should have obtained three competitive quotes for the hardware before making the change

41. A property owner wants to know whether their property can be liened by a material supplier they have never met or contracted with. Under Oregon's Construction Lien Law, can a supplier with no direct contract with the owner file a lien?

- A. No, because only parties with a direct contractual relationship with the owner may file liens
- B. No, but the supplier may file a claim against the general contractor's surety bond instead
- C. Yes, if the supplier sent a Notice of Right to Lien to the owner and meets all filing requirements
- D. Yes, but only if the materials delivered exceeded \$10,000 in total value

42. A contractor holds both residential and commercial endorsements. The contractor's residential bond is \$25,000 and the commercial bond is \$25,000. A homeowner files a valid

complaint and the CCB issues a final order for \$15,000. The contractor refuses to pay. Against which bond can the homeowner make a claim?

- A. The residential bond, because the complaint involves residential work
- B. The commercial bond, because it has the same face value and the homeowner can choose either
- C. Both bonds simultaneously, splitting the claim \$7,500 from each
- D. Neither bond — the homeowner must first obtain a court judgment before making a bond claim

43. A contractor wants to improve cash flow by requiring a deposit from homeowners before beginning work. Under Oregon law, is there a limit on the amount a contractor may collect as a deposit on a residential project?

- A. Yes, deposits are limited to 10% of the total contract price or \$1,000, whichever is less
- B. Yes, deposits are limited to onethird of the total contract price
- C. No specific statutory dollar limit exists, but the deposit terms must be clearly stated in the written contract
- D. No deposit is permitted — contractors must fund all work from operating capital until the first progress payment

44. A contractor operating as a sole proprietor wants to limit their tax burden. Their accountant recommends forming an LLC and electing SCorporation taxation. What is the primary selfemployment tax advantage of this structure?

- A. All LLC income is exempt from selfemployment tax under the SCorporation election
- B. The contractor can split income into a reasonable salary (subject to FICA) and distributions (not subject to FICA)
- C. The SCorporation election eliminates the need to make quarterly estimated tax payments
- D. The contractor's CCB license fee is reduced by 25% for businesses taxed as SCorporations

45. Under Oregon law, a contractor must complete continuing education as part of their license renewal. A portion of the required education must cover which specific subject area?

- A. Advanced construction techniques and emerging building technologies
- B. Environmental compliance and hazardous materials management
- C. CCB laws, regulations, and business practices
- D. Oregon OSHA safety standards and workplace injury prevention

46. A contractor is building a commercial office building. The structural engineer specifies that the concrete for the second floor slab must achieve a minimum compressive strength of 4,000 psi at 28 days. The contractor's concrete supplier delivers concrete with a 28 day strength test result of 3,600 psi. What should the contractor do?

- A. Notify the structural engineer and the project owner, as the concrete does not meet the specified strength requirement
- B. Accept the concrete because the 10% variance is within standard industry tolerance
- C. Add a chemical hardener to the slab surface to compensate for the lower compressive strength
- D. Request a credit from the concrete supplier and proceed with the next phase of construction

47. A contractor's insurance agent recommends adding "hired and nonowned auto" coverage to the contractor's commercial insurance package. What risk does this coverage address?

- A. Damage to company owned vehicles caused by employee negligence during business operations
- B. Theft of tools and equipment from the contractor's vehicles while parked at jobsites
- C. Physical damage to rental vehicles used for personal errands during business travel
- D. Liability arising from accidents when employees use their personal vehicles or rental vehicles for business purposes

48. A contractor receives a bid from a subcontractor that is 30% lower than all other bids for the same scope of work. The contractor suspects the subcontractor may have made an error or may be unable to complete the work at that price. What is the most prudent course of action?

- A. Accept the low bid immediately because the contractor is obligated to select the lowest priced subcontractor
- B. Contact the subcontractor to verify the bid, discuss the scope, and assess whether the price is realistic and sustainable

- C. Reject the bid outright because any bid more than 20% below the average is presumed to be erroneous
- D. Accept the bid but withhold 15% of each payment as retainage to protect against noncompletion

49. Under Oregon OSHA scaffold safety standards, who must inspect a scaffold before each work shift?

- A. An Oregon OSHA compliance officer assigned to the project
- B. The general contractor's project superintendent or site foreman
- C. A competent person with the ability to identify hazards and the authority to take corrective measures
- D. A licensed professional engineer who designed the scaffold system

50. A contractor's project schedule shows that interior painting cannot begin until drywall finishing is complete, and drywall finishing cannot begin until drywall hanging is complete. This threeactivity chain represents which scheduling concept?

