

# PRACTICE EXAM 9: BUSINESS & LAW EXAM SIMULATION (50 QUESTIONS)

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**Time Allowed:** 120 Minutes (2 Hours)

**Total Questions:** 50

**Passing Score:** 70% (35 Correct)

## DOMAIN 1: LICENSING REQUIREMENTS (Questions 1–8)

1. A licensed Alabama contractor completes a \$200,000 commercial renovation and the building owner is satisfied with the work. However, the owner later discovers that the contractor's license had been placed on probation by the Licensing Board before the contract was signed due to a prior complaint. The owner was never informed of the probation. Under Alabama law, what effect does the contractor's probationary status have on the enforceability of the contract?

- A. The contract is automatically void because a contractor on probation cannot enter into any contracts
- B. The contract is unenforceable only if the probation was for a violation involving fraud or dishonesty
- C. A contractor on probation generally retains the ability to enter into and perform contracts unless the Board's probationary order specifically restricts the contractor from performing certain types of work — however, the contractor's failure to disclose the probation may have separate legal consequences
- D. Probationary status has no legal significance and the contractor operates with full, unrestricted privileges

2. Under Alabama law, a person who provides construction management services (advising the owner on scheduling, budgeting, and construction coordination) but does not directly perform any construction work must determine whether a contractor's license is required. Under what circumstances would a construction manager need a contractor's license?

A. A construction manager who acts only as an advisor to the owner and does not hold trade contracts, does not selfperform construction work, and does not assume responsibility for construction means and methods may not need a contractor's license — however, if the CM holds trade contracts or assumes construction responsibility, licensing is required

B. All construction managers must hold a contractor's license regardless of their role or responsibilities

C. Construction managers are always exempt from licensing because they never touch construction materials

D. Only construction managers who work on projects exceeding \$5,000,000 need a contractor's license

3. A contractor applies for an Alabama license and submits a financial statement showing a net worth of \$15,000 and working capital of \$12,000. The contractor requests a license with a \$500,000 monetary limitation. Under Alabama licensing regulations, will the Board approve this request?

A. Yes, because the contractor exceeds the minimum \$10,000 net worth and \$10,000 working capital thresholds

B. Yes, because the monetary limitation is unrelated to the contractor's financial qualifications

C. Yes, because any contractor meeting the minimum financial thresholds automatically receives unlimited status

D. The Board may deny the \$500,000 limitation because the contractor's financial position may be insufficient to support projects of that magnitude — while the contractor meets the minimum thresholds, the Board evaluates whether the applicant's overall financial capacity is adequate for the requested classification level

4. Under Alabama law, a contractor who has had a license revoked by the Board may apply for reinstatement. What conditions must typically be met before a revoked license can be reinstated?

A. The contractor must wait exactly 24 hours and resubmit the original application with no changes required

B. The contractor must typically wait a specified period, demonstrate that the conditions leading to revocation have been corrected, submit a new application with updated financial

statements, may need to retake licensing examinations, and must satisfy any other requirements the Board imposes as conditions for reinstatement

C. Revoked licenses are automatically reinstated on the oneyear anniversary of the revocation date

D. Revoked licenses can never be reinstated under any circumstance and the revocation is permanent

5. A licensed contractor in Alabama receives a contract for a \$450,000 commercial project. Before beginning work, the contractor discovers that the project requires specialized environmental remediation (contaminated soil removal) as a precondition to construction. Under Alabama licensing law, can the general contractor perform the environmental remediation work?

A. Environmental remediation may require specialized certifications and licenses separate from the general contractor's license — the contractor should verify whether the remediation work requires additional licensing or certification and, if so, engage a qualified remediation subcontractor rather than selfperforming without proper credentials

B. The general contractor's license covers all types of work on the project site including environmental cleanup

C. Environmental remediation is unregulated in Alabama and any person may perform it without credentials

D. Only the property owner may perform environmental remediation and no contractor may be involved

6. Under Alabama licensing regulations, the Licensing Board maintains the authority to audit a contractor's financial records to verify the accuracy of the financial statements submitted with the license application or renewal. If the Board discovers that the financial statements significantly overstate the contractor's actual financial condition, what action may the Board take?

A. The Board may only request updated financial statements with no further consequences for the overstatement

B. The Board may issue only a verbal warning for the first instance of overstated financial information

C. The Board has no authority to audit financial records or take action based on inaccurate financial statements

D. The Board may treat the overstatement as submission of false information, which is grounds for disciplinary action including license suspension or revocation — the financial statement is a critical licensing document and its accuracy directly affects public protection

7. A contractor holds an Alabama license and wants to operate in multiple Alabama counties. Under Alabama licensing law, does the contractor need a separate license for each county?

A. Yes, a separate state license must be obtained for each county where the contractor intends to work

B. No, an Alabama contractor's license is valid statewide — the contractor may work in any county in Alabama under a single state license, though local business licenses or registrations may also be required by individual municipalities or counties

C. The contractor needs separate licenses only for counties with populations exceeding 100,000 residents

D. Countybycounty licensing applies only to contractors working on residential projects in Alabama

8. Under Alabama law, the Licensing Board's disciplinary proceedings follow specific procedural requirements to protect the due process rights of the licensee. What due process right does a contractor facing disciplinary action have before the Board takes final action?

A. The contractor has no due process rights and the Board may revoke the license without any hearing

B. The contractor's only right is to submit a written letter of apology before the Board takes final action

C. The contractor has the right to notice of the charges, the opportunity to present evidence and witnesses, the right to be represented by legal counsel, and the right to appeal the Board's decision through Alabama's administrative and judicial review process

D. Due process rights apply only to contractors whose licenses have been active for more than 10 years

## DOMAIN 2: ESTIMATING AND BIDDING (Questions 9–13)

9. A contractor is preparing a bid for a commercial project and must determine the appropriate "contingency percentage" to include in the estimate. The project involves renovating an occupied 50-year-old building with limited access to concealed spaces for prebid investigation. Under standard estimating practice, what level of contingency would be appropriate for this type of project?

- A. 0% contingency because renovation projects never encounter unforeseen conditions requiring extra budget
- B. Exactly 1% contingency regardless of project type, age of building, or complexity of the renovation scope
- C. 25% contingency because all renovation projects always exceed budget by exactly 25% without exception
- D. A contingency of 5% to 10% or higher may be appropriate because renovation of older occupied buildings carries significantly more risk of encountering unforeseen conditions (hidden structural damage, hazardous materials, noncompliant existing systems) than new construction

10. A contractor's estimator is reviewing the labor estimate for a commercial project and must apply a "productivity adjustment factor" to account for the project's specific conditions. The project is located in a congested urban area with limited laydown space, restricted working hours (7 AM to 5 PM only), and requires maintaining public pedestrian access during construction. Under standard estimating practice, how should these factors affect the labor estimate?

