

# PRACTICE EXAM 10: OREGON CCB SIMULATION — QUESTIONS 1–80

---

1. A contractor and a partner want personal-asset protection plus pass-through taxation with only modest formality. The best entity is a:

- A. General partnership
- B. Sole proprietorship
- C. Limited liability company
- D. Nonprofit corporation

2. A builder who only constructs houses needs which endorsement?

- A. Commercial Level 2
- B. Residential
- C. Interstate-only
- D. Wholesale

3. A third party injured by the contractor's work is covered by:

- A. Workers' compensation
- B. Builder's risk
- C. General liability
- D. Inland marine

4. A job costs \$48,000, and the contractor applies a 25% markup. The quoted price is:

- A. \$60,000, the cost plus 25% of the cost
- B. \$36,000, the cost less the markup
- C. \$64,000, the cost divided by 0.75
- D. \$48,250, a flat fee added on

5. The contract type giving the owner price certainty for a fully defined scope is:

- A. Lump sum fixed-price
- B. Cost-plus
- C. Time-and-materials
- D. Reimbursable cost

6. The chain of tasks that sets the minimum project duration is the:

- A. Float path
- B. Resource line
- C. Punch path
- D. Critical path

7. All of the following are Focus Four hazards EXCEPT:

- A. Falls
- B. Heat exhaustion
- C. Struck-by
- D. Electrocution

8. A worker who serves many clients, holds a license, and supplies their own tools is:

- A. An employee
- B. An independent contractor
- C. A volunteer
- D. A leased temp

9. A profitable-looking firm unable to make payroll most likely has:

- A. Excess insurance
- B. Early tax filing
- C. An oversized bond
- D. Poor cash flow timing

10. A construction lien attaches to:

- A. Personal accounts
- B. The improved property
- C. The bond fund
- D. Future jobs

11. All of the following describe a corporation EXCEPT:

- A. Owned by shareholders
- B. Offers liability protection
- C. Profits always pass through untaxed at the entity
- D. The most formal structure

12. The individual responsible for a licensed firm's compliance is the:

- A. Registered agent
- B. Surety underwriter
- C. Bonding broker
- D. Responsible Managing Individual

13. A surety bond primarily protects:

- A. The contractor's profit
- B. The public
- C. The surety company
- D. The employees

14. Drywall is estimated in a takeoff using:

- A. Cubic yards
- B. Linear feet
- C. Each (count)
- D. Square feet

15. A signed document modifying scope, price, or schedule is a:

- A. Lien waiver
- B. Bid proposal
- C. Change order
- D. Safety data sheet

16. The list of minor items to finish before final acceptance is the:

- A. Critical path
- B. Change order log
- C. Punch list
- D. Work breakdown structure

17. The most effective way to handle a hazard is to:

- A. Eliminate the hazard
- B. Issue PPE
- C. Post warning signs
- D. Train workers to avoid it

18. Hiring a first paid worker requires the contractor to:

- A. Cancel liability coverage
- B. Surrender the endorsement
- C. Reincorporate the business
- D. Obtain workers' compensation coverage

19. The statement tracking cash into and out of the business over a period is the:

- A. Income statement
- B. Balance sheet
- C. Cash flow statement
- D. Job cost report

20. All of the following may claim a construction lien EXCEPT:

- A. A material supplier
- B. A subcontractor
- C. A laborer
- D. A neighbor disturbed by the noise

21. To operate under a name other than the owner's legal name, the contractor must register:

- A. A patent
- B. A trademark only
- C. A new LLC in every case
- D. An assumed business name

22. Before testing for an Oregon license, an applicant must complete:

- A. A four-year apprenticeship
- B. 16 hours of pre-license training
- C. A college degree
- D. A federal examination

23. An employee hurt on the job is covered by:

- A. General liability
- B. Builder's risk
- C. Inland marine
- D. Workers' compensation

24. Trim molding is estimated in a takeoff using:

- A. Cubic yards
- B. Square feet
- C. Linear feet
- D. Each (count)