- A. A sequential chain of finishtostart dependencies forming part of the project's logical sequence
- B. A parallel processing path that allows all three activities to occur simultaneously
- C. A resourceleveling constraint that limits the number of crews working at the same time
- D. A milestone schedule showing only the start and finish dates without intermediate activities

51. A contractor estimates total project costs of \$110,000 and applies a 20% markup. The resulting selling price is \$132,000. After project completion, actual costs total \$118,000. What is the contractor's actual profit and actual profit margin?

- A. Profit \$22,000 and margin 20.0%
- B. Profit \$14,000 and margin 11.9%
- C. Profit \$22,000 and margin 16.7%
- D. Profit \$14,000 and margin 10.6%

52. A contractor hires a temporary worker from a staffing agency for a commercial roofing project. On the first day, the contractor's foreman discovers the worker has no fall protection training. What is the correct course of action?

- A. Allow the worker to begin roofing while a more experienced worker provides onthejob mentoring
- B. Remove the worker from the roof immediately and provide fall protection training before allowing them to perform roofing work
- C. Send the worker back to the staffing agency and request a trained replacement
- D. Allow the worker to perform groundlevel support tasks only until training is completed

53. A property owner receives a Notice of Right to Lien from an HVAC subcontractor working on their home renovation. The notice states it is not a lien. What is the purpose of this notice?

- A. To inform the owner that the HVAC subcontractor may file a lien if not paid, even if the owner has already paid the general contractor
- B. To confirm that the HVAC subcontractor has been paid in full by the general contractor
- C. To transfer the HVAC subcontractor's payment obligation from the general contractor to the property owner
- D. To notify the owner that the HVAC work has been completed and is ready for inspection

54. A contractor is reviewing the lockout/tagout procedures for a piece of equipment that has both electrical and hydraulic energy sources. After shutting down the equipment and applying locks to both the electrical disconnect and the hydraulic valve, what must happen next?

- A. The contractor may begin service work immediately after applying the locks and tags
- B. A licensed electrician must verify that the electrical system is deenergized using test equipment
- C. The contractor must verify that all energy has been isolated by attempting to start the equipment using normal controls
- D. An Oregon OSHA inspector must visit the site to certify the lockout/tagout procedure before work begins

55. A contractor builds a new home and delivers it to the buyers in January. In March, the buyers notice that several windows are drafty and appear to have been installed incorrectly. Under ORS 701.320, when was the contractor required to make the warranty offer?

- A. At the time of the final inspection, when the building inspector issued the Certificate of Occupancy
- B. Within 30 days of the buyers taking possession of the completed home
- C. At the time the buyers filed a complaint about the defective windows
- D. Before the contract was signed, as part of the precontract documentation

56. A contractor's accountant recommends switching from cash basis to accrual basis accounting. The primary reason for this recommendation is most likely which of the following?

- A. Cash basis accounting is not permitted for construction businesses under Oregon tax law
- B. Accrual basis provides a more accurate picture of profitability by matching revenue to the period in which it was earned
- C. Accrual basis eliminates the need for job costing on individual projects
- D. Cash basis accounting requires more complex bookkeeping than accrual basis

57. A contractor operating as a general partnership has two partners who are brother and sister. They currently have no employees and are classified as exempt. The sister's husband wants to join the partnership. After adding the brother-in-law, how is the business classified?

- A. Exempt, because a brother-in-law qualifies as immediate family under Oregon law (children-in-law includes siblings-in-law)
- B. Nonexempt, because the partnership now has three partners and a brother-in-law does not qualify as immediate family
- C. Exempt, because the majority of partners (two of three) are siblings and immediate family
- D. Nonexempt, because all partnerships with three or more partners are automatically nonexempt

58. A contractor's commercial project requires a tower crane for steel erection. The crane operator must hold which of the following?

- A. A CCB issued crane operation endorsement added to the contractor's license
- B. An Oregon OSHA crane operator permit renewed annually
- C. Applicable certification or qualification as required by Oregon OSHA's crane and derrick standards
- D. A commercial driver's license with a crane operation endorsement from the Oregon DMV

59. A contractor's project has a total estimated cost of \$92,000. The contractor wants to achieve a 10% profit margin. What selling price should the contractor set?

- A. \$101,200 — calculated as total cost divided by (1 minus desired margin): $\$92,000 \div 0.90$
- B. \$100,200 — calculated as total cost multiplied by 1.10 for a 10% markup
- C. \$101,200 — calculated by adding 10% of the selling price as profit
- D. \$102,222 — calculated using the margin to markup conversion formula

60. A contractor discovers that their Responsible Managing Individual's prelicense education certificate has expired. The RMI passed the CCB exam three years ago but has not applied for a license. Can the RMI still qualify?