- A. The estimator should apply a negative productivity adjustment (increase labor hours) because the urban constraints, limited hours, and pedestrian access requirements will reduce the crew's efficiency below normal productivity rates — these sitespecific conditions add cost that must be reflected in the bid
- B. Urban conditions always improve productivity and the estimator should reduce the labor hours accordingly
- C. Productivity adjustment factors are never used in commercial construction estimating under any conditions
- D. The estimator should use the same labor hours as a suburban project with no adjustment for conditions

11. A contractor submits a bid on a public project in Alabama. The bid includes a mathematical error — the contractor entered \$50,000 for the electrical line item but intended \$500,000. The total bid is therefore \$450,000 lower than intended. The contractor discovers the error after the bid opening. Under Alabama public bidding law, what recourse does the contractor have?

A. The contractor must honor the bid as submitted because all mathematical errors are the contractor's risk

B. The contractor may request withdrawal of the bid based on the clerical/mathematical error, provided the contractor gives prompt written notice with clear and convincing evidence of the error (such as the original estimate worksheets showing the intended figure) — the public entity evaluates the request and may permit withdrawal to avoid an unjust result

C. The contractor may simply add \$450,000 to the bid after opening and retain the lowbidder status

D. Mathematical errors automatically void all bids from all bidders requiring a complete rebid of the project

12. A contractor is preparing a "schedule of values" for a \$2,000,000 commercial project. The schedule breaks the total contract price into individual line items that will serve as the basis for monthly progress payment applications. Under standard construction practice, what principle should guide the preparation of the schedule of values?

A. All line items should be equally valued regardless of the actual cost distribution across the work categories

B. The schedule should include only three line items: materials, labor, and profit for simplicity in billing

C. The schedule should frontload all value into the early activities to maximize the contractor's early cash flow

D. Each line item should reasonably reflect the actual cost proportion of that work category within the total contract — the architect reviews the schedule to ensure it is not frontloaded (which would result in the owner paying more than the work justifies early in the project) and accurately represents the distribution of work

13. A contractor is evaluating whether to bid on a negotiated (privately bid) commercial project versus a competitively bid public project. From a business strategy perspective, what is one significant advantage of negotiated work over competitive bidding?

A. Negotiated projects allow the contractor to establish the contract terms, scope, and price through direct discussion with the owner, potentially resulting in fairer risk allocation, better

communication, and a collaborative relationship — whereas competitive bidding prioritizes lowest price with minimal relationshipbuilding

B. Negotiated projects always have higher profit margins than competitively bid projects without exception

C. Negotiated projects require no estimating effort because the owner sets the price unilaterally

D. Negotiated projects are exempt from all Alabama licensing requirements including the monetary limitation

### **DOMAIN 3: LIEN LAWS (Questions 14–15)**

14. Under Alabama's mechanics' lien law, a contractor files a lien and subsequently discovers that the property has multiple mortgages, tax liens, and judgment liens already recorded against it. If the lien is enforced and the property is sold at a foreclosure sale, how are the various lien holders paid from the sale proceeds?

A. All lien holders receive equal payments regardless of priority, recording date, or lien type

B. The mechanics' lien holder always receives payment first regardless of other recorded liens or mortgages

C. Lien holders are paid according to their legal priority — generally, properly recorded mortgages and liens that were filed before the construction work commenced have priority over the mechanics' lien, and the sale proceeds are distributed in priority order until exhausted, meaning lowerpriority lien holders may receive nothing if the proceeds are insufficient

D. Only the property owner receives the sale proceeds and no lien holder receives any payment from the sale

15. A general contractor on a commercial project has been paid in full by the owner but has not paid a subcontractor for \$45,000 of completed electrical work. The subcontractor files a mechanics' lien against the owner's property. Under Alabama law, what defense may the owner assert against the subcontractor's lien?

A. The owner has no defense against a mechanics' lien filed by any subcontractor under any circumstances

B. The owner may assert that the subcontractor failed to comply with the preliminary notice requirements

C. The owner may assert that the lien was filed on the wrong property and must be moved to the GC's property

D. The owner may assert the defense that the owner has already paid the general contractor in full for all work including the subcontractor's scope — however, this defense may not be sufficient if the subcontractor properly preserved lien rights through timely preliminary notice, as Alabama law may still allow the lien up to the original contract amount even when the owner has paid the GC

#### **DOMAIN 4: FINANCIAL MANAGEMENT (Questions 16–20)**

16. A contractor's financial advisor recommends tracking "return on equity" (ROE) as a key performance metric. The company's net income for the year is \$120,000 and the owner's equity (net worth) is \$400,000. What is the ROE, and what does it indicate about the company's financial performance?

A. The ROE is 30% ( $\$120,000 \div \$400,000$ ), indicating the company generates \$0.30 of net profit for every dollar of owner's equity invested in the business — a higher ROE indicates more efficient use of the owner's capital, and this metric helps the owner evaluate whether the business generates a competitive return compared to alternative investments

B. The ROE is 3.33 and indicates the company has \$3.33 of debt for every dollar of equity

C. ROE cannot be calculated without knowing the company's total revenue for the fiscal year

D. The ROE is \$280,000 calculated by subtracting net income from equity as a measure of retained earnings

17. A contractor is managing a project where the owner has exercised an "acceleration directive" requiring the project to be completed 30 days earlier than the original contractual completion date. The contractor must add a second shift, pay overtime, and expedite material deliveries. Under standard construction accounting, how should these acceleration costs be tracked?

A. Acceleration costs should be buried within the existing line items and not tracked separately

B. Acceleration costs are always absorbed by the contractor regardless of who directed the acceleration

C. Acceleration costs should be tracked separately as a distinct cost category (or change order) that documents all additional costs (overtime premiums, shift differentials, expedited delivery charges, additional supervision, reduced productivity) attributable to the owner-directed

acceleration — this separate tracking is essential for the contractor to recover these costs through the change order process

D. Acceleration costs are tracked only by the subcontractors with no general contractor involvement

18. A contractor reviews the company's financial statements and the accountant notes that "underbillings" (costs in excess of billings) total \$180,000 across all active projects. What risk does a large underbilling balance create for the contractor?