25. Abandoning a job midway through is a:

- A. Minor breach
- B. Technical breach
- C. Material breach
- D. Permitted exit

26. A two-day delay on a critical-path task makes the project finish:

- A. Stay the same
- B. Two days earlier
- C. Absorbed by float
- D. Two days later

27. Replacing a hazardous chemical with a safer one is:

- A. Elimination
- B. Substitution
- C. An administrative control
- D. Personal protective equipment

28. A worker's classification is determined by:

- A. The 1099 form filed
- B. The payment method used
- C. The number of jobs done
- D. The actual relationship

29. Recording income when payment is received describes the:

- A. Cash basis
- B. Accrual basis
- C. Completed-contract method
- D. Percentage-of-completion method

30. A claim of lien must be recorded in Oregon within about:

- A. 30 days
- B. One year
- C. 120 days
- D. 75 days

31. The simplest structure, in which the owner is fully liable, is the:

- A. Corporation
- B. Limited liability company
- C. Limited partnership
- D. Sole proprietorship

32. The statutes governing Oregon contractors are found in:

- A. The Oregon Administrative Rules
- B. Federal OSHA standards
- C. ORS Chapter 701
- D. City ordinances

33. Buying insurance to handle a risk is which response?

- A. Risk transfer
- B. Risk acceptance
- C. Risk avoidance
- D. Risk reduction

34. A slab is 30 feet long, 6 feet wide, and 0.5 feet thick. What is its volume?

- A. 90 cubic feet, length times width times thickness
- B. 180 cubic feet, length times width
- C. 36 cubic feet, the sum of the dimensions
- D. 45 cubic feet, half of the volume

35. Money withheld until satisfactory completion is:

- A. A late penalty
- B. A contractor deposit
- C. Retainage
- D. A profit reserve

36. The first phase of a construction project is:

- A. Execution
- B. Monitoring
- C. Initiation
- D. Closeout

37. A document listing a chemical's hazards and first-aid measures is the:

- A. Building permit
- B. Safety Data Sheet
- C. Lien waiver
- D. Bid proposal

38. All of the following indicate employee status EXCEPT:

- A. Serving many different clients
- B. Daily direction by the business
- C. Company-provided tools
- D. Ongoing wages from one firm

39. Oregon notably has:

- A. A high statewide sales tax
- B. No state income tax
- C. No general statewide sales tax
- D. A federal sales tax collected

40. The document explaining lien rights to a residential owner is the:

- A. Contractor's notice of substantial completion
- B. Information Notice to Owner About Construction Liens
- C. Contractor's notice of intent to foreclose
- D. Owner's final waiver of lien rights

41. A registered agent must:

- A. Hold a contractor license
- B. Be a licensed attorney
- C. Own part of the firm
- D. Maintain a physical Oregon address

42. All of the following are CCB functions EXCEPT:

- A. Licensing contractors
- B. Investigating complaints
- C. Enforcing bond requirements
- D. Setting employee wage rates

43. After a surety pays a valid claim, the contractor must:

- A. Reimburse the surety in full
- B. Pay the surety half
- C. Pay nothing, as it is covered
- D. Wait for the CCB to repay

44. A job sells for \$60,000 and costs \$45,000. The gross margin is:

- A. 33%, the profit over the cost
- B. 75%, the cost over the price
- C. 25%, the profit over the selling price
- D. 15,000, the raw profit figure

45. All of the following are essential elements of a valid contract EXCEPT:

- A. Offer
- B. Acceptance
- C. Consideration
- D. Notarization

46. The gap between ordering an item and receiving it is the:

- A. Float
- B. Lead time
- C. Critical path
- D. Slack window

47. Being struck by a swinging load is which Focus Four hazard?

- A. Falls
- B. Struck-by
- C. Caught-in or -between
- D. Electrocution

48. To prevent liens over amounts already paid, the general contractor collects from subs a:

- A. Workers' comp waiver
- B. Tax exemption form
- C. Signed lien waiver per payment
- D. Business name filing

