

# PRACTICE EXAM 11 — QUESTIONS 1-50

---

**Format: Three-Statement Truth Evaluation Questions — each item presents three statements (I, II, III) about a single topic. Evaluate the truth of each statement and select the option that correctly identifies which combination of statements is true.**

1. Evaluate the three statements about bid bonds:

I. Bid bonds are commonly required on most public construction projects.

II. Bid bond face values are typically 5 to 10 percent of the bid price.

III. The bid bond surety pays the difference between the defaulting bid and the next-lowest responsive bid, up to the bond amount.

A. I only

B. II only

C. II and III only

D. All three are true

2. Evaluate the three statements about SC mechanic's liens:

I. The lien must be filed within 60 days of last work or material delivery.

II. The lien must be enforced by suit within 6 months of filing.

III. The lien attaches to personal property owned by the contractor.

A. I only

B. II only

- C. I and II only
- D. All three are true

3. Evaluate the three statements about AIA A201 substantial completion:

- I. Substantial completion is when the work is sufficiently complete for the owner's beneficial use.
- II. Substantial completion requires every punch list item to be finished.
- III. Substantial completion has no effect on the warranty period start date.

- A. I only
- B. II only
- C. I and II only
- D. All three are true

4. Evaluate the three statements about the Critical Path Method:

- I. The critical path is the longest sequence of dependent activities through the network.
- II. Activities on the critical path have zero total float.
- III. Delaying a critical path activity by one day delays project completion by one day.

- A. I only
- B. II only
- C. III only
- D. All three are true

5. Evaluate the three statements about IRS Form 941:

- I. Form 941 is filed quarterly to report federal payroll tax withholding.

- II. Form 941 has no extension mechanism, and late filing produces automatic penalties.
- III. Form 941 also reports state-level income tax withholding to the IRS.

- A. III only
- B. II and III only
- C. I and III only
- D. I and II only

6. Evaluate the three statements about workers compensation in SC:

- I. SC requires workers compensation coverage at four or more employees.
- II. The WC experience modifier follows the contractor across carriers.
- III. Workers compensation covers third-party property damage caused by employees.

- A. I only
- B. I and II only
- C. II and III only
- D. All three are true

7. Evaluate the three statements about federal labor law:

- I. FLSA requires overtime pay at 1.5 times the regular rate for hours over 35 per workweek.
- II. Form I-9 Section 2 must be completed by the employee on or before the first day.
- III. SC requires all employers to enroll in E-Verify regardless of firm size.

- A. I only
- B. II only
- C. III only

D. All three are true

8. Evaluate the three statements about pricing methods:

I. A 25 percent markup on cost produces a 25 percent margin on sale price.

II. A 20 percent margin on sale price requires a 25 percent markup on cost.

III. Markup is computed as profit divided by cost; margin is computed as profit divided by sale price.

A. I only

B. I and II only

C. II and III only

D. All three are true

9. Evaluate the three statements about change orders:

I. Change orders must be in writing and signed by both parties to be enforceable.

II. A change order adding scope to the critical path requires a corresponding time extension.

III. Oral change orders are fully enforceable under standard construction contracts.

A. I only

B. I and II only

C. II and III only

D. All three are true

10. Evaluate the three statements about contractor financial metrics:

I. Working capital equals current assets divided by current liabilities.

II. The current ratio equals current assets divided by current liabilities.

III. Positive working capital is essential for construction firms due to retainage and pay timing.

- A. I only
- B. I and II only
- C. I and III only
- D. II and III only

11. Evaluate the three statements about SC environmental compliance:

- I. The Construction General Permit threshold for stormwater coverage is 5 acres of disturbed land.
- II. NESHAP asbestos notification must be submitted 30 working days before abatement begins.
- III. A SWPPP must be developed and a Notice of Intent submitted before earth disturbance.

- A. I only
- B. II only
- C. III only
- D. All three are true

12. Evaluate the three statements about unit-price contracts:

- I. Unit prices include only direct cost, with no overhead or profit factor.
- II. Unit-price contracts are typically used when actual quantities are uncertain at bid time.
- III. Bidders price each item using a unit price multiplied by estimated quantities.

- A. II and III only
- B. I only
- C. I and III only
- D. All three are true

13. Evaluate the three statements about AIA A201 dispute resolution:

- I. AIA A201 typically requires an Initial Decision Maker step before mediation.
- II. Mediation under AIA A201 is generally optional and bypassed naturally.
- III. Notice of claim is generally required within 21 days of the event.

