

PRACTICE EXAM 7: OREGON CCB SIMULATION (80 QUESTIONS)

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

1. Jackson & Sons LLC holds a Residential General Contractor endorsement. A church asks them to build a fellowship hall — a 12,000squarefoot, singlestory, nonresidential building with a total contract price of \$230,000. Can Jackson & Sons perform this work under their current endorsement?

A. No, because any nonresidential building over 10,000 square feet requires a commercial endorsement

B. No, because churches are classified as institutional structures that always require commercial licensing

C. Yes, because the building is under 20 feet tall and nonresidential structures of any size are permitted if the contract is under \$250,000

D. Yes, because the total contract price of \$230,000 is under \$250,000, qualifying the structure as small commercial

2. A contractor's employee works 44 hours in Week 1 and 36 hours in Week 2. The employee's regular rate is \$29.00 per hour. Under federal overtime rules, how much overtime premium is owed?

A. No overtime is owed because the total hours for both weeks average 40 hours per week

B. Four hours of overtime premium at \$14.50 per hour (\$58.00 total) for the hours exceeding 40 in Week 1

C. Eight hours of overtime premium because the combined total of 80 hours over two weeks triggers overtime

D. Four hours of overtime premium at \$29.00 per hour (\$116.00 total) for the hours exceeding 40 in Week 1

3. A contractor purchases a \$500,000 general liability policy with a \$1,000 deductible. A visitor trips on the jobsite and suffers injuries resulting in a \$45,000 claim. How does the insurance respond?

- A. The insurer pays nothing because the claim is below the policy's peroccurrence minimum threshold
- B. The insurer pays \$45,000 and bills the contractor separately for the \$1,000 deductible
- C. The contractor pays the \$1,000 deductible and the insurer covers the remaining \$44,000
- D. The contractor and insurer split the \$45,000 claim equally under standard coinsurance provisions

4. A contractor operating as a sole proprietor earns \$95,000 in net selfemployment income. The contractor also has \$12,000 in business deductions not yet applied. What is the approximate selfemployment tax owed on the adjusted net income?

- A. \$12,699, calculated as 15.3% of \$83,000 (\$95,000 minus \$12,000 in deductions)
- B. \$14,535, calculated as 15.3% of \$95,000 before any deductions
- C. \$6,350, calculated as 7.65% of the adjusted net income
- D. \$10,200, calculated as 12.4% of \$83,000 covering only the Social Security portion

5. A contractor's project involves installing a septic system on a rural residential property. The excavation for the leach field is 4 feet deep in loamy soil. A heavy rain occurs overnight. Under Oregon OSHA, what must happen before workers reenter the excavation the next morning?

- A. Workers may reenter immediately because the excavation is under 5 feet and does not require a protective system
- B. Workers must wait 24 hours after the rain stops to allow the soil to stabilize naturally
- C. The contractor must pump all standing water from the excavation before workers may reenter
- D. A competent person must inspect the excavation for changed conditions before workers reenter

6. A contractor's takeoff for a commercial project identifies the following: 280 linear feet of copper pipe, 4,200 square feet of acoustic ceiling tile, 36 HVAC diffusers, and 18 cubic yards of grout. Which item represents a count measurement?

- A. 280 linear feet of copper pipe
- B. 36 HVAC diffusers
- C. 4,200 square feet of acoustic ceiling tile
- D. 18 cubic yards of grout

7. Under Oregon law, a contractor must display their CCB license number on estimates provided to customers. A contractor sends an email estimate to a homeowner but omits the CCB license number. Is this a violation?

- A. Yes, because the CCB license number must appear on all estimates, contracts, invoices, and advertising
- B. No, because email communications are exempt from the license number display requirement
- C. Yes, but only if the estimate exceeds \$2,000 in total value
- D. No, because the license number requirement applies only to printed materials and vehicle lettering

8. A contractor forms a new LLC on January 15 and applies for a CCB license on February 10. The contractor passes the exam on March 5 and submits all required bonding and insurance documents on March 20. What is the latest date the contractor can apply for the CCB license based on the exam passage date?

- A. March 5 of the following year (12 months after passing the exam)
- B. September 5 of the following year (18 months after passing the exam)
- C. March 5 two years later (24 months after passing the exam)
- D. There is no deadline — the exam score remains valid indefinitely

9. A contractor is building a twostory custom home. During framing, a worker on the second floor drops a power drill through an unprotected stairway opening. The drill strikes a worker on the first floor, causing a head injury. Which safety requirement was most directly violated?

- A. The requirement for all workers to wear safety glasses in active construction zones
- B. The requirement for tool tethering systems on all power tools used above ground level

- C. The requirement for workers on the first floor to wear hearing protection during framing operations
- D. The requirement to guard or cover floor openings to prevent objects from falling through

10. A property owner enters into a \$180,000 contract with a general contractor for a home addition. The owner pays \$90,000 in progress payments over three months. The contractor then abandons the project with only 40% of the work complete. What recourse does the owner have?

- A. The owner may file a claim directly against the contractor's liability insurance for the unfinished work
- B. The owner may file a complaint with the CCB, and if a final order is issued, make a claim against the contractor's surety bond
- C. The owner may withhold payment from all future contractors until the CCB resolves the complaint
- D. The owner must file a civil lawsuit because the CCB only handles complaints involving defective workmanship

11. A contractor's annual revenue is \$440,000. Direct costs total \$308,000 and general overhead totals \$88,000. What is the contractor's net profit and net profit margin?

- A. Net profit \$44,000 and margin 10%
- B. Net profit \$132,000 and margin 30%
- C. Net profit \$88,000 and margin 20%
- D. Net profit \$52,800 and margin 12%

12. A contractor hires a concrete subcontractor for a residential project. The subcontract is valued at \$900. Under Oregon law, is a written subcontract required?

- A. Yes, because all subcontracts require written agreements regardless of value
- B. Yes, because the work involves concrete, which is classified as structural and always requires documentation
- C. No, because the \$1,000 threshold for written subcontracts has not been met
- D. No, but the general contractor must still verify the subcontractor's CCB license

13. A contractor signs a residential contract for \$25,000 that includes a progress payment schedule: 10% deposit, 30% at framing completion, 30% at drywall completion, and 30% at final completion. The contract does not include an explanation of the property owner's rights. What is the consequence?

- A. No consequence, because the explanation of rights is only required for contracts exceeding \$50,000
- B. The contract is automatically void and the contractor must return all payments received
- C. The CCB may impose a fine, but the contract remains enforceable between the parties
- D. The contract does not comply with Oregon CCB rules, exposing the contractor to fines and potential loss of lien rights

14. A contractor's project schedule shows that exterior painting has 6 days of total float. A rainstorm delays exterior painting by 4 days. What is the impact on the project completion date?

- A. The project is delayed by 4 days because weather delays always extend the project schedule
- B. No impact, because the 4day delay is within the 6 days of available float
- C. The project is delayed by 2 days — the difference between the delay and available float
- D. The project is delayed by 6 days because the entire float is consumed plus the delay

15. A contractor operating in the Portland metropolitan area discovers that they must register with Metro and comply with local income and transit taxes. This requirement applies to which type of business planning concept?