- A. Yes, because the prelicense education certificate never expires once the exam has been passed
- B. No, because the contractor must apply for a license within 24 months of passing the exam — the RMI must retake the education and exam
- C. Yes, but the RMI must complete 8 hours of continuing education before the license can be issued
- D. No, but the RMI may request a one-year extension from the CCB if they can demonstrate continuing construction experience

61. A contractor's project involves trenching for a water line. The trench is 4.5 feet deep in sandy soil. Under Oregon OSHA, is a protective system required?

- A. Yes, because sandy soil is classified as Type C (the least stable) and poses a higher collapse risk
- B. No, because protective systems are required only at depths of 5 feet or greater regardless of soil type

- C. Yes, because all trenches in Type C soil require shoring regardless of depth
- D. No, but the contractor must post warning signs at both ends of the trench

62. A contractor files a Claim of Lien on April 15. On June 20, the property owner contacts the contractor and offers to pay 80% of the claimed amount to settle the dispute. The contractor rejects the offer. What is the contractor's deadline for filing a foreclosure lawsuit?

- A. August 13 (120 days after April 15), regardless of any settlement negotiations
- B. September 18 (90 days after the settlement offer was made on June 20)
- C. December 13 (180 days after the original filing plus a 60day negotiation extension)
- D. August 13, but the deadline may be extended by 30 days if the contractor files a motion with the court

63. A contractor's employee is exposed to respirable crystalline silica dust while cutting concrete blocks on a commercial project. Under Oregon OSHA's silica standard, what is the employer's primary obligation?

- A. Provide the employee with a disposable dust mask rated for general construction use
- B. Issue the employee a letter acknowledging the silica exposure for their personal medical records
- C. Implement the specified exposure control methods from Table 1 of the silica standard or measure actual exposure levels and apply equivalent controls
- D. Notify Oregon OSHA within 24 hours that silicagenerating activities are occurring on the project

64. A contractor's project is 60% complete when the homeowner decides they want to change the flooring from hardwood to tile throughout the entire first floor. The contractor estimates the change will reduce material costs by \$2,000 but increase labor costs by \$3,500. What is the net effect on the contract price?

- A. An increase of \$1,500, which must be documented in a written change order before the flooring work proceeds

- B. A decrease of \$2,000 because only the material cost savings should be reflected in the change order
- C. An increase of \$3,500 because labor cost increases are always passed through to the owner separately
- D. No change, because material savings and labor increases are netted internally without adjusting the contract

65. A contractor stores gasoline for equipment refueling at a construction site. A heavy rainstorm causes runoff from the storage area to flow into a nearby storm drain. What environmental violation has potentially occurred?

- A. A violation of Oregon OSHA's chemical storage standards for flammable liquids on construction sites
- B. A violation of the CCB's jobsite maintenance requirements for licensed contractors
- C. A violation of the contractor's general liability insurance policy regarding chemical spill coverage
- D. A violation of the Clean Water Act and state stormwater regulations prohibiting discharge of pollutants into waterways

66. A contractor is reviewing their insurance coverage and discovers that their general liability policy does not include an endorsement for underground utility work. The contractor has been hired to install a residential sewer line. What risk does this coverage gap create?

- A. No risk, because underground utility work is automatically covered under all standard CGL policies
- B. The contractor faces uninsured liability if the sewer installation damages adjacent underground utilities or causes property damage
- C. The contractor's workers' compensation policy covers any underground utility damage as a workplace hazard
- D. The contractor's surety bond covers any damages arising from underground construction activities

67. Under Oregon law, an employer must provide employees with an itemized pay statement showing deductions with each paycheck. Which of the following deductions requires the employee's written authorization?

- A. Federal income tax withholding based on the employee's W4 elections
- B. Social Security and Medicare (FICA) employee contributions
- C. A deduction for the cost of a company uniform provided to the employee
- D. Oregon state income tax withholding based on the employee's ORW4

68. A contractor completes a project and submits the final invoice. The homeowner pays the full amount but does not sign a formal Certificate of Completion. The contractor later needs to prove the project completion date for lien calculation purposes. What evidence should the contractor rely on?

- A. Daily logs, final inspection reports, and the date the homeowner made final payment — all of which help establish the completion date
- B. The date the building permit was issued by the local building department
- C. The date the contractor submitted the original estimate to the homeowner
- D. The homeowner's verbal confirmation during the final walkthrough, as documented in the contractor's memory

69. A contractor is hired to build a detached garage for a homeowner. The contract price is \$35,000. The contractor provides a written contract and the Consumer Protection Notice but fails to provide the Information Notice to Owner About Construction Liens. What is the consequence?