- A. I only
- B. III only
- C. II and III only
- D. I and III only

14. Evaluate the three statements about SC mechanic's lien priorities:

- I. SC mechanic's liens attach to the personal property of the GC.
- II. Competing mechanic's liens generally have equal priority in SC.
- III. SC mechanic's liens take effect from the date labor commences or first material is delivered.

- A. I and II only
- B. I and III only
- C. II and III only
- D. All three are true

15. Evaluate the three statements about project scheduling:

- I. The PERT formula is  $(\text{Optimistic} + \text{Most Likely} + \text{Pessimistic}) \div 3$ .
- II. The forward pass calculates earliest start and finish dates for each activity.
- III. Crashing the schedule shortens duration by adding resources to critical activities.

- A. I only
- B. I and II only
- C. I and III only
- D. II and III only

16. Evaluate the three statements about liquidated damages:

- I. Liquidated damages must reflect a reasonable estimate of actual damages at contract formation.
- II. Liquidated damages may be assessed only when the contractor fully abandons the project.
- III. Liquidated damages accrue per day at the contractually stipulated rate.

- A. I only
- B. III only
- C. I and III only
- D. All three are true

17. Evaluate the three statements about SC sales and use tax:

- I. SC use tax applies to out-of-state purchases when SC sales tax was not collected.
- II. SC contractors collect sales tax from customers on construction labor charges.
- III. The SC sales tax rate and use tax rate are identical at the state level.

- A. I and III only
- B. I and II only
- C. II and III only
- D. All three are true

18. Evaluate the three statements about bidding:

- I. A 30 percent bid outlier from a subcontractor should be reviewed before acceptance.
- II. The GC's bid is legally an offer that becomes a contract upon owner acceptance.
- III. Pre-bid site visits are prohibited under most public bid laws to ensure equal information.

- A. II only
- B. I and II only
- C. II and III only
- D. All three are true

19. Evaluate the three statements about subcontract payment clauses:

- I. A "pay-if-paid" clause creates a condition precedent to payment.
- II. A "pay-when-paid" clause and a "pay-if-paid" clause have identical legal effect.
- III. The two clauses have distinct legal effects despite similar wording.

- A. II only
- B. I and II only
- C. II and III only
- D. I and III only

20. Evaluate the three statements about WIP reporting and POC accounting:

- I. WIP reports identify overbilling and underbilling positions on active jobs.
- II. Underbilling depresses near-term cash flow because earned revenue has not been collected.
- III. Percentage-of-completion accounting recognizes revenue as costs are incurred relative to estimated total cost.

- A. I only
- B. II only

- C. III only
- D. All three are true

21. Evaluate the three statements about contractor cost categories:

- I. Overhead typically includes salaries, office rent, and utilities.
- II. Direct costs are job-specific costs such as on-site labor, materials, and equipment.
- III. Overhead does not require allocation to bids because profit margin alone recovers it.

- A. I only
- B. I and II only
- C. II and III only
- D. All three are true

22. Evaluate the three statements about differing site conditions claims:

- I. The contractor must give prompt written notice of the differing site condition.
- II. The notice must be given before the condition is disturbed or altered.
- III. The owner's investigation is unnecessary when the contractor's notice is timely.

- A. I only
- B. II only
- C. I and II only
- D. All three are true

23. Evaluate the three statements about daily reports:

- I. Daily reports document weather, manpower, and work performed each day.