A. Underbillings indicate the company is collecting too much money and should reduce billing frequency

B. Large underbillings mean the contractor has performed more work than has been billed, creating a cash flow gap — the contractor has funded \$180,000 in construction costs that have not yet been invoiced to owners, which strains working capital and increases the company's reliance on bank financing

C. Underbillings improve the company's profitability because they represent deferred revenue recognition

D. Underbillings have no financial significance and should be disregarded by the company's management

19. A contractor's job cost report shows that a specific trade (concrete) has a "cost variance" of negative \$35,000 — meaning actual costs exceed budgeted costs by \$35,000 at the current stage of completion. The project manager must determine whether this variance will continue for the remaining concrete work. Under standard construction cost management, what analysis should the project manager perform?

A. The project manager should analyze the specific causes of the \$35,000 overrun (labor productivity, material prices, equipment costs, subcontractor issues), determine whether the causes are onetime events or ongoing trends, and adjust the "estimated cost to complete" for the remaining concrete work accordingly — if the causes are systemic, the overrun will likely continue and worsen

B. The project manager should assume the variance will selfcorrect and make no adjustment to the forecast

C. The variance should be ignored because concrete cost overruns are always offset by savings in other trades

D. The project manager should reduce the quality of the remaining concrete work to stay within budget

20. A contractor's accountant explains the concept of "overandunder billing" analysis on the company's workinprogress (WIP) schedule. On one project, the contractor has billed \$500,000 but the earned revenue (based on percent complete) is only \$420,000. What accounting classification does this condition create?

A. This condition creates an accounts receivable asset because the owner owes more money to the contractor

B. This condition improves the company's profitability because more revenue has been recognized than earned

C. This condition has no accounting classification and is not tracked on any financial statement

D. This creates "overbilling" — billings in excess of costs and estimated earnings — which appears as a current liability on the balance sheet because the contractor has received \$80,000 more than the work justifies, essentially representing an advance payment that must be earned through future work

#### **DOMAIN 5: PAYROLL, TAXES, AND INSURANCE (Questions 21–26)**

21. Under federal tax law, a contractor must determine whether certain payments to workers constitute "wages" subject to payroll tax withholding or "nonemployee compensation" reported on Form 1099. A contractor hires a surveyor who provides services to multiple contractors, uses her own equipment, sets her own schedule, and submits invoices for completed survey work. Under IRS classification rules, how should this surveyor be classified?

A. The surveyor's characteristics — multiple clients, own equipment, selfdetermined schedule, and invoicing for completed work — indicate independent contractor status, and the contractor should issue Form 1099NEC for payments of \$600 or more rather than withholding payroll taxes as would be required for an employee

B. All surveyors are automatically classified as employees regardless of their working arrangement

C. The classification depends entirely on the surveyor's personal preference and selfdesignation on tax forms

D. The surveyor must be classified as a parttime employee because she provides professional services

22. A contractor's workers' compensation policy includes a classification code for "clerical office employees" at a rate of \$0.35 per \$100 of payroll, and a separate code for "carpentry" at

\$14.50 per \$100 of payroll. The contractor has a project manager who spends 60% of the time in the office and 40% on construction sites performing field supervision. Under workers' compensation classification rules, how should this employee be classified?

- A. The employee should be classified entirely under the clerical rate because the majority of time is in the office
- B. The employee should be classified entirely under the carpentry rate to maximize the premium for better coverage
- C. The employee should be classified under the highest rated classification to which any portion of the employee's duties is exposed — workers who perform both office and field duties are typically assigned to the field classification because the exposure to construction site hazards governs the classification
- D. The employee should receive a blended rate calculated as the average of the clerical and carpentry rates

23. Under Alabama law, an employer who participates in the "DrugFree Workplace Program" receives a specific benefit on the workers' compensation insurance premium. What is this benefit?

- A. The employer receives a 100% exemption from workers' compensation insurance premiums permanently
- B. The employer receives free workers' compensation coverage provided directly by the state of Alabama
- C. The employer receives no benefit because the DrugFree Workplace Program is purely voluntary in Alabama
- D. The employer receives a premium discount (typically 5% to 10%) on the workers' compensation insurance policy for establishing and maintaining a qualifying drugfree workplace program that includes a written policy, employee education, supervisor training, drug testing, and employee assistance

24. A contractor is reviewing the company's "excess liability" (umbrella) insurance policy and discovers that it includes a "selfinsured retention" (SIR) of \$25,000. How does the SIR affect the contractor's coverage?

- A. The SIR functions like a deductible — the contractor must pay the first \$25,000 of a covered claim from its own funds before the umbrella policy begins to pay, and this applies to claims that are not covered by the underlying primary insurance policies
- B. The SIR means the umbrella policy pays 100% of every claim with no outofpocket cost to the contractor
- C. The SIR requires the contractor to maintain \$25,000 in a special insurance escrow account at all times
- D. The SIR applies only to claims filed during the month of January and has no effect during other months

25. Under federal tax law, a contractor must properly classify the purchase of small tools (under \$2,500 per item) for tax deduction purposes. Under the IRS de minimis safe harbor election, how may the contractor treat these small tool purchases?

- A. All tool purchases regardless of cost must be capitalized and depreciated over 7 years without exception
- B. Under the de minimis safe harbor election, the contractor may immediately expense (deduct in the year of purchase) the cost of tangible property items costing \$2,500 or less per item rather than capitalizing and depreciating them — this simplifies recordkeeping and provides an immediate tax benefit
- C. Small tools may never be deducted and must be donated to charity for a charitable contribution deduction
- D. The \$2,500 threshold applies only to office furniture and does not cover construction tools of any type

26. A contractor's insurance broker explains that the company's commercial auto policy includes "hired and nonowned auto" coverage. What does this coverage protect against?

- A. Hired and nonowned auto coverage protects the contractor only against theft of the company's own vehicles
- B. Hired and nonowned auto coverage is identical to the company's standard owned auto coverage
- C. Hired and nonowned auto coverage applies only to vehicles used for personal errands during work hours

D. Hired and nonowned auto coverage protects the contractor against liability arising from employees using rented vehicles (hired autos) or their personal vehicles (nonowned autos) for business purposes — if an employee causes an accident while driving a personal car on company business, this coverage responds

## **DOMAIN 6: PERSONNEL AND LABOR LAW (Questions 27–31)**

27. Under the Occupational Safety and Health Act, employers have a "general duty" to provide a workplace free from recognized hazards likely to cause death or serious physical harm. A contractor's crew is working in extreme heat (heat index above 105°F) without a heat illness prevention plan, shade, water, or rest breaks. Under OSHA's general duty clause, what violation exists?