- A. Federal tax compliance that applies uniformly to all contractors nationwide
- B. CCB endorsement restrictions that vary by county of operation
- C. Local jurisdiction requirements that contractors must research and comply with in their operating area
- D. Oregon Secretary of State registration requirements specific to Multnomah County businesses

16. A contractor's project requires 1,800 square feet of exterior stucco application. The contractor's historical data shows a labor productivity rate of 0.15 laborhours per square foot. At a burdened rate of \$46.00 per hour, what is the estimated labor cost for the stucco work?

- A. \$12,420
- B. \$8,280
- C. \$16,560
- D. \$24,840

17. Under Oregon's Construction Lien Law, a "construction agent" includes which of the following?

- A. A real estate agent who lists the property for sale after construction is complete
- B. An insurance agent who provides the contractor's Certificate of Insurance to the CCB
- C. A bank loan officer who finances the construction project on behalf of the property owner
- D. A contractor, architect, builder, or other person having charge of construction or preparation

18. A contractor receives a homeowner's request to reduce the scope of a kitchen remodel by eliminating the island countertop. This change will reduce the contract price by \$4,200. What documentation is required?

- A. No documentation is needed because the change reduces rather than increases the contract price
- B. A written change order signed by both parties documenting the scope reduction and the \$4,200 price decrease
- C. A verbal acknowledgment recorded in the contractor's daily log is sufficient for scope reductions
- D. An email from the homeowner confirming the reduction, with no contractor signature required

19. A contractor is evaluating whether to purchase an umbrella liability policy. The contractor currently carries \$500,000 peroccurrence general liability and \$500,000 commercial auto liability. The contractor is bidding on a project where the owner requires \$2 million in total liability coverage. What should the contractor do?

- A. Purchase an umbrella policy that provides at least \$1 million in additional coverage above the underlying policies

- B. Decline the project because the CCB does not permit liability coverage exceeding endorsement minimums
- C. Request a waiver from the project owner reducing the liability requirement to \$500,000
- D. Increase the general liability policy to \$2 million and cancel the commercial auto policy to offset the cost

20. A contractor's employee is working in a trench that is 6 feet deep. The soil is classified as Type B. The trench is protected by a trench box. A delivery truck arrives and parks 3 feet from the edge of the excavation. What safety concern does this create?

- A. No concern, because the trench box protects workers from any external loads near the excavation
- B. No concern, because delivery trucks are exempt from excavation setback requirements
- C. The truck's weight creates a surcharge load near the trench edge that could cause the soil to collapse into the excavation
- D. The only concern is that the truck may block the excavation entrance, preventing emergency evacuation

21. A contractor's workers' compensation policy covers an employee who is injured while driving a company truck between two jobsites. The employee's medical expenses total \$28,000 and lost wages total \$14,000. Under workers' compensation, how are these costs covered?

- A. Workers' compensation covers both the medical expenses and lost wages — workrelated injuries during employment activities are covered regardless of location
- B. Workers' compensation covers only the medical expenses — lost wages are covered by the contractor's disability insurance
- C. Workers' compensation does not apply because the injury occurred off the jobsite during transit
- D. The contractor's commercial auto insurance covers the medical expenses, and workers' comp covers the lost wages

22. A contractor is hired to install a fence around a residential property. The total contract price is \$1,200. The contractor does not 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 exceeding \$2,000
- B. No consequence, because fence installation is exempt from Oregon's lien notice requirements
- C. The contractor may be fined by the CCB but retains full lien rights on the project
- D. The contractor may lose the right to file a construction lien, because the notice is required for residential projects over \$1,000

23. A contractor's estimate for a commercial tenant improvement project includes the following line items: demolition, framing, electrical roughin, plumbing roughin, drywall, painting, flooring, and HVAC. The contractor plans to subcontract electrical, plumbing, and HVAC. What must the contractor verify before hiring each subcontractor?

- A. That each subcontractor holds a Residential General Contractor endorsement from the CCB
- B. That each subcontractor is properly licensed with the CCB, holds the correct endorsement, and carries current bond and insurance — and for electrical and plumbing, that the individuals performing the work hold applicable BCD licenses
- C. That each subcontractor is a member of the local trade association for their specialty
- D. That each subcontractor has at least five years of experience in the specific trade they will perform

24. A contractor's financial records show the following for a completed project: contract price \$68,000, materials \$22,400, labor \$18,900, equipment \$3,200, job overhead \$4,500, and general overhead allocation \$8,160. What is the net profit on this project?

- A. \$68,000
- B. \$22,400
- C. \$10,840
- D. \$14,500

25. Under Oregon law, a contractor who fails to pay their obligations and incurs construction-related debt faces which personal consequence?

- A. Both the RMI and the business owners may be prevented from obtaining a new CCB license until the debt is satisfied

- B. Only the RMI is prevented from working in construction — business owners face no personal consequences
- C. The contractor's personal credit score is reduced by 100 points for each unpaid obligation
- D. The contractor must post a double bond on their next CCB license application as security

26. A contractor operating as an LLC has two members who are unrelated. The LLC has no employees other than the two members. How is this business classified for CCB purposes?

- A. Exempt, because LLCs with two or fewer members are always exempt regardless of family status
- B. Nonexempt, because all LLCs must carry workers' compensation insurance as a condition of formation
- C. Exempt, because the business has no employees outside of the members
- D. Nonexempt, because the LLC has two members who are not immediate family

27. A contractor's project requires purchasing specialty windows with a 12week lead time. The windows are needed at Week 18 of the project schedule. By what week must the contractor place the order to ensure ontime delivery?

- A. Week 18, because the supplier will expedite delivery for construction projects
- B. Week 6, because 18 minus 12 equals 6, ensuring the windows arrive when needed
- C. Week 1, because all longlead items should be ordered before construction begins
- D. Week 12, because the contractor should order exactly one lead time before the project midpoint

28. A contractor's employee is working on a scaffold when the scaffold begins to lean noticeably. The employee continues working because the shift ends in 30 minutes. Before the end of the shift, the scaffold partially collapses and the employee falls, suffering a broken arm. Under Oregon OSHA, who bears primary responsibility

- A. The employer, who failed to have a competent person inspect the scaffold and ensure it was safe
- B. The employee, who should have stopped working and reported the unsafe condition
- C. The scaffold manufacturer, who bears strict liability for any scaffold that fails during normal use
- D. Oregon OSHA, which should have inspected the scaffold before the project began

29. A contractor is building a new residential home. The local building department requires the following inspections in sequence: foundation, framing, rough mechanical, insulation, and final. Between the framing inspection and the rough mechanical inspection, what work typically occurs?

- A. Installation of exterior siding, windows, and roofing materials
- B. Installation of drywall, taping, and interior painting
- C. Installation of plumbing pipes, electrical wiring, and HVAC ductwork
- D. Installation of interior trim, cabinetry, and finish flooring

30. A contractor's proposal for a residential remodel includes a scope of work that lists specific items to be excluded from the project. Why is listing exclusions a recommended practice?