II. Daily reports are evidence in delay and change order claims.

III. Daily reports may be discarded after substantial completion.

A. III only

B. II and III only

C. I and III only

D. I and II only

24. Evaluate the three statements about insurance coverages:

I. Builder's risk insurance covers third-party bodily injury occurring on the construction site.

II. Commercial general liability insurance covers third-party bodily injury and property damage.

III. Workers compensation insurance covers physical damage to work-in-place.

A. I only

B. II only

C. III only

D. All three are true

25. Evaluate the three statements about Form 1099-NEC reporting:

I. Form 1099-NEC has a March 15 filing deadline with the IRS.

II. Form 1099-NEC must be filed for payments of \$600 or more to independent contractor individuals.

III. Form 1099-NEC payments to incorporated firms are generally required regardless of amount.

A. II only

B. I only

C. I and III only

D. All three are true

26. Evaluate the three statements about contract termination:

I. AIA A201 termination for cause requires written notice of default and a seven-day cure period.

II. Termination for convenience is generally not permitted under any standard construction contract.

III. After termination for cause, the owner may take possession of materials and equipment to complete the work.

A. I and III only

B. I and II only

C. II and III only

D. All three are true

27. Evaluate the three statements about markup and margin:

I. Markup is computed as cost multiplied by a markup factor.

II. Margin is computed as profit divided by sale price.

III. A 20 percent markup on cost produces a 20 percent margin on sale price.

A. I only

B. I and II only

C. II and III only

D. All three are true

28. Evaluate the three statements about FLSA classification:

I. Misclassifying nonexempt workers as exempt is a common FLSA violation that triggers back-pay liability.

- II. The FLSA overtime threshold is 35 hours per workweek.
- III. All construction workers paid hourly are exempt from overtime rules.

- A. I only
- B. II only
- C. I and II only
- D. All three are true

29. Evaluate the three statements about indemnification in SC:

- I. SC Code 32-2-10 limits the enforceability of broad-form indemnification in construction contracts.
- II. A contractor cannot enforceably agree to indemnify the owner for the owner's own negligence.
- III. Limiting indemnification to the contractor's own negligence is generally enforceable in SC.

- A. I only
- B. II only
- C. III only
- D. All three are true

30. Evaluate the three statements about surety bonding:

- I. Surety underwriting uses the Three C's: Capital, Capacity, and Character.
- II. Bonding capacity is expressed only as a single-project limit, with no aggregate program limit.
- III. Strong working capital is generally favorable for a contractor's bonding capacity.

- A. I only
- B. I and III only
- C. II and III only

D. All three are true

31. Evaluate the three statements about asbestos abatement:

I. Friable asbestos abatement requires a licensed contractor under EPA and state regulations.

II. NESHAP notification must be submitted 10 working days before regulated work begins.

III. Plastic encapsulation of friable asbestos satisfies the NESHAP abatement requirement.

A. I only

B. II only

C. I and II only

D. All three are true

32. Evaluate the three statements about project closeout:

I. Project closeout requires lien waivers from subcontractors and suppliers.

II. The owner typically releases retainage upon final completion certification.

III. As-built drawings are not required as part of project closeout deliverables.

A. I and II only

B. II only

C. III only

D. All three are true

33. Evaluate the three statements about performance bonds:

I. Performance bonds typically equal 50 percent of the contract value.

II. The owner must declare the contractor in default before a performance bond claim is paid.

III. The surety may elect to tender a replacement contractor or pay the bond amount.

- A. I and II only
- B. II and III only
- C. I and III only
- D. All three are true

34. Evaluate the three statements about contingency and profit:

- I. Contingency covers normal estimating uncertainty and minor unknowns that arise during construction.
- II. Profit margin is the firm's earnings on the project.
- III. Contingency and profit are interchangeable items that serve the same financial function.

- A. I only
- B. II only
- C. I and II only
- D. All three are true

35. Evaluate the three statements about bonding off mechanic's liens:

- I. An owner may file a lien release bond with the clerk of court to clear title from a recorded mechanic's lien.
- II. The recorded lien transfers from the real property to the bond after the bond is filed.
- III. Bonding off requires the owner to admit liability for the underlying claim.

- A. I only
- B. II only
- C. I and II only
- D. All three are true

36. Evaluate the three statements about percentage-of-completion accounting:

- I. POC recognizes revenue progressively as costs are incurred relative to total estimated costs.
- II. POC recognizes all revenue at the moment of substantial completion.
- III. POC is the standard method only for short-term contracts under one year in duration.

- A. I only
- B. II only
- C. I and II only
- D. All three are true

37. Evaluate the three statements about SC sales and use tax for contractors:

- I. SC contractors collect sales tax from customers on installed construction materials.
- II. SC contractors pay sales tax to suppliers on materials purchased.
- III. SC contractors are treated as end consumers of materials under SC tax law.

- A. I and II only
- B. II and III only
- C. I and III only
- D. All three are true

38. Evaluate the three statements about AIA pay applications:

- I. The architect must certify pay applications before the owner is obligated to make payment.
- II. Lien waivers are typically required to accompany each pay application.
- III. The architect's certification waives the owner's right to dispute payment defenses.

- A. I only
- B. I and II only
- C. II and III only
- D. All three are true

39. Evaluate the three statements about Requests for Information (RFIs):

- I. An RFI is used to clarify ambiguous or conflicting information in the contract documents.
- II. Submitting an RFI automatically changes the scope of work.
- III. The architect's response to an RFI becomes part of the project record.