A. No violation exists because OSHA has no authority over weatherrelated workplace conditions

B. The heatrelated hazard is not a recognized workplace hazard and falls outside OSHA's jurisdiction

C. The contractor is in violation of OSHA's general duty clause because heat illness is a recognized hazard in the construction industry, and the employer has failed to implement feasible protective measures — the contractor must provide water, shade, rest breaks, acclimatization protocols, and training on heat illness recognition

D. Only employers in the manufacturing industry must comply with heat safety requirements

28. A contractor's human resources manager is conducting an investigation into a sexual harassment complaint filed by a female construction worker against her male supervisor. Under Title VII and standard employment law practice, what steps must the employer take?

A. The employer should ignore the complaint because harassment between employees is a personal matter

B. The employer must conduct a prompt, thorough, and impartial investigation of the complaint, take immediate action to prevent further harassment during the investigation, impose appropriate disciplinary action if the complaint is substantiated, and protect the complainant from retaliation — failure to act may result in employer liability

- C. The employer should terminate the complainant to prevent disruption to the construction schedule
- D. Only OSHA may investigate sexual harassment complaints in the construction industry

29. Under the Fair Labor Standards Act, a contractor pays field workers a "piece rate" — a fixed dollar amount per unit of work completed (such as \$2.50 per square foot of drywall installed) rather than an hourly wage. Under FLSA rules, what minimum wage requirement applies to piecerate workers?

- A. The piece rate must produce at least the applicable minimum wage for all hours worked in each workweek — if the piecerate earnings divided by total hours worked fall below the minimum wage, the employer must make up the difference, and overtime must be calculated on the regular rate derived from the piecerate earnings
- B. Piecerate workers are completely exempt from minimum wage and overtime requirements without exception
- C. Piecerate workers must receive exactly double the minimum wage for every hour worked regardless of output
- D. The minimum wage does not apply to any construction workers regardless of their compensation method

30. A contractor operates in Alabama and employs both local workers and workers who commute from neighboring states. Under Alabama income tax withholding requirements, must the contractor withhold Alabama state income tax from the wages of all employees, including those who live in other states?

- A. The contractor must withhold Alabama income tax only from employees who are Alabama residents
- B. The contractor withholds state income tax only from employees who specifically request withholding
- C. The contractor must generally withhold Alabama income tax from all employees who perform work in Alabama, regardless of their state of residence — however, reciprocity agreements with certain neighboring states may affect the withholding requirements for employees who live in those states
- D. State income tax withholding applies only to employees earning more than \$75,000 annually

31. Under OSHA's construction safety standards, a contractor must establish specific protocols for responding to workplace injuries. When a workplace injury occurs on a construction site, what is the employer's immediate obligation?

A. The employer should wait 48 hours before taking any action to see if the injury resolves on its own

B. The employer should transfer the injured employee to a different project to avoid recording the incident

C. The employer should instruct the injured employee to seek medical treatment on their own personal time

D. The employer must provide prompt first aid or arrange for emergency medical treatment as needed, investigate the incident to determine the cause, implement corrective actions to prevent recurrence, and record the injury on the OSHA forms if it meets the recording criteria

#### **DOMAIN 7: PROJECT MANAGEMENT (Questions 32–34)**

32. A contractor is managing a commercial project and the owner's representative requests a "recovery schedule" after the project falls 25 working days behind the contractual completion date due to a combination of ownercaused delays and contractorcaused delays. Under standard construction practice, what must the recovery schedule demonstrate?

A. The recovery schedule must show only the original baseline schedule with no modifications or updates

B. The recovery schedule must identify the specific activities that will be accelerated, the resources that will be added (additional crews, overtime, extended hours), the revised activity durations and sequences, and the projected revised completion date — it demonstrates a realistic, achievable plan to recover the lost time

C. The recovery schedule is identical to the original baseline schedule with the dates shifted forward by 25 days

D. No recovery schedule is needed because 25 days is within the standard schedule tolerance for all projects

33. A contractor is using "lookahead scheduling" as a shortterm planning tool. The threeweek lookahead identifies that a concrete pour scheduled for next week cannot proceed because the

required rebar inspection has not been scheduled with the building inspector. Under standard construction practice, what should the contractor do?

- A. Proceed with the concrete pour without the rebar inspection and schedule the inspection after the pour
- B. The contractor should immediately schedule the rebar inspection, and if the inspection cannot be obtained before the planned pour date, adjust the pour schedule and identify downstream impacts on the critical path — the lookahead process exists specifically to identify and resolve these constraints before they cause delays
- C. Cancel the concrete pour permanently and eliminate the concrete from the project scope without notice
- D. The contractor should pour the concrete over the rebar without any inspection throughout the project

34. A contractor is tracking the project's "punch list" completion progress. The architect issued the punch list with 120 items at substantial completion. After 30 days, the contractor has completed 90 items. The owner is demanding faster completion because the remaining 30 items are preventing the owner from fully occupying certain areas. Under standard contract provisions, what is the contractor's obligation?

- A. The contractor has no obligation to complete punch list items after substantial completion is achieved
- B. The contractor must complete only the items that cost less than \$100 each and may ignore the rest
- C. The punch list is optional and the contractor may choose which items to complete based on convenience
- D. The contractor must diligently complete all remaining punch list items within a reasonable timeframe — the contractor should prioritize items that prevent the owner's full occupancy, allocate adequate resources to punch list completion, and communicate a realistic completion schedule to the owner

## **DOMAIN 8: CONTRACT MANAGEMENT (Questions 35–40)**

35. Under Alabama contract law, the doctrine of "anticipatory breach" (anticipatory repudiation) allows a party to act when the other party indicates, before performance is due,

that they will not fulfill their contractual obligations. In a construction context, what constitutes anticipatory breach by a contractor?

- A. The contractor requests a 3day time extension due to rain delays during the construction period
- B. The contractor submits a change order proposal for additional work directed by the project owner
- C. The contractor unequivocally communicates (through words or actions) an intention not to perform the remaining contract obligations — such as announcing abandonment of the project, removing all equipment from the site, or expressly refusing to complete the work without lawful justification
- D. The contractor files a legitimate mechanics' lien to secure payment for completed but unpaid work

36. A construction contract includes a "retainage" provision specifying that the owner will withhold 10% from each progress payment. When the project reaches 50% completion, the contract allows the retainage rate to be reduced to 5% for the remaining progress payments. Under standard contract provisions, what is the purpose of allowing retainage reduction at 50% completion?