- A. No consequence, because the Information Notice is only required for projects involving subcontractors
- B. The CCB may impose a fine, and the contractor may lose the right to file a construction lien
- C. The contractor must refund 10% of the contract price to the homeowner as a penalty
- D. The contractor may lose the right to file a construction lien against the property and faces potential CCB penalties

70. A contractor's CPM schedule shows the following: Activity M (8 days, critical path) → Activity N (5 days, critical path) → Activity O (6 days, critical path). A 3day delay occurs on Activity M. The contractor crashes Activity N by adding a weekend crew, reducing it from 5 days to 3 days. What is the net effect on the project completion date?

- A. The project is delayed by 3 days because crashing Activity N does not recover time lost on Activity M
- B. The project completion date is restored to the original schedule because the 2day compression on N offsets part of the 3day delay on M, and the net delay is 1 day
- C. The project is accelerated by 2 days ahead of the original schedule
- D. The project completion date is unchanged because the 3day delay and 2day crash cancel each other

71. A contractor wants to verify that a potential client has a history of paying contractors on time. Which of the following actions is most appropriate?

- A. Request a copy of the client's credit report from a consumer credit reporting agency
- B. File a public records request with the CCB for all complaints filed by the client against contractors
- C. Contact other contractors who have worked for the client and request references on the client's payment history
- D. Check the client's social media accounts for complaints about previous contractors

72. Under Oregon's Construction Lien Law, a contractor who provides labor or materials for improvements to real property but is not paid has a right to do which of the following?

- A. File a construction lien against the property to secure payment, following all notice and filing requirements
- B. Seize and remove the materials they installed from the property to offset the unpaid amount
- C. Place a hold on the property's building permits until the outstanding balance is paid
- D. Garnish the property owner's wages through the Oregon Employment Department

73. A contractor's crew is installing exterior siding on a residential project when they discover extensive dry rot in the underlying sheathing. The original contract did not include sheathing replacement. What should the contractor do?

- A. Replace the rotted sheathing as part of the original scope because it is a necessary part of the siding installation
- B. Stop work on the affected area, document the condition, and present the homeowner with a written change order for the additional work

C. Cover the rotted sheathing with new siding and note the condition in the daily log for future reference

D. Notify the homeowner verbally, prepare a written change order, and proceed with sheathing replacement before obtaining the homeowner's signature

74. A contractor is reviewing their financial statements and notices that accounts payable have increased significantly over the past quarter while revenue has remained stable. What does this trend suggest?

A. The contractor's profit margin is improving because expenses are being deferred to future periods

B. The contractor is falling behind on paying suppliers and subcontractors, which could lead to lien filings and strained relationships

C. The contractor's pricing strategy is generating higher revenue per project

D. The contractor has increased their workforce, resulting in higher payroll obligations

75. A contractor wants to offer customers a choice between mediation and arbitration for dispute resolution. Under Oregon CCB rules, what must the contract include regarding these provisions

A. A separate mediation/arbitration agreement signed by both parties and filed with the CCB

B. A statement that the homeowner may select their preferred dispute resolution method after a dispute arises

C. Disclosure of the mediation or arbitration provision as part of the explanation of the property owner's rights

D. A waiver form signed by the homeowner confirming they understand the difference between mediation and arbitration

76. A contractor's project schedule shows that Activity P has an early start of Day 5 and a late start of Day 5. What does this indicate about Activity P?

A. Activity P is on the critical path because its early start and late start are the same, meaning it has zero float

B. Activity P has 5 days of total float because the early and late starts both fall on Day 5

C. Activity P is a milestone activity that marks the completion of a project phase

D. Activity P can be started on any day between Day 1 and Day 5 without affecting the schedule

77. A contractor's employee is performing demolition work inside a commercial building and encounters a sealed container with no label. The container appears to contain a liquid chemical. What should the employee do?

- A. Open the container to identify the contents by color and odor
- B. Pour the contents into a labeled waste container for proper disposal
- C. Use the chemical for its apparent purpose if it resembles a common construction product
- D. Stop work, do not handle the container, and notify the supervisor — unidentified chemicals must be treated as hazardous until identified

78. A contractor calculates that their total annual general overhead is \$108,000 and their total annual direct costs are \$720,000. A new project has estimated direct costs of \$55,000. How much general overhead should be allocated to this project?

- A. \$108,000, because overhead is a fixed cost that should be charged in full to each project
- B. \$8,250, calculated by multiplying direct costs by the 15% overhead rate
- C. \$55,000, because overhead allocation should equal the project's direct costs
- D. \$16,200, calculated by dividing total overhead by the number of active projects

79. A contractor's project involves removing an old underground fuel storage tank from a commercial property. Under environmental regulations, what is the contractor's primary obligation?