- A. I and III only
- B. II only
- C. II and III only
- D. All three are true

40. Evaluate the three statements about OSHA injury recordkeeping:

- I. Medical treatment beyond first aid is a recordable injury criterion under OSHA.
- II. OSHA Form 301 and Form 300 entries must be completed within 24 hours of the injury.
- III. The OSHA Form 300A summary must be posted year-round at the establishment.

- A. I only
- B. II only
- C. I and II only
- D. All three are true

41. Evaluate the three statements about SC LLCs:

- I. An SC LLC is formed by filing Articles of Organization with the SC Secretary of State.
- II. SC LLCs by default provide pass-through taxation and a personal liability shield for members.
- III. SC LLCs are taxed as C corporations by federal default unless an election is filed.

- A. III only
- B. II only
- C. II and III only
- D. I and II only

42. Evaluate the three statements about bid bonds:

- I. Bid bonds protect the contractor from owner non-payment under the contract.
- II. Bid bond face values typically range from 5 to 10 percent of the bid price.
- III. Bid bonds commit the bidder to enter into the contract if awarded.

- A. II and III only
- B. I only
- C. I and II only
- D. All three are true

43. Evaluate the three statements about contractual notice:

- I. AIA A201 typically requires written notice of a claim within 7 days of the event.
- II. Force majeure delays must generally be documented contemporaneously to support a claim.
- III. Missing the contractual claim notice deadline can waive the claim entirely.

- A. I and II only
- B. II and III only

- C. I and III only
- D. All three are true

44. Evaluate the three statements about construction accounting:

- I. Job cost coding allocates expenses to specific projects and cost codes in the accounting system.
- II. Reconciling the job cost report to the general ledger catches miscoded charges.
- III. WIP reports indicate whether jobs are overbilled or underbilled relative to earned revenue.

- A. I only
- B. II only
- C. III only
- D. All three are true

45. Evaluate the three statements about Form 941 reporting:

- I. Form 941 reports federal income tax withholding from employee wages.
- II. Form 941 reports both employee withholding and employer matching for Social Security and Medicare.
- III. Form 941 also reports state income tax withholding directly to the IRS.

- A. I only
- B. II only
- C. I and II only
- D. All three are true

46. Evaluate the three statements about SC labor law:

- I. SC mandates E-Verify for all employers regardless of firm size.

- II. SC requires workers compensation coverage at four or more employees.
- III. SC is a right-to-work state in which union membership cannot be required for employment.

- A. I only
- B. II only
- C. III only
- D. All three are true

47. Evaluate the three statements about schedule recovery techniques:

- I. Crashing the schedule means adding resources to critical activities to shorten duration.
- II. Fast-tracking means overlapping design and construction phases to compress the schedule.
- III. Free float and total float always equal each other regardless of the activity's location in the network.

- A. I only
- B. II only
- C. I and II only
- D. All three are true

48. Evaluate the three statements about hazardous spill response:

- I. The first step in a hazmat spill response is to stop work and secure the affected area.
- II. The contractor must engage a licensed cleanup contractor for the hazardous substance.
- III. Unknown chemical waste may be disposed of through routine municipal solid waste channels.