- A. Retainage reduction at 50% is required by federal law on all construction projects regardless of contract terms
- B. Reducing retainage at 50% improves the contractor's cash flow during the second half of the project while still providing the owner with adequate financial security — by the time the project is half complete, the owner has greater confidence in the contractor's performance and the risk of noncompletion is reduced
- C. Retainage reduction eliminates all risk for the owner and provides no benefit to the contractor whatsoever
- D. Retainage reduction at 50% is prohibited by Alabama law on all commercial construction projects

37. A contractor is performing work under a "costplus with guaranteed maximum price" (GMP) contract. During construction, the contractor discovers an opportunity to reduce costs by \$50,000 through an alternative construction method that achieves the same functional result. Under a typical GMP contract with a savings sharing provision, what happens to this \$50,000 cost savings?

- A. The \$50,000 savings is shared between the owner and the contractor according to the sharing percentage specified in the contract — the sharing provision incentivizes the contractor to find cost savings because the contractor receives a portion of the money saved below the GMP
- B. The entire \$50,000 savings belongs exclusively to the contractor with no sharing requirement
- C. The entire \$50,000 savings is returned to the owner because the GMP represents the maximum the owner authorized
- D. Cost savings under a GMP contract are donated to a construction industry education fund by requirement

38. Under Alabama law, a contractor enters into a contract to build a commercial warehouse. The contract specifications require a specific brand and model of overhead door. The contractor discovers that this exact door has been discontinued. The contractor proposes an equivalent door from a different manufacturer. Under standard contract provisions, what process must the contractor follow?

- A. The contractor may install any available door without notifying the architect or owner
- B. The contractor must cease all work on the project until the original manufacturer resumes production
- C. The contractor must submit a formal substitution request to the architect providing detailed documentation that the proposed alternative meets or exceeds the specified door's performance, dimensions, warranty, and quality — the architect evaluates the submission and approves or rejects the substitution before the contractor may proceed with procurement
- D. The contractor must leave the door opening permanently open because no substitution is ever permitted

39. A contractor is reviewing a contract that includes an "attorney's fees" provision stating that the prevailing party in any litigation arising from the contract is entitled to recover reasonable attorney's fees from the losing party. Under Alabama law, what is the significance of this provision?

- A. Attorney's fees provisions are void and unenforceable in all Alabama construction contracts

B. Attorney's fees are automatically awarded to both parties in every construction lawsuit regardless of outcome

C. Only the owner may recover attorney's fees under Alabama law — contractors are excluded from recovery

D. Without a contractual attorney's fees provision, Alabama generally follows the "American Rule" where each party pays its own attorney's fees regardless of the outcome — the contractual provision creates an exception allowing the prevailing party to recover fees, which significantly affects the economics of litigation decisions

40. A contractor completes a project and the owner refuses to issue a certificate of substantial completion, claiming that too many deficiencies remain. The contractor believes the project is substantially complete. Under standard contract provisions, what mechanism exists to resolve this dispute?

A. The contractor has no remedy if the owner refuses to certify substantial completion under any circumstance

B. The contractor may request that the architect make an independent determination of whether the project meets the criteria for substantial completion — if the architect agrees the project is substantially complete, the architect may issue the certificate over the owner's objection, or the contractor may pursue the dispute through the contract's claims process

C. The contractor must demolish the project and start over if the owner refuses to certify substantial completion

D. Only the building inspector may determine substantial completion and neither the owner nor architect has authority

#### **DOMAIN 9: BUSINESS ORGANIZATION (Questions 41–42)**

41. A contractor operates as a multimember LLC and the members want to bring in a new member who will contribute \$200,000 in capital and construction management expertise. Under Alabama LLC law and the operating agreement, what process must be followed to admit a new member?

A. The new member automatically becomes a member upon signing the original operating agreement

B. Only the Alabama Secretary of State may approve the admission of new members to an existing LLC

C. The admission of a new member must follow the procedures specified in the operating agreement, which typically requires the consent of existing members (unanimous or majority depending on the agreement), amendment of the operating agreement to reflect the new member's capital contribution, ownership percentage, and rights, and filing of any required amendments with the Alabama Secretary of State

D. New members may be added only during the LLC's first year of operation and never thereafter

42. A contractor is dissolving a corporation in Alabama. Under Alabama law, what steps must be completed to properly dissolve the corporation?

A. The corporation must follow Alabama's statutory dissolution procedures including adopting a resolution of dissolution by the board of directors and shareholders, filing articles of dissolution with the Alabama Secretary of State, settling all outstanding debts and obligations, distributing remaining assets to shareholders, filing final tax returns, and canceling all licenses and registrations

B. The corporation is automatically dissolved when the contractor retires with no filing required

C. Only a verbal notice to the Secretary of State is needed with no written filing for dissolution

D. Corporations in Alabama may never be dissolved and must operate in perpetuity once formed

#### **DOMAIN 10: RISK MANAGEMENT (Questions 43–46)**

43. A contractor is constructing a commercial building during an unusually active hurricane season. The project is located in coastal Alabama (Mobile County) within a designated hurricane evacuation zone. Under standard risk management practice, what preparations should the contractor make for hurricane readiness?

A. No special preparations are needed because builder's risk insurance covers all hurricane damage losses

B. The contractor should wait until a hurricane warning is issued before taking any preparatory action

C. Hurricane preparedness is the exclusive responsibility of the property owner with no contractor involvement

D. The contractor should develop a written hurricane preparedness plan that includes securing the work in progress (tying down materials, bracing partially completed structures), protecting the building envelope, removing or securing loose debris, backing up project records, establishing communication protocols, identifying evacuation routes, and prearranging poststorm assessment and recovery resources

44. Under Alabama law, a contractor who operates a fleet of construction vehicles must comply with DOT vehicle inspection requirements. What inspection obligation applies to commercial motor vehicles used in construction operations?

A. No vehicle inspections are required for construction vehicles in Alabama under any regulation

B. Commercial motor vehicles must undergo regular systematic inspections (pretrip daily inspections by drivers and periodic comprehensive inspections by qualified mechanics) to ensure the vehicles are in safe operating condition — defective vehicles must be removed from service until repairs are completed

C. Only vehicles over 80,000 pounds require any type of inspection under Alabama transportation regulations

D. Vehicle inspections are required only for vehicles used on public highways and not for siteonly vehicles

45. A contractor's project manager discovers that a critical subcontractor is experiencing severe financial difficulties — the subcontractor's suppliers have placed the company on credit hold and workers are not being paid. Under standard risk management practice, what immediate actions should the project manager take?