- A. Oregon law requires contractors to list at least five exclusions in every residential proposal
- B. Listing exclusions satisfies the CCB's requirement for a comprehensive project disclosure statement
- C. Listing exclusions is only necessary for projects exceeding \$25,000 in total contract value
- D. Listing exclusions prevents scope creep by clearly defining what is not included, reducing the risk of disputes

31. A contractor's insurance agent informs the contractor that their general liability premium will increase by 22% at the next renewal because the contractor filed three claims in the past two years. What is the most effective longterm strategy for reducing insurance costs?

- A. Switch insurance carriers annually to take advantage of new customer discounts
- B. Implement stronger safety programs and risk management practices to reduce the frequency and severity of claims
- C. Increase the policy deductible to \$25,000 to lower the premium regardless of claims history
- D. Cancel the general liability policy and selfinsure by setting aside a monthly reserve fund

32. A contractor's project requires removing a loadbearing wall in a residential home. The structural engineer specifies a laminated veneer lumber (LVL) beam to replace the wall. The contractor installs a standard dimensional lumber beam instead because it was available onsite. What violation has occurred?

A. The contractor has deviated from the approved plans and specifications, creating a potential structural safety issue and code violation

B. No violation, because dimensional lumber and LVL beams are interchangeable for residential applications

C. A minor deviation that is automatically covered by the building department's standard substitution allowance

D. A warranty violation that only becomes actionable if the beam fails within the first year after installation

33. A contractor operating in Oregon hires a worker who holds a valid Oregon driver's license and a Social Security card. The worker presents both documents for Form I9 verification. Can the contractor accept these documents?

A. No, because a driver's license and Social Security card are not acceptable for I9 verification

B. No, because the contractor must also verify the worker's immigration status through EVerify

C. Yes, because a driver's license establishes identity (List B) and a Social Security card establishes employment authorization (List C)

D. Yes, but only if the contractor also obtains a copy of the worker's birth certificate

34. A contractor receives a written change order request from a homeowner to upgrade the kitchen countertops from granite to quartzite. The change adds \$3,800 to the contract and does not affect the schedule. The contractor begins the quartzite installation before the homeowner signs the change order. Two weeks later, the homeowner refuses to pay for the upgrade. What is the contractor's position?

A. The contractor can enforce the change because the homeowner made the request in writing

B. The contractor can deduct the upgrade cost from the homeowner's final payment without consent

C. The contractor has limited recourse because the homeowner's verbal approval during installation is sufficient

D. The contractor has limited recourse because the change order was not signed by both parties before the work was performed

35. A contractor's project budget shows the following allocation: materials 36%, labor 30%, equipment 7%, job overhead 9%, general overhead 10%, and profit 8%. The total selling price is \$155,000. What dollar amount is allocated to profit?

A. \$15,500

B. \$12,400

C. \$14,000

D. \$11,625

36. Under Oregon law, a contractor performing work on a residential structure built in 1975 must comply with which federal regulation regarding leadbased paint?

A. The EPA Renovation, Repair, and Painting (RRP) Rule, because the structure was built before 1978

B. The Clean Air Act, because lead paint dust is classified as an airborne pollutant

C. The EPA Renovation, Repair, and Painting Rule, requiring leadsafe work practices and certification

D. No federal regulation applies because Oregon's state rules supersede federal requirements for residential work

37. A contractor is preparing a competitive bid for a public school gymnasium. The ITB requires a 10% bid bond. The contractor estimates the project cost at \$420,000 and applies a 12% markup, resulting in a bid of \$470,400. What is the required bid bond amount?

A. \$47,040

B. \$42,000

C. \$50,400

D. \$56,448

38. A contractor's employee reports a chemical spill on the jobsite. The spilled material is acetone, a flammable solvent. The Safety Data Sheet for acetone is stored in the contractor's

main office, 15 miles from the jobsite. Under the Hazard Communication Standard, is this SDS arrangement compliant?

- A. Yes, because SDSs may be stored at any company location as long as they are accessible within 24 hours
- B. Yes, because the HazCom standard requires only that the employer know where the SDSs are located
- C. No, but the employer may substitute a summary chemical hazard card in place of the full SDS
- D. No, because SDSs must be accessible to employees at the worksite during their work shifts

39. A contractor hires two workers from a temporary staffing agency for a threeweek commercial project. The staffing agency handles payroll, tax withholding, and workers' compensation insurance. What additional responsibility does the contractor (host employer) retain?

- A. None, because the staffing agency assumes all employer responsibilities for temporary workers
- B. Ensuring safe working conditions, providing required safety training, and complying with OSHA standards at the jobsite
- C. Providing the temporary workers with their own CCB license numbers for the duration of the project
- D. Filing separate employment tax returns for the temporary workers with the Oregon Department of Revenue

40. A property owner posts and records a Notice of Completion on a residential project on July 10. A material supplier who last delivered materials on June 25 wants to file a Claim of Lien. What is the supplier's filing deadline?

- A. September 8 (75 days after June 25, the supplier's last delivery date)
- B. September 23 (75 days after July 10, the date of the Notice of Completion)
- C. August 24 (60 days after June 25, the supplier's last delivery date)
- D. The earlier of A or B — in this case, September 8

41. A contractor's project involves removing old flooring that contains asbestos tile in a commercial building. Under Oregon regulations, what must the contractor do before disturbing the flooring?

A. Notify Oregon OSHA that asbestoscontaining materials will be disturbed during the renovation

B. Follow Oregon OSHA's asbestos standard for construction and ensure workers are properly trained and protected before disturbing the material

C. Cover the asbestos tile with a new layer of flooring to encapsulate it rather than removing it

D. Obtain a hazardous materials endorsement from the CCB before handling any asbestos materials

42. A contractor operating as a sole proprietor decides to bring in a business partner. They form a general partnership with no written partnership agreement. Six months later, the partner signs a \$75,000 contract with a client without the original owner's knowledge. Under partnership law, is the original owner liable for this contract?

A. No, because the partner did not have written authorization to sign contracts on behalf of the partnership

B. No, because partnerships formed without a written agreement are not legally recognized in Oregon

C. Yes, because all partners in a general partnership carry joint and several liability for partnership obligations

D. Yes, but only if the original owner was present at the time the contract was signed

43. A contractor's project schedule identifies that the concrete foundation must cure for 7 days before framing can begin. The contractor pours concrete on Monday, March 3. On which date can framing begin, assuming a continuous 7day cure period?

A. Monday, March 10

B. Sunday, March 9

C. Tuesday, March 11

D. Friday, March 7

44. A contractor's general liability insurance policy is approaching its annual renewal. The contractor's loss ratio (claims paid versus premiums collected) over the past three years has been 85%. What is the most likely outcome at renewal?

- A. The premium will decrease because a loss ratio above 80% qualifies for a volume discount
- B. The premium will remain unchanged because loss ratios are not considered during renewal
- C. The insurer will cancel the policy because any loss ratio above 50% triggers automatic nonrenewal
- D. The premium will increase significantly because an 85% loss ratio indicates the contractor is a highrisk account

45. A contractor wants to determine the breakeven point on a project. The estimated direct costs are \$64,000 and the general overhead allocation is \$11,520. What is the minimum contract price at which the contractor covers all costs but earns zero profit?