49. Job costing's main value is to:

- A. Eliminate taxes owed
- B. Improve future bid accuracy
- C. Lower the bond amount
- D. Replace the written contract

50. After recording a lien, the Oregon claimant must file to foreclose within about:

- A. 30 days
- B. 60 days
- C. 90 days
- D. 120 days

51. Oregon business entities must renew their state registration:

- A. Annually
- B. Every two years
- C. Every five years
- D. Only when sued

52. After passing the exam, an applicant must apply for the license within:

- A. 6 months
- B. 24 months
- C. 60 months
- D. No deadline at all

53. A contractor's liability certificate must name as holder the:

- A. Construction Contractors Board
- B. Owner's bank
- C. Secretary of State
- D. Lead subcontractor

54. Buying extra material beyond the exact measurement covers:

- A. The contractor's profit
- B. Future inflation
- C. Offcuts, breakage, and waste
- D. The cost of delivery

55. The most common remedy for a breach of contract is:

- A. Specific performance
- B. Rescission
- C. Monetary damages
- D. An injunction

56. A chart of tasks shown as horizontal bars on a timeline is a:

- A. Gantt chart
- B. Pie chart
- C. Network diagram
- D. Balance sheet

57. Oregon jobsite safety is enforced by:

- A. The Secretary of State
- B. Oregon OSHA
- C. The federal IRS
- D. The CCB only

58. Before hiring a subcontractor, the general contractor should first verify the sub's:

- A. Credit score
- B. Vehicle condition
- C. Marketing reach
- D. License, bond, and insurance

59. The statement of revenue, expenses, and profit over a period is the:

- A. Income statement
- B. Balance sheet
- C. Cash flow statement
- D. Lien notice

60. When a contractor ignores a valid CCB order, the claimant can:

- A. Seize the contractor's home
- B. Cancel the owner's taxes
- C. Collect against the surety bond
- D. Have the license auto-renewed

61. An LLC is created when which document is filed with the Secretary of State?

- A. Articles of organization
- B. A surety bond
- C. A building permit
- D. A lien claim

62. The CCB's primary purpose is to:

- A. Lend money to contractors
- B. Protect the public through licensing
- C. Set material prices
- D. Issue building permits

63. All of the following are true of a surety bond EXCEPT:

- A. It reimburses the contractor's lost profits
- B. It protects consumers
- C. The contractor repays payouts
- D. Its size is set by endorsement

64. A job has \$20,000 in direct costs. The contractor adds 10% overhead, then 5% profit on the subtotal. The price is:

- A. \$23,100, overhead then profit applied
- B. \$23,000, adding a flat 15%
- C. \$22,000, with overhead only added
- D. \$21,000, a 5% addition only

65. Paying a contractor's documented costs plus a fee is a:

- A. Lump sum contract
- B. Unit price contract
- C. Verbal-only contract
- D. Cost-plus contract

66. Dividing a project into smaller, sequenced tasks is the function of a:

- A. Lien waiver
- B. Work breakdown structure
- C. Surety bond
- D. Safety data sheet

67. In the hierarchy of controls, PPE is the:

- A. Most effective control
- B. Last line of defense
- C. First control applied
- D. Same as elimination

68. Oregon's minimum wage is best described as:

- A. Tiered by region and adjusted regularly
- B. A flat statewide rate
- C. Equal to the federal minimum
- D. Set individually by each contractor

69. All of the following are core financial statements EXCEPT:

- A. The lien notice
- B. The income statement
- C. The balance sheet
- D. The cash flow statement

70. A construction lien is also called a:

- A. Performance bond
- B. Mechanic's lien
- C. Surety bond
- D. Change order

71. A general partner in a partnership is:

- A. Shielded from all business debts
- B. Liable only up to the investment
- C. Personally liable for partnership debts
- D. Never liable for anything

72. Detailed administrative procedures implementing ORS Chapter 701 appear in the:

- A. U.S. Constitution
- B. Federal tax code
- C. Oregon Administrative Rules
- D. County bylaws