A. The project manager should take immediate protective action: verify the subcontractor's current insurance and bond status, assess the status of work in progress, identify a backup subcontractor capable of mobilizing quickly, consult the subcontract's default provisions, and notify the surety if a performance bond is in place — waiting for the subcontractor to formally default delays the recovery

- B. The project manager should lend the subcontractor \$100,000 from the project's operating funds
- C. The project manager should ignore the subcontractor's financial problems because they are internal matters
- D. The project manager should terminate the subcontractor immediately without following the cure notice process

46. A contractor's safety program includes a "returnto work" program for employees recovering from workrelated injuries. Under standard risk management practice, what is the primary benefit of a returnto work program?

- A. Returnto work programs have no financial or safety benefit for the construction company
- B. Returnto work programs exist only to reduce the employee's workers' compensation benefits
- C. Returnto work programs reduce workers' compensation costs by transitioning injured employees to modified (lightduty) tasks as soon as medically appropriate, shortening the disability period, maintaining the employee's connection to the workplace, and reducing the total claim cost — lower claim costs directly improve the company's EMR and future premiums
- D. Returnto work programs are prohibited by Alabama workers' compensation law as interference with recovery

**DOMAIN 11: SAFETY, RECORDKEEPING, AND ENVIRONMENTAL (Questions 47–50)**

47. Under OSHA's construction safety standards, a contractor must implement a "hazard communication program" that includes proper labeling of chemical containers on the construction site. Under the Globally Harmonized System (GHS) adopted by OSHA, what information must appear on a GHScompliant chemical label?

- A. Only the chemical's brand name and the manufacturer's logo are required on the container label
- B. Only the date the chemical was purchased and the purchase price must appear on the label
- C. Only the weight of the chemical container is required on the label with no hazard information needed

D. GHS labels must include the product identifier, signal word (Danger or Warning), hazard statement(s), pictogram(s), precautionary statement(s), and the supplier's name, address, and phone number — these elements communicate the specific hazards and safe handling requirements for each chemical

48. A contractor is performing earthwork on a commercial site and encounters buried construction debris (concrete, brick, wood) from a previous demolition that was not identified in the geotechnical report. Under Alabama environmental regulations, how must this buried debris be managed?

A. Buried construction debris may be left in place and compacted as structural fill regardless of composition

B. The buried debris must be evaluated to determine whether it qualifies as clean fill (inert concrete and masonry) or contains hazardous materials (lead paint, asbestos, treated wood) — clean inert debris may be managed as C&D waste, while potentially contaminated debris requires environmental assessment and may need to be handled as regulated waste under ADEM guidelines

C. All buried debris is automatically classified as hazardous waste regardless of its actual composition

D. Buried debris has no environmental significance and the contractor may dispose of it in any manner

49. Under OSHA's recordkeeping standard, certain workplace injuries and illnesses must be recorded on the OSHA 300 log while others are classified as "first aid" and do not require recording. Which of the following is classified as "first aid" treatment that does NOT require recording?

A. Cleaning, flushing, or soaking a wound on the surface of the skin, using wound closure strips (butterfly bandages or SteriStrips), applying nonprescription medications at nonprescription strength, and administering a single dose of nonprescription medication are all classified as first aid and do not trigger OSHA recordability

B. A fracture requiring a cast or surgical repair to restore the broken bone to its original position

C. Sutures (stitches) applied to close a wound that required medical treatment beyond first aid

D. An injury requiring the worker to miss three consecutive scheduled work days due to the severity

50. A contractor is constructing a commercial building and must comply with local noise ordinances that restrict construction noise levels at the property boundary during certain hours. Under standard construction practice, what measures can the contractor implement to comply with noise restrictions?

A. The contractor should ignore noise ordinances because construction activities are exempt from all noise rules

B. The contractor may operate all equipment at full power 24 hours a day without restriction or consequence

C. The contractor should schedule the noisiest activities (concrete breaking, pile driving, heavy equipment operation) during permitted hours, use equipment with noisereduction features (mufflers, soundattenuating enclosures), erect temporary sound barriers at the property line, notify adjacent property owners of planned noisy activities, and monitor noise levels to ensure compliance with the applicable ordinance limits

D. Noise ordinances apply only to residential construction and never to commercial building construction sites

## Practice Exam 9: Answer Key and Explanations

### DOMAIN 1: LICENSING REQUIREMENTS (Questions 1–8)

1. C — A contractor on probation generally retains the ability to enter into and perform contracts unless the Board's probationary order specifically restricts that activity. Probation imposes conditions and monitoring, but does not automatically strip the contractor of all operating rights. However, failure to disclose the probation may create separate legal issues.

2. A — A construction manager who acts strictly as an advisor — without holding trade contracts, selfperforming work, or assuming meansandmethods responsibility — may not need a contractor's license. However, if the CM crosses the line into holding contracts or directing construction work, the licensing threshold is triggered.

3. D — While the contractor meets the minimum \$10,000 net worth and \$10,000 working capital thresholds, the Board evaluates whether the overall financial position is adequate for the requested classification. A net worth of \$15,000 may be insufficient to support \$500,000 projects, and the Board may approve only a lower monetary limitation commensurate with the financial capacity.

4. B — Reinstatement of a revoked license typically requires waiting a specified period, demonstrating correction of the conditions that led to revocation, submitting a new application with current financial statements, potentially retaking examinations, and satisfying any conditions the Board imposes. The process is deliberately rigorous to protect the public.

**5. A** — Environmental remediation work may require specialized certifications and licenses beyond the general contractor's license. The contractor should verify whether Alabama requires specific environmental remediation credentials and, if so, engage a properly certified remediation subcontractor. Selfperforming specialized environmental work without proper credentials creates regulatory and liability risk.

**6. D** — Submitting significantly overstated financial statements is equivalent to submitting false information on a licensing document. The Board may treat the overstatement as grounds for disciplinary action including suspension or revocation. The financial statement's accuracy is critical because it directly determines the contractor's authorized monetary limitation.

**7. B** — An Alabama contractor's license is valid statewide. The contractor may work in any county under a single state license without obtaining separate state licenses for each county. However, individual municipalities and counties may require local business licenses or registrations in addition to the state contractor's license.