- A. \$64,000
- B. \$75,520
- C. \$70,400
- D. \$80,000

46. Under Oregon law, a person who acts as a construction contractor without a CCB license may face civil penalties of up to what amount per offense?

- A. \$1,000 per offense
- B. \$2,500 per offense
- C. \$5,000 per offense
- D. \$10,000 per offense

47. A contractor's project involves installing a fire sprinkler system in a new commercial building. The fire sprinkler subcontractor arrives at the site but the rough framing is only 60% complete. The sprinkler installation cannot begin until framing is 100% complete. This scheduling conflict is an example of which project management concept?

- A. A predecessor activity (framing) that must be completed before the successor activity (sprinkler installation) can begin
- B. A parallel activity that allows both trades to work simultaneously in different areas

- C. A resource leveling constraint that limits the sprinkler crew to working only when framing crews are offsite
- D. A milestone schedule showing the planned completion dates for each trade

48. A contractor files a Claim of Lien on a residential property on June 1. The property owner contacts the contractor on July 15 and proposes a payment plan to resolve the lien. The contractor agrees to the payment plan verbally but does not file a foreclosure lawsuit. On October 15, the payments stop. What is the status of the lien?

- A. The lien is still valid because the payment plan agreement extended the foreclosure deadline
- B. The lien is still valid because verbal payment agreements automatically toll the 120day period
- C. The lien has expired because the 120day deadline cannot be extended by verbal agreements
- D. The lien has expired — 120 days from June 1 is September 29, and the contractor did not file a foreclosure lawsuit before that date

49. A contractor is reviewing the lockout/tagout requirements for a hydraulic press that is being serviced. The press has both electrical and hydraulic energy sources. After locking out the electrical disconnect and the hydraulic valve, the contractor attempts to activate the press using the normal start controls. The press does not respond. What does this verification step confirm?

- A. That the lockout devices are properly manufactured and meet OSHA specifications
- B. That all energy sources have been effectively isolated and the equipment is safe to service
- C. That the equipment's warranty is valid and the manufacturer will cover any servicereLATED damage
- D. That Oregon OSHA has approved the contractor's lockout/tagout program for this type of equipment

50. A contractor's accountant prepares a cash flow projection showing that the contractor will have a negative cash position in 60 days due to a large material purchase on an upcoming project. The customer's first progress payment is not due until 90 days out. What should the contractor do?

- A. Negotiate with the material supplier for extended payment terms or arrange a line of credit to bridge the 30day gap

- B. Delay the material purchase until the customer's progress payment is received, even if it delays the project
- C. Use funds from a different project to cover the material purchase and repay when the progress payment arrives
- D. Cancel the project because the contractor cannot afford to finance the material purchase

51. A contractor's project requires a building permit for a residential addition. The contractor submits plans to the local building department on March 1. The plan review takes 3 weeks, and the permit is issued on March 22. The contractor's project schedule shows construction starting on March 10. What problem exists?

- A. No problem, because contractors may begin site preparation before the permit is issued
- B. No problem, because the contractor's CCB license authorizes construction to begin before permit issuance
- C. The contractor's schedule must be adjusted because the building inspector must be present on the first day
- D. The contractor cannot legally begin construction until the building permit is issued, requiring a schedule adjustment

52. A contractor discovers that a subcontractor working on their project has been paying employees below the minimum wage. What risk does this create for the general contractor?

- A. No risk, because the subcontractor's payroll practices are solely the subcontractor's responsibility
- B. The risk that the GC could face OSHA penalties for allowing substandard labor practices on their jobsite
- C. The risk that the GC could be held jointly liable or face reputational damage and potential CCB complaints
- D. The risk that the GC's surety bond will be reduced as a penalty for the subcontractor's violation

53. A contractor's estimate for a roofing project includes 42 squares of roofing material at \$185 per square. The contractor applies a 10% waste factor. What is the total material cost for roofing?

- A. \$7,770
- B. \$8,547
- C. \$7,000
- D. \$9,240

54. Under Oregon law, a contractor building a new home must offer a warranty. The property owner reviews the written warranty offer and declines it before the contract is signed. What may the contractor do?

- A. Withdraw the offer to construct the home
- B. Proceed with construction but reduce the contract price by the estimated cost of the warranty
- C. File the declined warranty with the CCB for recordkeeping purposes
- D. Require the owner to sign a waiver releasing the contractor from all future defect claims

55. A contractor's project schedule shows three parallel paths from Activity A to Activity F:

Path 1: $A \rightarrow B \rightarrow D \rightarrow F = 20$ days

Path 2: $A \rightarrow C \rightarrow F = 14$ days

Path 3: $A \rightarrow E \rightarrow F = 17$ days

Activity C experiences a 5day delay. Does this delay affect the project completion date?

- A. Yes, because any delay to any activity on any path always extends the project completion date
- B. Yes, because the 5day delay moves Path 2 to 19 days, which now ties with Path 1 as the critical path
- C. No, because Path 2 originally had 6 days of float and the 5day delay is within that float
- D. No, because Path 2 has 6 days of float ($20 - 14 = 6$), and the 5day delay is absorbed within that float

56. A contractor operating as a C Corporation wants to distribute \$50,000 of corporate profits to the sole shareholder. The corporation has already paid corporate income tax on these profits. The shareholder will report the \$50,000 as dividend income on their personal return. This scenario illustrates which tax concept?

A. Double taxation — corporate profits taxed at the corporate level and again at the shareholder level when distributed as dividends

B. Passthrough taxation — corporate profits flowing directly to the shareholder's personal return without corporate level tax

C. Taxdeferred distribution — dividend income that is not taxable until the shareholder withdraws funds from a retirement account

D. Taxexempt distribution — dividend income that is excluded from the shareholder's gross income under IRC Section 301

57. A contractor's project involves pouring a concrete driveway that is 50 feet long, 14 feet wide, and 5 inches thick. How many cubic yards of concrete are needed before applying a waste factor?

A. 25.9 cubic yards

B. 10.8 cubic yards

C. 10.8 cubic yards (calculated as $50 \times 14 \times 0.417 \div 27$)

D. 14.4 cubic yards

58. A contractor's employee is exposed to excessive noise levels on a commercial demolition project. The employee is not provided with hearing protection. Under Oregon OSHA, when is hearing protection required?

A. Only when noise levels exceed 100 decibels for a continuous 8hour shift

B. When noise levels equal or exceed 85 decibels as an 8hour timeweighted average

C. Only when employees report hearing difficulties or ringing in the ears

D. When noise levels exceed 90 decibels for more than 30 continuous minutes

59. A contractor reviews their completed project files and discovers that they did not obtain lien waivers from two subcontractors at the final progress payment. The project was completed six months ago. Why is this a concern?