73. A safety program that reduces accident likelihood is:

- A. Risk transfer
- B. Risk acceptance
- C. Risk avoidance
- D. Risk reduction

74. The required quality of a material is found in the:

- A. Site plan
- B. Specifications
- C. Elevation drawing
- D. Punch list

75. Before doing owner-requested extra work, the contractor should secure a:

- A. Verbal nod in a log
- B. New surety bond rider
- C. Higher final retainage
- D. Signed change order

76. Comparing actual progress to the plan and correcting course is part of:

- A. Initiation
- B. Estimating
- C. Monitoring and control
- D. Bidding

77. The duty to provide a safe workplace rests on the:

- A. Employer
- B. Newest worker
- C. Material supplier
- D. Property owner alone

78. Work performed in the Portland metro area must be paid at least:

- A. That area's higher wage tier
- B. The nonurban tier
- C. The federal minimum
- D. Whatever is agreed verbally

79. To bridge the gap before payment arrives, a contractor uses:

- A. Cash-only deals exclusively
- B. Deposits and progress payments
- C. No payment until completion
- D. Misclassified workers

80. The best way to earn referrals and repeat work is to:

- A. Communicate clearly and honor commitments
- B. Promise the lowest price always
- C. Avoid written contracts
- D. Delay complaint responses

## **PRACTICE EXAM 10: ANSWER KEY AND EXPLANATIONS** **(Questions 1-80)**

1. C — An LLC gives two owners liability protection with pass-through taxation and modest formality. A partnership and sole proprietorship lack that protection, and a nonprofit does not fit a for-profit trade.
2. B — Building only houses falls under the residential endorsement family. Commercial levels, interstate, and wholesale categories do not apply.
3. C — General liability insurance pays third parties for bodily injury or property damage caused by the contractor's work. Workers' comp covers employees, and the other policies address different exposures.
4. A — A 25% markup on \$48,000 is  $\$48,000 \times 1.25 = \$60,000$ . Option C (\$64,000) is the price for a 25% margin, the distinction this item tests.
5. A — A lump sum fixed-price contract gives the owner price certainty for a fully defined scope. Cost-plus and time-and-materials leave the final cost open.
6. D — The critical path is the longest dependent chain and sets the minimum project duration. Float, resource, and "punch" paths are not that controlling chain.
7. B — Heat exhaustion is not among the Focus Four. The Focus Four are falls, struck-by, caught-in/between, and electrocution.
8. B — Serving many clients, holding a license, and supplying one's own tools mark an independent contractor. An employee is directed and paid by one firm.
9. D — A profitable-looking business unable to make payroll almost always suffers from poor cash flow timing, since profit and cash differ. Insurance, taxes, and the bond are not the cause.
10. B — A construction lien attaches to the improved property, which gives it power to cloud title. It does not reach personal accounts, the bond fund, or future jobs.
11. C — A C corporation's profits are taxed at the entity level, so "always pass through untaxed" is false. Corporations are owned by shareholders, offer protection, and are the most formal structure.
12. D — The Responsible Managing Individual is responsible for a licensed firm's compliance. The registered agent, surety, and broker fill other roles.
13. B — A surety bond primarily protects the public, paying harmed consumers. It does not protect the contractor's profit, the surety, or employees.
14. D — Drywall covers a surface and is estimated by square feet of wall and ceiling area. Volume, linear, and count units fit other items.