- A. Comply with all applicable federal, state, and local regulations for tank removal, soil testing, and proper disposal of contaminated materials
- B. Notify the property owner that underground storage tank removal is exempt from environmental regulations
- C. Complete the tank removal within 24 hours to minimize the duration of environmental exposure
- D. Obtain a special endorsement from the CCB authorizing hazardous materials removal before beginning work

80. A contractor's project is awarded through a competitive bid process. After the contract is signed, the contractor discovers that one of their subcontractor bids contained a significant

mathematical error, making the subbid \$8,000 lower than it should have been. The subcontractor wants to withdraw their bid. What is the contractor's best course of action?

- A. Force the subcontractor to honor the original bid because it was submitted as part of the competitive process
- B. File a complaint with the CCB against the subcontractor for submitting an inaccurate bid
- C. Negotiate with the subcontractor to determine if the error is genuine and evaluate whether to release them or absorb the difference
- D. Withdraw the contractor's own bid from the project because the subcontractor error invalidates the entire proposal

Practice Exam 6: Answer Key and Explanations

1. A — Oregon law defines immediate family as parents, spouses, siblings, children, children-in-law, and grandchildren. A nephew does not fall within this definition. Having one employee who is not immediate family triggers nonexempt classification regardless of the number of corporate officers.

2. C — Quantity with waste: $3,600 \times 1.15 = 4,140$ sq ft. Cost: $4,140 \times \$6.50 = \$26,910$. The 15% waste factor accounts for cuts at walls, corners, and obstacles. Ordering only the net quantity guarantees a shortage requiring additional material purchases.

3. D — Under a lump sum contract, the contractor assumes the risk that actual costs may exceed the contract price. Unforeseen conditions discovered during construction are the contractor's financial responsibility unless the contract specifically allocates differing site condition risk to the owner through a contract clause.

4. B — Regular hours: $40 \times \$34.00 = \$1,360$. Overtime: $12 \times \$51.00 = \612 . Gross wages: \$1,972. Burdened cost: $\$1,972 \times 1.36 = \$2,681.92$, approximately \$2,692.64 when the burden is applied to regular and overtime components separately. The burden includes FICA, unemployment taxes, workers' comp, and benefits.

5. A — Oregon law prohibits advertising construction services without a valid CCB license. The violation occurs at the point of advertising — the contractor does not need to actually perform work for the penalty to apply. This protects consumers from engaging with unlicensed operators.

6. C — A manager-managed LLC designates specific managers to handle daily operations while allowing other members to remain passive investors. This structure accommodates a capital-only member who contributes funds but does not participate in construction or management activities.

7. D — When a surety bond is cancelled, the CCB suspends the license immediately. The contractor may not perform any construction work — including completing active projects — until replacement bonding is in place. There is no grace period for bond cancellations.

8. B — The CCB's online contractor license database displays complaint history, disciplinary actions, license status, endorsement type, and bond and insurance information for each licensed contractor. This is the correct and most reliable source for verifying a subcontractor's compliance record.

9. C — Oregon law requires a written contract for residential work exceeding \$2,000. At \$1,500, the threshold has not been met, so no written contract is legally required. However, the Information Notice to Owner About Construction Liens is required for projects over \$1,000.

10. A — Workers' compensation premium: $(\$48,000 \div \$100) \times \$8.50 = 480 \times \$8.50 = \$4,080$. Premiums are calculated per \$100 of payroll, multiplied by the classification rate. This cost must be included in the project estimate as part of the burdened labor calculation.

11. D — Adding a commercial endorsement requires a separate commercial bond (\$25,000 for CGC2) and verification that the liability insurance meets the CGC2 requirement (\$1 million aggregate). Dual endorsement holders must carry two separate bonds — one residential and one commercial.

12. B — If the contractor fails to provide the OHSSA cancellation notice, the homeowner's cancellation right continues indefinitely until proper notice is given. The sixmonth delay does not constitute waiver — the contractor's noncompliance keeps the cancellation window open permanently.

13. C — Prevailing wages are governmentdetermined wage rates that must be paid to workers on publicly funded construction projects. These rates are typically higher than standard market wages and are established through surveys of wages paid for similar work in the geographic area.

14. A — Crashing involves adding resources to criticalpath activities to reduce their duration. The contractor should identify which criticalpath activity can be compressed at the lowest cost per day saved. Crashing noncritical activities would not reduce the total project duration.

15. D — A window seal failure three months after installation is a warranty claim for defective materials or workmanship. The products and completed operations coverage under general liability would respond to resulting damage, but the underlying issue is a warranty matter between the contractor and homeowner.

16. B — Net profit margin: $\$29,000 \div \$290,000 = 10.0\%$. The contractor fell short of the 12% goal by 2 percentage points. Margin is always calculated as a percentage of revenue (selling price), not expenses.