- A. The subcontractors will automatically file liens against the property after six months of nonpayment
- B. The contractor's insurance company will increase premiums for failure to collect lien waivers
- C. Oregon OSHA may cite the contractor for incomplete project documentation
- D. The subcontractors may still have the right to file liens against the property if they were not paid, creating liability for the property owner and the contractor

60. A contractor's foreman notices that a trench wall is beginning to bulge inward at a depth of 7 feet. Two workers are inside the trench installing a water line. What is the foreman's immediate obligation?

- A. Note the condition in the daily log and schedule a soil engineer to inspect the trench the following morning
- B. Install additional shoring on the bulging wall section while the workers continue their installation
- C. Remove both workers from the trench immediately and do not allow reentry until the condition is evaluated and corrected by a competent person
- D. Contact Oregon OSHA to request an emergency inspection of the excavation

61. A contractor bids on a residential project using unit price estimating. Their historical data shows that installing vinyl plank flooring costs \$5.80 per square foot (material and labor). The project requires 1,400 square feet. After submitting the bid, the contractor realizes their historical data was from two years ago and current material prices have increased by 15%. What financial risk has the contractor created?

- A. No risk, because unit price estimates include a builtin contingency for material price fluctuations
- B. The risk of the bid being rejected because the price is too low compared to competitor bids
- C. The risk of a cost overrun because the unit price does not reflect current material costs, reducing or eliminating the profit margin
- D. The risk of violating the CCB's pricing disclosure requirements for residential contracts

62. A contractor's project is covered by a builder's risk insurance policy. During a weekend when no workers are present, vandals break into the partially completed building, start a fire, and cause \$45,000 in damage. Does the builder's risk policy cover this loss?

A. Yes, because builder's risk covers damage from fire, theft, and vandalism during the construction period

B. No, because builder's risk only covers damage caused by natural events such as storms and flooding

C. Yes, but only if the contractor can prove that reasonable security measures were in place at the time of the incident

D. No, because vandalism is an excluded peril under all standard builder's risk policies

63. A contractor receives a demand letter from an attorney representing a homeowner. The letter alleges defective construction and demands \$22,000 in damages. The contractor's general liability policy has a \$500,000 peroccurrence limit. What should the contractor do first?

A. Pay the \$22,000 directly to avoid litigation costs and further damage to the contractor's reputation

B. Contact the CCB to report the demand and request mediation services

C. File a counterclaim against the homeowner for breach of contract and failure to pay retainage

D. Notify the contractor's general liability insurance carrier immediately, as the carrier has a duty to defend covered claims

64. A contractor operating as a partnership has three partners: two brothers and their father. The partnership has no employees. How is this business classified for CCB purposes?

A. Nonexempt, because the partnership has three partners regardless of family relationship

B. Exempt, because all three partners are immediate family members and there are no nonfamily employees

C. Nonexempt, because partnerships with three or more partners always require workers' compensation

D. Exempt, but only if the father is designated as the sole managing partner

65. A contractor is scheduling a complex commercial project with 150+ activities. Which scheduling method is most appropriate for this project?

- A. A simple bar chart listing activities and durations without dependency relationships
- B. A handwritten calendar showing weekly milestones and key deadlines
- C. The Critical Path Method (CPM), which identifies dependencies, float, and the critical path for complex projects
- D. A Gantt chart with no more than 20 activities summarizing the major project phases

66. A contractor's employee is performing hot work (welding) near combustible materials on a commercial renovation project. Under fire safety requirements, what precaution must the contractor take?

- A. Station a fire watch with appropriate extinguishing equipment during and after hot work operations
- B. Notify the local fire department 24 hours before any welding operations begin
- C. Obtain a welding permit from Oregon OSHA before performing any hot work on the project
- D. Remove all combustible materials from the building before any hot work operations begin

67. A contractor's project involves excavating a trench for a residential sewer line. The trench is 5.5 feet deep in Type C soil (the least stable classification). Which protective system provides the maximum worker protection?

- A. Sloping the trench walls at a 1:1 ratio (45degree angle) from the bottom of the excavation
- B. Placing caution tape 6 feet back from the edge of the trench on both sides
- C. Posting a competent person at the trench entrance to warn workers of any soil movement
- D. Installing hydraulic shoring or a trench box rated for the depth and soil type

68. A contractor's cash flow analysis shows that \$28,000 in accounts receivable are more than 90 days past due. The contractor has \$15,000 in accounts payable due within 10 days. What is the primary risk this situation creates?

- A. The contractor's CCB license will be suspended for failure to maintain adequate working capital
- B. The contractor may not have enough cash to pay suppliers and subcontractors on time, risking lien filings and strained relationships

- C. The contractor's surety bond will be reduced because the bonding company monitors accounts receivable aging
- D. Oregon OSHA will increase the contractor's inspection frequency due to financial instability

69. Under Oregon law, a contractor who changes from exempt to nonexempt status (by hiring their first employee) must do which of the following?

- A. Immediately notify the CCB, obtain workers' compensation insurance, and register as an employer for tax purposes
- B. Notify the CCB at the time of the next license renewal and obtain workers' compensation within 90 days
- C. File a change of endorsement with the CCB and upgrade to a commercial endorsement
- D. Obtain a temporary employment permit from the Oregon Employment Department before the employee begins work

70. A contractor enters into a designbuild contract for a commercial office renovation. The contractor's design team proposes a layout that the owner likes, but the owner later requests significant changes to the floor plan. Who bears the cost of the design revisions?

- A. The contractor always absorbs design revision costs because design is included in the designbuild contract
- B. The architect within the designbuild team absorbs the cost as part of their professional services obligation
- C. The treatment of design revision costs depends on the specific contract terms — ownerdirected changes typically increase the contract price
- D. Design revisions are always free of charge on designbuild projects because the owner has not separately contracted for design services

71. A contractor files a Claim of Lien on March 1 and files a foreclosure lawsuit on June 15. The court schedules a hearing for September 10. At the hearing, the court determines the lien was properly filed and the amount is owed. What may the court order?

- A. A reduction of the contractor's CCB bond to offset the property owner's legal defense costs

- B. The contractor to accept a payment plan not exceeding 12 monthly installments
- C. A temporary injunction preventing the contractor from working on any projects until the lien is resolved
- D. The property sold at a sheriff's sale, with proceeds used to satisfy the lien claim

72. A contractor's employee works in an area where hazardous chemicals are stored. The employee wants to access the Safety Data Sheets. The employer tells the employee that SDS access requires a written request submitted through the company's safety officer, with a 48hour processing time. Is this arrangement compliant with the HazCom standard?

- A. Yes, because employers may establish reasonable administrative procedures for SDS access
- B. No, because SDSs must be accessible to employees immediately during their work shifts without administrative barriers
- C. Yes, because the 48hour processing time is within the HazCom standard's allowable response period
- D. No, but only if the employee has been directly exposed to the chemical and is experiencing symptoms

73. A contractor estimates that a project will cost \$88,000 in total costs (direct costs plus overhead). The contractor wants to earn a 15% profit margin. What selling price should the contractor set?