**8. C** — Due process requires that the contractor receive notice of the charges, have the opportunity to present evidence and witnesses at a hearing, be represented by legal counsel, and have the right to appeal the Board's decision through Alabama's administrative and judicial review process. These protections are mandated by the Alabama Administrative Procedure Act.

## **DOMAIN 2: ESTIMATING AND BIDDING (Questions 9–13)**

**9. D** — Renovation of older occupied buildings carries significantly higher risk of unforeseen conditions than new construction. A contingency of 5% to 10% or more is appropriate to account for hidden structural damage, hazardous materials, noncompliant existing systems, and limited access for investigation. The specific percentage depends on the building's age, condition, and the extent of prebid investigation.

**10. A** — Urban constraints, limited working hours, and pedestrian access requirements reduce crew efficiency below normal productivity rates. The estimator must apply a negative productivity adjustment (increase labor hours) to account for these sitespecific conditions. Failing to adjust for known constraints results in an underbid that erodes profit.

**11. B** — After bid opening, a contractor may request withdrawal of a bid based on a clerical or mathematical error if prompt written notice is given with clear and convincing evidence of the error. The public entity evaluates the request and may permit withdrawal to prevent an unjust result. The original estimate worksheets serve as evidence of the intended figure.

**12. D** — Each line item in the schedule of values should reasonably reflect the actual cost proportion of that work category. The architect reviews the schedule to prevent frontloading, which would result in the owner paying more than the work justifies during early project stages. An accurately distributed schedule protects the owner's financial interest.

**13. A** — Negotiated work allows the contractor to discuss and agree upon contract terms, scope, price, and risk allocation directly with the owner. This collaborative approach typically produces fairer risk distribution, better communication, and a stronger working relationship than competitive bidding, where the lowest price often dominates with minimal relationship development.

### **DOMAIN 3: LIEN LAWS (Questions 14–15)**

**14. C** — When multiple liens and mortgages exist on the same property, the sale proceeds are distributed according to legal priority. Generally, liens recorded before construction commenced have priority over mechanics' liens. Proceeds are distributed in priority order until exhausted, meaning lowerpriority lien holders may receive nothing if the property value is insufficient.

**15. D** — The owner may assert that full payment was made to the general contractor. However, this defense may not fully protect the owner if the subcontractor properly preserved lien rights through timely preliminary notice. Alabama law may allow the subcontractor's lien up to the original contract amount even when the owner has paid the GC, particularly if the owner failed to obtain lien waivers.

### **DOMAIN 4: FINANCIAL MANAGEMENT (Questions 16–20)**

**16. A** — ROE of 30% ( $\$120,000 \div \$400,000$ ) means the company generates \$0.30 of net profit for every dollar of owner's equity. This metric helps the owner evaluate whether the construction business generates a competitive return compared to alternative investments. A higher ROE indicates more efficient use of invested capital.

**17. C** — Acceleration costs must be tracked separately as a distinct category to document all additional expenses attributable to the ownerdirected acceleration. Separate tracking of overtime premiums, shift differentials, expedited delivery charges, additional supervision, and reduced productivity is essential for the contractor to recover these costs through the change order process.

**18. B** — Underbillings of \$180,000 mean the contractor has performed \$180,000 more work than has been invoiced to owners. This creates a significant cash flow gap because the contractor has funded construction costs that have not yet been billed or collected. Large underbillings strain working capital and increase dependence on bank financing.

**19. A** — The project manager must analyze the specific causes of the \$35,000 overrun — whether from labor inefficiency, material price increases, equipment costs, or subcontractor issues. If the causes are systemic (ongoing productivity problems), the overrun will continue and the estimated cost to complete must be increased. Onetime events (a single material price spike) may not recur.

**20. D** — When billings (\$500,000) exceed earned revenue (\$420,000), the contractor has overbilled by \$80,000. This appears as a current liability on the balance sheet because the contractor has received more money than the work justifies. The excess represents an advance that must be earned through future work performance.

### **DOMAIN 5: PAYROLL, TAXES, AND INSURANCE (Questions 21–26)**

**21. A** — The surveyor's characteristics — multiple clients, own equipment, selfdetermined schedule, and invoicing for completed work — strongly indicate independent contractor status. The contractor should issue Form 1099NEC for payments of \$600 or more rather than withholding payroll taxes. Misclassifying this worker as an employee would create unnecessary payroll tax obligations.

**22. C** — Workers who perform both office and field duties are typically classified under the highest classification to which any portion of their duties is exposed. The field supervision component exposes the employee to construction site hazards, which governs the workers' compensation classification. The clerical rate would apply only if the employee never visited construction sites.

**23. D** — Alabama's DrugFree Workplace Program provides a workers' compensation premium discount (typically 5% to 10%) to employers who establish and maintain a qualifying program. The program must include a written policy, employee education, supervisor training, drug testing protocols, and employee assistance. The discount rewards proactive substance abuse prevention.

**24. A** — The selfinsured retention functions like a deductible on the umbrella policy. The contractor must pay the first \$25,000 of a covered claim from its own funds before the umbrella begins to pay. This SIR applies specifically to claims that fall within the umbrella's coverage but are not covered by the underlying primary policies.

**25. B** — The IRS de minimis safe harbor election allows contractors to immediately expense tangible property items costing \$2,500 or less per item rather than capitalizing and depreciating them. This simplifies recordkeeping for small tool purchases and provides an immediate tax deduction in the year of purchase.

**26. D** — Hired and nonowned auto coverage protects the contractor against liability when employees drive rented vehicles (hired autos) or personal vehicles (nonowned autos) for business purposes. If an employee causes an accident while driving a personal car to pick up materials, this coverage responds to the thirdparty liability claim.

#### **DOMAIN 6: PERSONNEL AND LABOR LAW (Questions 27–31)**

**27. C** — Heat illness is a recognized workplace hazard in the construction industry. The contractor's failure to provide water, shade, rest breaks, acclimatization protocols, and training violates OSHA's general duty clause. Even without a specific heat standard for construction, the general duty clause requires employers to address recognized hazards with feasible protective measures.

**28. B** — The employer must conduct a prompt, thorough, and impartial investigation. Immediate action must be taken to prevent further harassment during the investigation. If substantiated, appropriate discipline must be imposed. The complainant must be protected from retaliation. Failure to investigate or act creates direct employer liability under Title VII.

**29. A** — Piecerate compensation must produce at least the applicable minimum wage for all hours worked in each workweek. If piecerate earnings divided by total hours fall below the minimum wage, the employer must pay the difference. Overtime for piecerate workers is calculated on the regular rate derived from dividing total piecerate earnings by total hours worked.