15. C — A change order is the signed document modifying scope, price, or schedule. Waivers, bids, and data sheets serve other purposes.
16. C — The punch list is the set of minor items to finish before final acceptance. The critical path, change log, and WBS serve other purposes.
17. A — Eliminating the hazard entirely is the most effective control, since it protects everyone. PPE, signage, and training rank lower.
18. D — Hiring a first paid worker triggers the workers' compensation requirement. It does not require canceling liability, surrendering the endorsement, or reincorporating.
19. C — The cash flow statement tracks the movement of cash into and out of the business over a period. The income statement and balance sheet report different things.
20. D — A neighbor disturbed by noise has no lien right, so they are the odd one out. Material suppliers, subcontractors, and laborers who add value to the property may claim a lien.
21. D — Operating under a name other than the owner's legal name requires registering an assumed business name. A patent or trademark is unrelated, and a new LLC is not always required.
22. B — Oregon requires 16 hours of pre-license training before testing. An apprenticeship, degree, or federal exam is not the requirement.
23. D — An employee injured on the job is covered by workers' compensation. General liability covers non-employees, and the other policies address different risks.
24. C — Trim molding is measured by length, quantified in linear feet. Volume, area, and count units fit other items.
25. C — Abandoning a job midway is a material breach, defeating the contract's essential purpose. It is not a minor, technical, or permitted action.
26. D — A two-day critical-path delay pushes the project finish back two days, since the critical path sets the duration. Float cannot absorb it.
27. B — Replacing a hazardous chemical with a safer one is substitution. Elimination removes the hazard, while administrative controls and PPE rank lower.
28. D — A worker's classification is determined by the actual nature of the relationship, not the 1099 form, pay method, or job count. Control and independence decide it.
29. A — Recording income when payment is received is the cash basis. Accrual records income when earned, regardless of payment.
30. D — In Oregon, a claim of lien must generally be recorded within about 75 days of completing the work. The longer and shorter periods are incorrect.
31. D — A sole proprietorship is the simplest structure, leaving the owner fully and personally liable. The corporation, LLC, and limited partnership offer protection or add formality.
32. C — The statutes governing Oregon contractors are in ORS Chapter 701. The administrative rules implement them, and federal and city law are separate.
33. A — Buying insurance to handle a risk is risk transfer, shifting the financial consequence. Acceptance, avoidance, and reduction are different responses.
34. A — Volume is length  $\times$  width  $\times$  thickness:  $30 \times 6 \times 0.5 = 90$  cubic feet. Using only two dimensions or summing them gives the wrong result.
35. C — Money withheld until satisfactory completion is retainage, giving the owner leverage. It is not a penalty, deposit, or profit reserve.
36. C — Initiation is the first project phase, defining the project and securing permits. Execution, monitoring, and closeout follow.
37. B — A Safety Data Sheet details a chemical's hazards and first-aid measures. Permits, waivers, and bids do not provide that information.

38. A — Serving many different clients indicates independent-contractor status, not employee status, so it is the odd one out. Daily direction, provided tools, and ongoing wages indicate employment.
39. C — Oregon has no general statewide sales tax, distinguishing it from most states. It does levy income tax and a Corporate Activity Tax on larger firms.
40. B — The Information Notice to Owner About Construction Liens explains lien rights to residential owners. It is informational, not a completion, foreclosure, or waiver document.
41. D — An Oregon registered agent must maintain a physical street address in the state. A license, law degree, or ownership stake is not required.
42. D — Setting employee wage rates is not a CCB function; that is the odd one out. The CCB licenses contractors, investigates complaints, and enforces bond requirements.
43. A — A bond payout is a debt the contractor must repay to the surety in full. The surety does not absorb it, split it, or wait for the CCB.
44. C — Margin is profit divided by selling price:  $\$15,000 \div \$60,000 = 25\%$ . Option A (33%) divides by cost, which is markup, the trap this item tests.
45. D — Notarization is not an essential element of a valid contract; offer, acceptance, and consideration are. A contract is binding without a notary.
46. B — Lead time is the gap between ordering an item and receiving it. Float and the critical path describe different scheduling concepts.
47. B — Being struck by a swinging load is a struck-by hazard, one of the Focus Four. Falls, caught-in/between, and electrocution are the others.
48. C — Collecting a signed lien waiver with each payment confirms subs and suppliers were paid, preventing liens over already-paid money. Other options do not serve that aim.
49. B — Job costing's main value is improving the accuracy of future bids by comparing estimated to actual costs. It does not affect taxes, bonds, or contracts.
50. D — In Oregon, a foreclosure suit on a recorded lien must be filed within about 120 days of recording. The shorter periods are incorrect.
51. A — Oregon business entities must renew their state registration annually to stay active. The longer intervals and "only when sued" are incorrect.
52. B — After passing the exam, an applicant must apply for the license within 24 months. The shorter and longer periods are incorrect.
53. A — A contractor's liability certificate must name the Construction Contractors Board as certificate holder. A bank, the Secretary of State, or a subcontractor is not the required holder.
54. C — Buying extra material beyond the exact measurement covers offcuts, breakage, and waste. It is not for profit, inflation, or delivery.
55. C — Monetary damages are the most common remedy for breach. Specific performance, rescission, and injunctions apply in narrower circumstances.
56. A — A chart showing tasks as horizontal bars on a timeline is a Gantt chart. A pie chart, network diagram, and balance sheet are different.
57. B — Oregon jobsite safety is enforced by Oregon OSHA under the state plan. The Secretary of State, IRS, and CCB do not perform inspections.
58. D — Before hiring a subcontractor, the general contractor first verifies the sub's license, bond, and insurance. Credit, vehicle, and marketing are not the priority.
59. A — The income statement reports revenue, expenses, and profit over a period. The balance sheet and cash flow statement report different things.
60. C — When a contractor ignores a valid CCB order, the claimant can collect against the surety bond. The CCB does not seize homes, cancel taxes, or auto-renew licenses.