- A. \$103,529, calculated by dividing total cost by (1 minus desired margin): $\$88,000 \div 0.85$
- B. \$101,200, calculated by adding 15% markup to total cost: $\$88,000 \times 1.15$
- C. \$100,571, calculated by multiplying total cost by 1.15 and subtracting the overhead
- D. \$102,857, calculated by dividing total cost by 0.85 and rounding to the nearest dollar

74. A contractor's employee is working on a commercial roofing project at a height of 25 feet. The employer provides a personal fall arrest system consisting of a fullbody harness and a 6foot shockabsorbing lanyard. The employee connects the lanyard to an anchor point on the roof structure. If the employee falls, what is the maximum total fall distance before the system arrests the fall?

- A. 6 feet — the length of the lanyard only
- B. 12 feet — the lanyard length plus the shock absorber deployment

C. Approximately 12 feet, accounting for lanyard length (6 ft), shock absorber deployment (3.5 ft), Dring shift (1 ft), and harness stretch (1.5 ft)

D. 25 feet — the full height of the working surface

75. A contractor is awarded a public works project that requires compliance with the DavisBacon Act. What does this federal law require?

A. That the contractor obtain a federal contractor license before beginning work on the project

B. That the contractor pay prevailing wages to workers on federally funded construction projects

C. That the contractor provide health insurance to all employees working on the project

D. That the contractor submit monthly progress reports to the federal funding agency

76. A contractor's estimate for a bathroom remodel includes the following: tile material \$2,800, tile labor (40 hours × \$38.50 burdened rate) \$1,540, plumbing fixtures \$1,200, plumbing labor (24 hours × \$42.00 burdened rate) \$1,008, vanity and countertop \$1,600, and installation labor (8 hours × \$38.50) \$308. What are the total direct costs?

A. \$2,800

B. \$4,600

C. \$6,856

D. \$8,456

77. A contractor receives an Oregon OSHA citation for a "failuretoabate" violation. What does this mean?

A. The contractor failed to correct a previously cited violation by the ordered abatement date

B. The contractor failed to provide fall protection equipment on a scaffold over ten feet

C. The contractor failed to submit a required safety plan before beginning construction activities

D. The contractor failed to report a workplace injury within the required reporting timeframe

78. A contractor's project schedule shows Activity Q on the critical path with a planned duration of 12 days. Due to supply chain issues, a key material delivery is delayed by 4 days.

The contractor responds by assigning a weekend crew to work two additional days on Activity Q. What is the net effect on the project completion date?

- A. The project is delayed by 4 days because material delays on the critical path cannot be mitigated
- B. The project is delayed by 6 days because weekend work adds cost but does not reduce duration
- C. The project is delayed by 2 days — the 4day delay minus the 2 days recovered by weekend work
- D. The project is on schedule because the 2 days of weekend work compresses the remaining duration

79. A contractor's employee discovers a natural gas leak while excavating near an existing gas line on a residential project. What is the contractor's immediate obligation?

- A. Continue excavating carefully using hand tools to locate and expose the damaged gas line
- B. Evacuate all workers from the immediate area, eliminate ignition sources, and contact the gas utility emergency number
- C. Cover the leak with soil to contain the gas until the utility company arrives
- D. Notify Oregon OSHA within 8 hours that a gas leak has been discovered on the project site

80. A contractor is reviewing a subcontractor's bid for HVAC work on a commercial project. The bid includes labor, materials, equipment, and a 5% contingency. The contractor notices that the bid does not include permit fees. Should the contractor address this omission?

- A. No, because permit fees are always the property owner's responsibility on commercial projects
- B. No, because HVAC permits are included in the general contractor's building permit and are never billed separately
- C. Yes, because the contractor should clarify whether the subcontractor or the GC is responsible for obtaining and paying for HVACspecific permits
- D. Yes, but only if the HVAC permit fees exceed \$500, which is the threshold for subcontractor bid disclosures

Practice Exam 7: Answer Key and Explanations

- 1. D** — Oregon law provides an alternative small commercial threshold: any nonresidential structure of any size where the entire contract price does not exceed \$250,000. At \$230,000, this project qualifies as small commercial regardless of the 12,000 sq ft footprint. Residential endorsements cover small commercial work.
- 2. B** — Overtime is calculated per workweek, not averaged across pay periods. In Week 1, the employee worked 4 hours over 40, earning an overtime premium of half the regular rate ($4 \times \$14.50 = \58.00). Week 2's 36 hours generate no overtime because no single week exceeded 40.
- 3. C** — Under a standard liability policy with a deductible, the insured pays the deductible first and the insurer covers the remainder up to the policy limit. The contractor pays \$1,000 and the insurer covers the remaining \$44,000 of the \$45,000 claim.
- 4. A** — After applying \$12,000 in business deductions, the adjusted net income is \$83,000. Selfemployment tax: $\$83,000 \times 0.153 = \$12,699$. The actual SE tax calculation includes an additional adjustment for the deductible half, but this approximation captures the tested concept.
- 5. D** — Even in excavations under 5 feet, a competent person must inspect after any event that could affect soil stability — including rain, which saturates soil and increases the risk of wall collapse. This inspection requirement applies regardless of whether a formal protective system is mandated.
- 6. B** — Count measurements capture individual discrete items. HVAC diffusers are counted as units (36 each), while pipe is measured linearly, ceiling tile by area, and grout by volume. Selecting the correct measurement type is fundamental to accurate takeoffs.
- 7. A** — Oregon law requires the CCB license number on all estimates, contracts, invoices, and advertising — including electronic communications. An email estimate is subject to the same display requirements as a printed document or website.
- 8. C** — A contractor must apply for their CCB license within 24 months of passing the exam. The exam was passed on March 5, so the deadline is March 5 two years later. If the 24-month window expires, the contractor must retake the education and exam.
- 9. D** — Floor openings and holes must be guarded or covered to prevent both falls through the opening and objects falling to lower levels. The unprotected stairway opening violated fall protection requirements, allowing the dropped drill to strike the worker below.
- 10. B** — The property owner may file a complaint with the CCB. If the CCB investigates and issues a final order requiring the contractor to pay damages, the owner can make a claim against the contractor's surety bond if the contractor fails to pay.

11. A — Net profit: $\$440,000 - \$308,000 - \$88,000 = \$44,000$. Margin: $\$44,000 \div \$440,000 = 10\%$. The profit and loss statement reveals the bottom line after direct costs and overhead are subtracted from revenue.

12. C — Oregon law requires written subcontracts when the value exceeds \$1,000. At \$900, this subcontract falls below the threshold. However, the GC should still verify the subcontractor's CCB license — that obligation exists regardless of the subcontract value.

13. D — Omitting the explanation of property owner's rights violates Oregon CCB contract rules. This exposes the contractor to fines and may jeopardize lien rights, since ORS 87.037 links lien protection to compliance with contract and notice requirements.

14. B — The 4day delay is within the 6 days of available float, so the project completion date is not affected. Float absorbs delays on noncritical activities — only when a delay exceeds the float does the project completion date move.