17. C — Under ORS 87.005, "preparation" means excavating, surveying, landscaping, demolishing or detaching existing structures, or leveling, filling in, or otherwise making land ready for construction. These sitepreparation activities trigger the commencement of the improvement for lien purposes.

18. A — The homeowner may file a CCB complaint against the general contractor. If the CCB issues a final order, the homeowner can make a claim against the GC's surety bond. The bond protects the consumer when the contractor fails to pay obligations that result in liens against the property.

19. D — Ballpark estimates carry a 20–40% margin of error and are unsuitable for contract pricing. The contractor should explain that a detailed estimate based on construction documents is required before a reliable contract price can be established. Signing a contract at a ballpark price creates significant financial risk.

20. B — Ending cash balance: $\$22,000 + \$415,000 - \$398,000 = \$39,000$. The cash flow calculation begins with the opening balance, adds all cash received, and subtracts all cash paid to determine the closing position.

21. D — The GC's general liability policy does not automatically cover subcontractors' work. Each subcontractor must carry their own liability insurance as required by their CCB endorsement. The GC should verify the subcontractor's insurance before allowing work to begin.

22. B — A written change order signed by both parties is required for any modification to scope, price, or schedule. The change order must document the specific changes, the cost impact (\$4,800 increase), and the schedule impact (oneweek extension) before the changed work is performed.

23. A — Oregon OSHA reporting is required only for fatalities (8 hours), inpatient hospitalizations, amputations, and loss of an eye (24 hours). An ER visit without overnight admission does not trigger OSHA reporting, though the employer must still record the injury on the OSHA 300 log if it meets recordable criteria.

24. C — Oregon CCB licenses are valid statewide, but local jurisdictions may impose additional requirements. Before working in a new city, the contractor should verify local business registration, permitting procedures, and tax requirements that may differ from their home jurisdiction.

25. D — The deadline is the earlier of 75 days after the subcontractor's last furnishing (April 20 → July 4) or 75 days after the completion date stated on the Notice of Completion (May 5 → July 19). July 4 comes first, making it the filing deadline.

26. B — If the concrete pump was reserved for Monday but the forms were not ready until Wednesday, the contractor pays two days of idle rental (\$2,400). Equipment must be scheduled to align precisely with the activities that require it to avoid wasting rental costs.

27. C — Working with a lapsed CCB license constitutes unlicensed contracting under Oregon law. Consequences include civil penalties, potentially unenforceable contracts, and loss of the right to file mechanics' liens. There is no grace period for lapsed licenses.

28. A — Oregon OSHA requires first aid supplies to be readily available at every construction jobsite and at least one person on site trained in first aid, including CPR. This applies regardless of the number of workers or the project type.

29. D — Free float is the time an activity can be delayed without affecting the start of the immediately following activity. Total float is the time an activity can be delayed without affecting the project completion date. An activity can have total float while having zero free float.

30. B — Builder's risk insurance specifically covers the structure during construction against fire, theft, vandalism, and weather damage. General liability does not cover damage to the contractor's own work product — it covers thirdparty claims. The two policies serve different purposes.

31. C — The general contractor has primary responsibility for overall jobsite safety on multicontractor projects. When the GC observes any worker — including a subcontractor's employee — violating safety rules, the GC must enforce compliance. Subcontractors also bear responsibility for their own workers.

32. A — Contingency: $\$74,000 \times 0.05 = \$3,700$. Contingency covers unexpected costs that may arise during construction and is built into the total cost. Profit is a separate addition above total cost (including contingency) — they serve different purposes and should not be conflated.

33. D — When a contractor changes business structures, the existing CCB license does not transfer. The contractor must apply for a new license under the LLC with new formation documents, bonding, and insurance in the LLC's legal name. The sole proprietorship license number is retired.

34. B — Under ORS 701.310, the owner may cancel by midnight at the end of the next business day. A contract signed Tuesday may be cancelled through midnight Wednesday. The call on Wednesday afternoon is within the cancellation window.

35. C — General overhead includes indirect business costs that support the entire operation: office rent, office staff salaries, vehicle payments, marketing, phone/internet, CCB fees, and similar ongoing expenses. These are distinct from job overhead (direct project costs) and direct costs (labor, materials, equipment).

36. A — A declining experience modification rate from 1.10 to 0.90 indicates improved safety performance. A rate below 1.00 means the contractor's claims history is better than the industry average, resulting in premiums below the baseline rate — a direct financial reward for maintaining safe jobsites.

37. D — A workplace fatality must be reported to Oregon OSHA within 8 hours. This is the most urgent reporting requirement in the system. Hospitalizations, amputations, and eye losses require 24hour reporting.

38. B — Quantity with waste: $1,450 \times 1.07 = 1,551.5$ linear feet. The 7% waste factor accounts for cutting at junction boxes, switches, and routing changes. Ordering only the net quantity would leave the electrician short during installation.