61. A — An LLC gains legal existence when its articles of organization are filed with the Secretary of State. A bond, permit, or lien claim does not form the entity.
62. B — The CCB exists to protect the public through licensing and regulation. It does not lend money, set material prices, or issue building permits.
63. A — A surety bond does not reimburse the contractor's lost profits; that statement is false. It protects consumers, must be repaid after a payout, and is sized by endorsement.
64. A — Adding 10% overhead then 5% profit compounds:  $\$20,000 \times 1.10 \times 1.05 = \$23,100$ . A flat 15% addition would understate the price.
65. D — Paying documented costs plus a fee is a cost-plus contract, which shifts cost risk to the owner. A lump sum fixes one price instead.
66. B — A work breakdown structure divides a project into smaller, sequenced tasks. A waiver, bond, and data sheet serve unrelated purposes.
67. B — PPE is the last line of defense in the hierarchy of controls, used after higher controls. It is not the most effective or first-applied measure.
68. A — Oregon's minimum wage is tiered by region and adjusted regularly, exceeding the federal minimum. It is not flat, federal, or contractor-set.
69. A — A lien notice is not a financial statement; that is the odd one out. The three core statements are the income statement, balance sheet, and cash flow statement.
70. B — A construction lien is commonly called a mechanic's lien. A performance bond, surety bond, and change order are unrelated instruments.
71. C — In a general partnership, each partner is personally liable for partnership debts. The entity does not shield partners like an LLC or corporation.
72. C — Detailed administrative procedures implementing ORS 701 appear in the Oregon Administrative Rules. The Constitution, tax code, and county bylaws are different bodies of law.
73. D — A safety program that reduces accident likelihood is risk reduction. Transfer uses insurance, acceptance retains the risk, and avoidance declines the work.
74. B — The required quality of a material is stated in the specifications, not the drawings. Site plans, elevations, and punch lists show other information.
75. D — A signed change order is required before performing owner-requested extra work, securing the right to payment. A verbal nod or retainage change does not.
76. C — Comparing actual progress to the plan and correcting course is part of monitoring and control. Initiation, estimating, and bidding occur at other points.
77. A — The duty to provide a safe workplace rests on the employer. It cannot be shifted to a worker, supplier, or owner alone.
78. A — Work performed in the Portland metro area must be paid at least that area's higher wage tier. The nonurban tier, federal minimum, and verbal agreements do not control.
79. B — Deposits and progress payments bridge the gap between spending and collecting, so the contractor does not finance the job. Cash-only or end-only payment does the opposite.
80. A — Clear communication and honoring commitments earn referrals and repeat work. Underpricing, avoiding contracts, and delaying complaints undermine that.