15. C — Local jurisdictions like Portland Metro impose additional requirements not found statewide. Contractors must research and comply with local business registration, permitting, and tax requirements whenever they work in a new jurisdiction.

16. A — Laborhours: $1,800 \text{ sq ft} \times 0.15 \text{ hrs/sq ft} = 270 \text{ hours}$. Labor cost: $270 \times \$46.00 = \$12,420$. Historical productivity rates multiplied by measured quantities produce the laborhour estimate, which is then multiplied by the burdened rate.

17. D — Under ORS 87.005, a "construction agent" means a contractor, architect, builder, or other person having charge of construction or preparation. This legal definition is important for determining who may trigger lien rights and notice obligations.

18. B — All changes to scope, price, or schedule — including reductions — must be documented in a written change order signed by both parties. A scope reduction without written documentation can lead to disputes about what was agreed and what the final contract price should be.

19. A — An umbrella policy provides coverage above the limits of underlying policies. With \$500,000 in GL and \$500,000 in auto, a \$1 million umbrella brings total available coverage above \$2 million, meeting the project owner's requirement.

20. C — Heavy vehicles parked near a trench edge create surcharge loads that increase lateral earth pressure on the trench walls. This additional loading can cause the soil to collapse into the excavation, even with a trench box in place. Vehicles must be kept back from excavation edges.

21. A — Workers' compensation covers workrelated injuries during employment activities, including travel between jobsites in a company vehicle. Both medical expenses and lost wages are covered benefits under the nofault workers' compensation system.

22. D — The Information Notice to Owner About Construction Liens is required for residential projects exceeding \$1,000. At \$1,200, this fence project exceeds the threshold. Failure to provide the notice may result in loss of lien rights.

23. B — The contractor must verify CCB license, endorsement, bond, and insurance for all subcontractors. For electrical and plumbing trades specifically, the individuals performing the work must also hold applicable BCD licenses — both the company CCB license and the individual trade license are required.

24. C — Total costs: $\$22,400 + \$18,900 + \$3,200 + \$4,500 + \$8,160 = \$57,160$. Net profit: $\$68,000 - \$57,160 = \$10,840$. Job costing reveals the actual profitability of each project after all direct costs and overhead are accounted for.

25. A — Under Oregon law, if a contractor fails to pay its obligations and incurs construction-related debt, both the RMI and the business owners may be personally prevented from obtaining a new CCB license until the debt is satisfied. This personal accountability makes proper financial management essential.

26. D — An LLC with two members who are not immediate family members triggers nonexempt classification. The exempt classification requires that all members beyond two be immediate family. Two unrelated members — even with no additional employees — means nonexempt.

27. B — With a 12-week lead time and windows needed at Week 18, the order must be placed by Week 6 ($18 - 12 = 6$). Ordering earlier creates storage and security issues; ordering later risks a delivery delay that disrupts the schedule.

28. A — The employer is responsible for having a competent person inspect scaffolds before each shift and after any event affecting structural integrity. A leaning scaffold is a visible sign of structural compromise that should have been identified and corrected before workers used it.

29. C — Between framing and insulation inspections, the rough mechanical systems are installed: plumbing pipes, electrical wiring, and HVAC ductwork. These must be installed and inspected while the wall cavities are still open and accessible.

30. D — Listing exclusions prevents scope creep by clearly defining what is not included in the contract price. This reduces the risk of disputes where the homeowner assumes an item is included while the contractor did not price it.

31. B — The most effective long-term strategy for reducing insurance premiums is improving the underlying claims experience. Stronger safety programs, better risk management, and fewer claims lead to a lower experience modification rate and reduced premiums over time.

32. A — Substituting dimensional lumber for a specified LVL beam without approval deviates from the approved plans and creates a potential structural safety issue. LVL and dimensional lumber have different loadbearing capacities, and unauthorized substitutions violate building codes.

33. C — For Form I9, an employee may present one List A document (identity + work authorization) OR one List B document (identity) plus one List C document (work authorization). A driver's license is List B (identity) and a Social Security card is List C (work authorization) — together they satisfy the requirement.

34. D — The contractor began work before the homeowner signed the change order. Without a signed change order documenting mutual agreement before the work was performed, the contractor has limited recourse to collect the \$3,800 upgrade cost.

35. B — Profit at 8% of \$155,000: $\$155,000 \times 0.08 = \$12,400$. The profit percentage applied to the total selling price determines the dollar amount of profit the contractor expects to earn on the project.

36. C — The EPA RRP Rule requires contractors performing renovation work on pre1978 residential buildings to be certified and follow leadsafe work practices. A 1975 home falls within the pre1978 threshold, triggering full RRP compliance requirements.

37. A — The bid bond is 10% of the bid amount: $\$470,400 \times 0.10 = \$47,040$. The bid bond is calculated on the total bid price (cost plus markup), not on the estimated cost alone.

38. D — SDSs must be accessible to employees at the worksite during their work shifts. Storing SDSs at a location 15 miles away violates this requirement — employees need immediate access when a chemical exposure or spill occurs.

39. B — While the staffing agency handles payroll and administrative employment functions, the contractor retains responsibility for jobsite safety, required training, and OSHA compliance. The host employer controls the site and must ensure all workers are protected.

40. A — The deadline is the earlier of 75 days after the supplier's last delivery (June 25 → September 8) or 75 days after the Notice of Completion date (July 10 → September 23). September 8 comes first, making it the filing deadline.

41. B — Disturbing known asbestoscontaining materials requires compliance with Oregon OSHA's asbestos standard for construction. Workers must be properly trained, medical monitoring may be required, and engineering controls must be implemented before the material is disturbed.

42. C — In a general partnership, all partners carry joint and several liability for the partnership's obligations, including contracts signed by any partner. This means the original owner is liable for the \$75,000 contract even though they had no knowledge of it.

43. A — Pouring on Monday, March 3, and counting 7 calendar days of curing: March 3 (Day 0, pour day) through March 9 (Day 7, cure complete). Framing may begin on Monday, March 10, the day after the 7day cure period ends.

44. D — An 85% loss ratio means the insurer is paying out \$0.85 in claims for every \$1.00 collected in premiums, leaving almost nothing for administrative costs and profit. The insurer will likely increase the premium significantly or consider nonrenewal.

45. B — Breakeven = direct costs + overhead = $\$64,000 + \$11,520 = \$75,520$. At this price, the contractor recovers every dollar spent but earns zero profit. Any price below \$75,520 results in a loss; profit begins only above this threshold.

46. C — Oregon law provides for civil penalties of up to \$5,000 per offense for performing construction work without a CCB license. This penalty applies regardless of whether the unlicensed work was defective or resulted in a complaint.

47. A — The framing (predecessor) must be 100% complete before sprinkler installation (successor) can begin. This is a classic finishtostart dependency — the scheduling conflict arises because the predecessor is not yet complete when the successor crew arrives.

48. D — The 120day foreclosure deadline runs from June 1 and expires September 29. Verbal payment agreements do not extend or toll this statutory deadline. Since the contractor did not file a lawsuit before September 29, the lien has expired and cannot be enforced.