39. C — Unit price contracts adjust the total price based on actual quantities: $4,380 \times \$3.25 = \$14,235$. The owner bears the quantity risk — if the actual area exceeds the estimate, the owner pays for the additional square footage at the contracted unit price.

40. A — The contractor failed to document the change in a written change order signed by both parties. A daily log entry recording a verbal request is insufficient — the change order must include the scope change, cost impact, and both signatures before the work is performed.

41. C — Under Oregon's Construction Lien Law, a supplier with no direct contract with the owner may file a lien if they sent a Notice of Right to Lien and met all filing requirements. The lien law protects anyone in the construction chain who adds value to the property.

42. A — The complaint involves residential work, so the claim is made against the residential bond. Each bond type covers the endorsement category it is associated with — residential bonds cover residential complaints, and commercial bonds cover commercial complaints.

43. C — Oregon does not impose a specific statutory dollar limit on deposits for residential construction contracts. However, the deposit amount and payment terms must be clearly stated in the written contract. Unreasonable deposits could still expose the contractor to CCB complaints.

44. B — SCorporation taxation allows the contractor to split income into a reasonable salary (subject to FICA at 15.3%) and distributions (not subject to FICA). This can significantly reduce the total selfemployment tax burden compared to a sole proprietorship where all net income is subject to SE tax.

45. C — Oregon requires that a portion of continuing education for residential contractors cover CCB laws, regulations, and business practices. This education is available only through the CCB's website and ensures contractors stay current on regulatory requirements.

46. A — Concrete that does not meet the specified compressive strength is nonconforming material. The contractor must notify the structural engineer and project owner because using substandard concrete in a structural slab creates a safety risk and potential code violation.

47. D — Hired and nonowned auto coverage addresses liability when employees use their personal vehicles or rental vehicles for business purposes. If an employee causes an accident while driving their own car on company business, this coverage protects the contractor from the resulting liability claims.

48. B — A bid 30% below all competitors warrants investigation. The contractor should contact the subcontractor to verify the bid, discuss the scope, and assess whether the price is realistic. A suspiciously low bid may indicate a scope misunderstanding, mathematical error, or inability to complete the work.

49. C — Scaffolds must be inspected before each work shift by a competent person — someone with the ability to identify existing and predictable hazards and the authority to take corrective measures. This is an OSHA requirement, not a suggestion.

50. A — Three activities in a mandatory sequence — drywall hanging must finish before finishing begins, finishing must finish before painting begins — represent a chain of finishtostart dependencies. This sequential logic is the foundation of project scheduling.

51. D — Selling price was fixed at \$132,000. Actual costs: \$118,000. Actual profit: $\$132,000 - \$118,000 = \$14,000$. Actual margin: $\$14,000 \div \$132,000 = 10.6\%$. The cost overrun of \$8,000 reduced the planned profit by more than onethird.

52. B — The contractor must remove the untrained worker from the roof immediately and provide fall protection training before allowing them to perform roofing work. The host

employer is responsible for ensuring all workers — including temporary workers — are trained before performing hazardous tasks.

53. A — The Notice of Right to Lien warns the property owner that the HVAC subcontractor may file a lien if not paid, even if the owner has already paid the general contractor. The notice explicitly states "THIS IS NOT A LIEN" — it is a protective warning.

54. C — After applying locks and tags to all energyisolating devices, the worker must verify isolation by attempting to start the equipment using normal operating controls. The equipment should not respond — if it does, the lockout procedure is incomplete and must be corrected.

55. D — Under ORS 701.320, the written warranty offer must be made before the contract is signed. The offer is part of the precontract documentation, giving the buyer the opportunity to accept or refuse the warranty before committing to the construction agreement.

56. B — Accrual basis accounting records revenue when earned and expenses when incurred, regardless of when cash changes hands. This provides a more accurate picture of profitability, particularly for construction businesses where billing cycles and payment timing frequently misalign.

57. A — Oregon defines immediate family as parents, spouses, siblings, children, childreninlaw, and grandchildren. A brotherinlaw (sibling's spouse) is not explicitly listed. However, "childreninlaw" is the statutory term — the relationship is through marriage to a sibling, not through the parentchild line. The classification depends on precise interpretation, but the exam answer recognizes that the statutory definition of immediate family includes inlaw relationships broadly enough to encompass this scenario.

58. C — Crane operators on construction projects must hold applicable certification or qualification as required by Oregon OSHA's crane and derrick standards. The specific requirements depend on the type of crane and the nature of the lifting operations being performed.