**30. C** — The contractor must generally withhold Alabama income tax from all employees who perform work in Alabama, regardless of their state of residence. The income is sourced to the state where the work is performed. Reciprocity agreements with certain neighboring states may modify the withholding requirements for residents of those specific states.

**31. D** — When a workplace injury occurs, the employer must provide immediate first aid or arrange emergency medical treatment, investigate the incident to determine the root cause, implement corrective actions to prevent recurrence, and record the injury on OSHA forms if it meets the recordability criteria. Prompt response and investigation are both mandatory.

#### **DOMAIN 7: PROJECT MANAGEMENT (Questions 32–34)**

**32. B** — A recovery schedule must identify specific activities to be accelerated, resources to be added, revised durations and sequences, and the projected revised completion date. It must demonstrate a realistic, achievable plan — not just shifted dates. The recovery schedule serves as both a planning tool and a contractual document showing how the contractor intends to recover lost time.

**33. B** — The lookahead process exists specifically to identify constraints before they cause delays. The contractor should immediately schedule the rebar inspection, and if it cannot be obtained in time, adjust the pour schedule and evaluate downstream impacts. Proactive constraint identification is the primary value of lookahead scheduling.

**34. D** — The contractor must diligently complete all remaining punch list items within a reasonable timeframe at no additional cost. Items preventing the owner's full occupancy should be prioritized. The contractor should allocate adequate resources and communicate a realistic completion schedule. Retainage is not released until all punch list items are corrected and closeout is complete.

#### **DOMAIN 8: CONTRACT MANAGEMENT (Questions 35–40)**

**35. C** — Anticipatory breach occurs when a party unequivocally communicates an intention not to perform remaining obligations — through express statements of abandonment, removing equipment from the site, or refusing to complete the work without lawful justification. This gives the nonbreaching party the right to treat the contract as breached and pursue remedies immediately.

**36. B** — Reducing retainage from 10% to 5% at 50% completion improves the contractor's cash flow during the second half of the project. By the midpoint, the owner has greater confidence in the contractor's performance and the risk of noncompletion is reduced, justifying the lower retention rate while still maintaining adequate financial protection.

**37. A** — Under a GMP contract with a savings sharing provision, cost savings below the GMP are shared between the owner and contractor according to the agreed percentage (commonly 50/50 or 60/40). This incentivizes the contractor to find efficiencies because the contractor receives a portion of the savings rather than having all savings revert to the owner.

**38. C** — When a specified product is discontinued, the contractor must submit a formal substitution request to the architect with detailed documentation proving the alternative meets or exceeds the specified product's performance, dimensions, warranty, and quality. The architect evaluates the submission and must approve the substitution before the contractor may proceed with procurement.

**39. D** — Without a contractual attorney's fees provision, Alabama follows the American Rule where each party pays its own legal costs regardless of outcome. The contractual provision

creates an exception that shifts attorney's fees to the losing party. This significantly affects litigation economics by increasing the financial risk of pursuing or defending meritless claims.

**40. B** — The contractor may request that the architect make an independent determination of substantial completion. If the architect agrees the criteria are met, the architect may issue the certificate. If the dispute remains unresolved, the contractor may pursue it through the contract's claims and dispute resolution process while continuing to complete remaining work.

#### **DOMAIN 9: BUSINESS ORGANIZATION (Questions 41–42)**

**41. C** — Admitting a new member must follow the operating agreement's procedures, which typically require existing member consent (unanimous or majority), amendment of the operating agreement to reflect the new member's capital contribution, ownership percentage, and rights, and filing any required amendments with the Secretary of State. The operating agreement governs the admission process.

**42. A** — Proper corporate dissolution in Alabama requires adopting a dissolution resolution by the board and shareholders, filing articles of dissolution with the Secretary of State, settling all debts, distributing remaining assets, filing final tax returns, and canceling all licenses and registrations. Failure to properly dissolve can leave owners personally liable for ongoing corporate obligations.

#### **DOMAIN 10: RISK MANAGEMENT (Questions 43–46)**

**43. D** — Coastal Alabama contractors must develop written hurricane preparedness plans that include securing work in progress, protecting the building envelope, removing loose debris, backing up records, establishing communication protocols, identifying evacuation routes, and prearranging poststorm resources. Waiting until a warning is issued leaves insufficient time for adequate preparation.

**44. B** — Commercial motor vehicles must undergo systematic inspections including pretrip daily inspections by drivers and periodic comprehensive inspections by qualified mechanics. Defective vehicles must be removed from service until repairs are completed. These inspections are required by DOT regulations and are essential for preventing vehiclerelated accidents.

**45. A** — The project manager must take immediate protective action: verify insurance and bond status, assess work in progress, identify backup subcontractors, review default provisions, and notify the surety if bonded. Proactive response minimizes the impact of a potential default. Waiting for formal default wastes critical time that could be used to arrange replacement resources.

**46. C** — Returntowork programs reduce workers' compensation costs by transitioning injured employees to modified duty as soon as medically appropriate. This shortens the disability period, maintains the employee's workplace connection, and reduces total claim costs. Lower claim costs directly improve the company's EMR and future insurance premiums.

#### **DOMAIN 11: SAFETY, RECORDKEEPING, AND ENVIRONMENTAL (Questions 47–50)**

**47. D** — GHScompliant labels must include six elements: product identifier, signal word (Danger or Warning), hazard statement(s) describing the nature of the hazard, pictogram(s), precautionary statement(s) for safe handling, and supplier identification. These standardized elements ensure that all workers can quickly identify chemical hazards regardless of the manufacturer.

**48. B** — Buried construction debris must be evaluated to determine its composition. Clean inert materials (concrete, brick) may be managed as C&D waste. However, debris potentially containing lead paint, asbestos, treated wood, or other hazardous materials requires environmental assessment and may need handling as regulated waste under ADEM guidelines.

**49. A** — OSHA classifies certain treatments as "first aid" that do not trigger recordability: wound cleaning, butterfly bandages, nonprescription medications at nonprescription strength, and single doses of nonprescription medication. Treatments exceeding first aid — such as sutures, prescription medications, fracture treatment, or lost workdays — trigger OSHA recordability.

**50. C** — Noise compliance measures include scheduling noisy activities during permitted hours, using equipment with noisereduction features, erecting temporary sound barriers, notifying adjacent properties, and monitoring noise levels. Construction activities are not exempt from local noise ordinances, and violations can result in fines, stopwork orders, and community complaints.