49. B — Attempting to start the equipment after applying lockout devices confirms that all energy sources have been effectively isolated. If the equipment does not respond to normal start controls, it is safe to service. This verification step is mandatory before beginning any maintenance work.

50. A — The contractor should negotiate extended payment terms with the material supplier or arrange a line of credit to bridge the 30day gap between the material purchase and the customer's first progress payment. Proactive cash flow management prevents the crisis before it occurs.

51. D — A contractor cannot legally begin construction before the building permit is issued. The project schedule must be adjusted to account for the plan review period. Starting work before the permit is issued violates building codes and creates legal and insurance complications.

52. C — A general contractor may face joint liability, reputational damage, or CCB complaints if a subcontractor's labor practices violate the law on the GC's project. The GC has a responsibility to ensure that subcontractors operate in compliance with employment laws.

53. B — Quantity with waste: $42 \text{ squares} \times 1.10 = 46.2 \text{ squares}$. Cost: $46.2 \times \$185 = \$8,547$. The 10% waste factor accounts for cutting at ridges, hips, valleys, and edge trimming that occur during roofing installation.

54. A — Under ORS 701.320, if the property owner refuses the written warranty offer before the contract is signed, the contractor may withdraw the offer to construct the home. The warranty offer is a mandatory precontract step for new residential construction.

55. D — Path 2 originally has 6 days of float ($20 - 14 = 6$). A 5day delay increases Path 2 to 19 days, which is still less than the 20day critical path. The delay is absorbed within the available float, and the project completion date is not affected.

56. A — This is double taxation — the defining tax disadvantage of CCorporations. Profits are taxed first at the corporate level, and when distributed as dividends to shareholders, the same money is taxed again on the shareholder's personal return.

57. C — Volume: $50 \times 14 \times (5/12) = 50 \times 14 \times 0.417 = 291.9$ cubic feet. Converting to cubic yards: $291.9 \div 27 = 10.8$ cubic yards. Converting inches to feet ($5 \div 12 = 0.417$) before multiplying is essential for an accurate volume calculation.

58. B — Oregon OSHA requires hearing protection when noise levels equal or exceed 85 decibels as an 8-hour time-weighted average. At this level, the employer must implement a hearing conservation program including audiometric testing, training, and provision of hearing protection.

59. D — Without lien waivers, the subcontractors may retain the right to file liens against the property if they were not fully paid. This creates ongoing risk for both the property owner and the contractor, even months after the project is complete.

60. C — A bulging trench wall is an imminent danger sign indicating potential soil collapse. The foreman must remove workers immediately and not allow reentry until a competent person evaluates the condition and corrective measures are implemented. Worker safety supersedes schedule pressure.

61. C — Using outdated unit prices that do not reflect current material costs creates the risk of a cost overrun. If materials have increased 15%, the contractor's actual costs will exceed the bid price, reducing or eliminating the profit margin on the flooring scope.

62. A — Builder's risk insurance covers damage from fire, theft, and vandalism during the construction period. Weekend vandalism resulting in fire damage is a covered event under a standard builder's risk policy. This is precisely the type of risk the policy is designed to address.

63. D — The contractor should notify their general liability insurance carrier immediately. The carrier has a duty to defend covered claims, which includes providing legal representation and covering defense costs. Paying the claim out of pocket or filing counterclaims without involving the insurer would be premature.

64. B — Oregon defines immediate family as parents, spouses, siblings, children, children-in-law, and grandchildren. A father and his two sons are all immediate family. With no nonfamily employees, the partnership qualifies as exempt.

65. C — The Critical Path Method is designed for complex projects with many activities, dependencies, and resource constraints. With 150+ activities, CPM identifies the critical path, calculates float for noncritical activities, and enables precise schedule management.

66. A — Fire safety requirements mandate a fire watch with appropriate extinguishing equipment during hot work operations and for a specified period afterward. The fire watch monitors for smoldering materials or sparks that could ignite combustibles near the work area.

67. D — Type C soil is the least stable classification and presents the highest collapse risk. Hydraulic shoring or a trench box rated for the specific depth and soil type provides the most reliable protection against trench wall failure in unstable soil conditions.

68. B — Accounts receivable over 90 days old and accounts payable due within 10 days creates an acute cash flow crisis. The contractor may not have enough cash to pay suppliers and subcontractors, risking lien filings against client properties and damaged business relationships.

69. A — Hiring the first employee immediately changes the contractor's classification to nonexempt. The contractor must notify the CCB immediately, obtain workers' compensation

insurance before the employee starts, and register as an employer with the appropriate tax agencies.

70. C — In a designbuild contract, the treatment of design revision costs depends on the specific terms negotiated. Ownerdirected changes that go beyond the original design scope typically increase the contract price through a change order, just as scope changes do on any construction contract.

71. D — If the court determines the lien is valid and the debt is owed, it may order the property sold at a sheriff's sale. The proceeds from the sale are used to satisfy the lien claim, with any remaining amount returned to the property owner.

72. B — SDSs must be accessible to employees immediately during their work shifts without administrative barriers. A 48hour written request process violates the HazCom standard's requirement for immediate access. Employees need chemical hazard information when they need it — not two days later.

73. A — To achieve a 15% profit margin: Selling price = Total cost ÷ (1 - Margin) = \$88,000 ÷ 0.85 = \$103,529. A 15% markup (\$88,000 × 1.15 = \$101,200) would produce only a 13% margin. The margintomarkup conversion ensures the correct profit target.

74. C — The total fall distance includes the 6foot lanyard length, approximately 3.5 feet of shock absorber deployment, 1 foot of Dring shift from the harness, and approximately 1.5 feet of harness stretch — totaling approximately 12 feet. This calculation determines the minimum clearance needed below the working surface.

75. B — The DavisBacon Act requires contractors to pay prevailing wages to workers on federally funded construction projects. Prevailing wages are determined by the Department of Labor and typically reflect unionscale rates for the geographic area.

76. D — Total direct costs: tile material \$2,800 + tile labor \$1,540 + plumbing fixtures \$1,200 + plumbing labor \$1,008 + vanity/countertop \$1,600 + installation labor \$308 = \$8,456. All materials and labor directly attributable to the project are direct costs.

77. A — A failuretoabate violation means the employer did not correct a previously cited violation by the ordered abatement date. This is a separate violation category that carries additional penalties and demonstrates continuing noncompliance with safety standards.

78. C — The 4day material delay extends the criticalpath activity by 4 days. The 2 weekend days of additional work recover 2 of those days. Net effect: 4 - 2 = 2 days of project delay. Crashing recovers time but rarely eliminates the full impact of a criticalpath delay.

79. B — A gas leak creates an immediate explosion and inhalation hazard. The contractor must evacuate all workers from the area, eliminate all ignition sources (equipment, vehicles, smoking), and contact the gas utility's emergency number immediately. No construction work should continue until the utility confirms the area is safe.

80. D — Permit fees are a real cost that must be accounted for in the project budget. The contractor should clarify who is responsible for obtaining and paying for HVACspecific permits — the subcontractor or the GC — to avoid an unexpected cost gap in the project budget.