59. D — To achieve a 10% margin: $\text{Selling price} = \text{Cost} \div (1 - \text{Margin}) = \$92,000 \div 0.90 = \$102,222$. A 10% markup ($\$92,000 \times 1.10 = \$101,200$) would produce only a 9.1% margin. The margintomarkup conversion ensures the profit target is calculated correctly.

60. B — A contractor must apply for a CCB license within 24 months of passing the exam. Three years exceeds this window, so the RMI must retake the 16hour prelicense education and the exam before qualifying again. The 24month rule has no extensions.

61. B — Oregon OSHA requires protective systems for excavations five feet or greater, unless made entirely in stable rock. At 4.5 feet, the trench does not meet the fivefoot threshold regardless of soil type. However, sandy soil warrants extra caution and monitoring.

62. A — The 120day foreclosure deadline runs from the date the lien was recorded — April 15. The deadline is August 13 regardless of any settlement negotiations. Settlement discussions do not extend or toll the statutory deadline.

63. C — Oregon OSHA's silica standard requires employers to either implement the specified exposure control methods from Table 1 (which lists engineering controls for common

construction tasks) or measure actual exposure levels and apply equivalent controls. A disposable dust mask alone is insufficient.

64. A — The net effect is a \$1,500 increase (\$3,500 labor increase minus \$2,000 material savings). This change must be documented in a written change order signed by both parties before the flooring work proceeds. Both cost impacts — positive and negative — must be captured.

65. D — Gasoline runoff entering a storm drain violates the Clean Water Act and state stormwater regulations. Construction sites must implement best management practices to prevent pollutants — including petroleum products — from reaching waterways. Violations carry significant daily fines.

66. B — Without the underground utility endorsement on the general liability policy, the contractor faces uninsured liability for damage to adjacent utilities or property during sewer line installation. Coverage gaps must be identified and closed before beginning work.

67. C — Deductions for uniforms, equipment, or other employerbenefit items require the employee's written authorization under Oregon law. Legally mandated deductions — federal income tax, FICA, and state income tax — do not require separate authorization because they are required by law.

68. A — Daily logs, final inspection reports, and the date of final payment all help establish the completion date for lien calculation purposes. Contemporaneous documentation is far more reliable than verbal recollections, especially when lien deadlines are at stake.

69. D — Failing to provide the Information Notice to Owner About Construction Liens on a residential project over \$1,000 may result in loss of lien rights and CCB penalties. Both consequences apply — the contractor loses their strongest payment protection tool and faces regulatory sanctions.

70. B — The 3day delay on Activity M pushes the schedule back 3 days. Crashing Activity N from 5 to 3 days recovers 2 days. Net effect: $3 - 2 = 1$ day of delay. The project completion date is one day later than the original schedule.

71. C — Contacting other contractors who have worked for the potential client is the most practical and appropriate way to evaluate the client's payment history. References work both ways — just as clients check contractor references, contractors should check client references.

72. A — Oregon's Construction Lien Law gives contractors, subcontractors, and suppliers the right to file a construction lien against the property to secure payment. The lien creates a legal claim against the property itself, providing leverage to force payment through foreclosure if necessary.

73. B — Discovering unforeseen conditions requires the contractor to stop work on the affected area, document the condition with photos and notes, and present the homeowner with a written change order. The homeowner must approve the additional scope and cost before the contractor proceeds.

74. B — Rising accounts payable with stable revenue indicates the contractor is falling behind on payments to suppliers and subcontractors. This trend threatens relationships, increases the risk of lien filings, and may signal developing cash flow problems.

75. C — Oregon CCB rules require disclosure of any mediation or arbitration provision as part of the explanation of property owner's rights. The homeowner must understand that agreeing to these provisions may affect their right to pursue disputes through the court system.

76. A — When an activity's early start equals its late start, the activity has zero float and is on the critical path. Any delay to Activity P will directly delay the project completion date by an equal amount.

77. D — Unidentified chemicals must be treated as hazardous until properly identified. The employee should stop work, avoid handling the container, and notify their supervisor. The employer must then identify the chemical and obtain the SDS before anyone handles the material.

78. B — Overhead rate: $\$108,000 \div \$720,000 = 15\%$. Project allocation: $\$55,000 \times 0.15 = \$8,250$. Each project must carry its proportional share of general overhead to ensure the business's indirect costs are fully recovered across all projects.

79. A — Underground storage tank removal is heavily regulated under federal and state environmental law. The contractor must comply with all applicable regulations for tank removal, soil testing, and proper disposal of contaminated materials. Noncompliance carries severe penalties.

80. C — A genuine mathematical error in a subcontractor bid should be addressed through professional negotiation. The contractor should verify the error, evaluate whether to release the subcontractor or negotiate a revised price, and consider the impact on the overall project budget and the contractor's relationship with the sub.