- A. I only
- B. II only
- C. I and II only

D. All three are true

49. Evaluate the three statements about subcontractor obligations:

I. Subcontractors must typically provide certificates of insurance before mobilizing on the project.

II. A general contractor may include flow-down provisions binding subs to prime contract terms.

III. Subcontract terms always supersede the prime contract terms governing the project.

A. I and II only

B. III only

C. II and III only

D. All three are true

50. Evaluate the three statements about SC mechanic's liens:

I. SC mechanic's liens must be filed within 90 days of last work or material delivery.

II. SC mechanic's liens are dissolved automatically if not enforced by suit within 90 days of filing.

III. SC mechanic's liens attach to the personal property of the general contractor.

A. I only

B. II only

C. I and II only

D. All three are true

## PRACTICE EXAM 11: ANSWER KEY AND EXPLANATIONS

- 1. D** — All three are true. Bid bonds are commonly required on public construction projects (I); face values typically range from 5 to 10 percent of the bid price (II); the surety pays the increased cost of awarding to the next bidder up to the bond amount (III). All three describe standard bid bond practice in public procurement.
- 2. B** — II only. SC mechanic's liens must be filed within 90 days (not 60) of last work or delivery, making I false; they must be enforced within 6 months of filing, making II true; and they attach to the real property where work was performed, not the contractor's personal property, making III false.
- 3. A** — I only. Substantial completion is defined as the work being sufficiently complete for the owner's beneficial use (I true); minor punch list items remain at substantial completion (II false); substantial completion typically triggers warranty start, not bypasses it (III false). Only Statement I correctly defines substantial completion.
- 4. D** — All three are true. The critical path is the longest dependent activity sequence (I); zero total float defines critical-path activities (II); a one-day delay on the critical path delays completion by one day (III). All three are foundational CPM principles.
- 5. D** — I and II only. Form 941 reports quarterly federal payroll tax (I true); Form 941 has no extension mechanism and late filing triggers automatic penalties (II true); state income tax withholding is reported separately to the state, not on Form 941 (III false). Statements I and II are accurate.
- 6. B** — I and II only. SC requires WC coverage at four or more employees (I true); the experience modifier follows the contractor across carriers (II true); WC covers worker injuries, not third-party property damage which is a CGL function (III false). Statements I and II accurately describe WC.
- 7. C** — III only. FLSA overtime threshold is 40 hours per workweek, not 35 (I false); I-9 Section 1 is completed by the employee, while Section 2 is the employer's responsibility within 3 business days (II false); SC mandates E-Verify for all employers regardless of size (III true). Only Statement III is accurate.
- 8. C** — II and III only. A 25 percent markup on cost produces a 20 percent margin on sale price, not 25 percent (I false); a 20 percent margin requires a 25 percent markup (\$20 profit on \$80 cost equals 25 percent) (II true); markup is profit divided by cost while margin is profit divided by sale price (III true). Statements II and III correctly describe the math.
- 9. B** — I and II only. Change orders must be in writing and signed by both parties to be enforceable (I true); a scope addition affecting the critical path entitles the contractor to a time extension (II true); oral change orders are generally unenforceable without a signed writing (III false). Statements I and II accurately describe change order requirements.
- 10. D** — II and III only. Working capital equals current assets minus current liabilities, not divided by (I false); the current ratio is current assets divided by current liabilities (II true); positive working capital is essential because retainage and pay-timing typically require contractors to fund work before owner payment arrives (III true). Statements II and III are accurate.

**11. C** — III only. The Construction General Permit threshold is 1 acre, not 5 (I false); NESHAP requires 10 working days notification, not 30 (II false); a SWPPP and Notice of Intent must be in place before earth disturbance begins (III true). Only Statement III is accurate.

**12. A** — II and III only. Unit prices include direct cost plus overhead and profit, not just direct cost (I false); unit-price contracts are used when quantities are uncertain at bid time (II true); bidders price each item using a unit price multiplied by estimated quantities (III true). Statements II and III correctly describe unit-price contracts.

**13. D** — I and III only. AIA A201 typically requires an Initial Decision Maker step before mediation (I true); mediation under AIA A201 is generally required as a condition precedent, not optional (II false); notice of claim is generally required within 21 days of the event (III true). Statements I and III are accurate.

**14. C** — II and III only. SC mechanic's liens attach to real property where work was incorporated, not personal property of the GC (I false); competing mechanic's liens in SC generally have equal priority (II true); the lien takes effect from when labor commenced or first material was delivered (III true). Statements II and III correctly describe SC lien priority.

**15. D** — II and III only. The PERT formula is  $(O + 4M + P) \div 6$ , weighting the most likely estimate four times, not a simple average (I false); the forward pass calculates earliest start and finish dates (II true); crashing shortens duration by adding resources to critical activities (III true). Statements II and III are accurate.

**16. C** — I and III only. Liquidated damages must reflect a reasonable estimate of actual damages at contract formation to be enforceable (I true); LDs are assessed for late completion broadly, not only on full abandonment (II false); LDs accrue per day at the stipulated rate (III true). Statements I and III are accurate.

**17. A** — I and III only. SC use tax applies to out-of-state purchases when SC sales tax was not collected (I true); SC contractors do not collect sales tax on construction labor because construction labor is not taxable in SC (II false); the SC sales tax rate and use tax rate are identical at the state level (III true). Statements I and III correctly describe SC tax treatment.

**18. B** — I and II only. A 30 percent bid outlier should be reviewed before acceptance for missing scope, qualification, or errors (I true); a contractor's bid is legally an offer that becomes a contract upon owner acceptance (II true); pre-bid site visits are commonly required and encouraged in public bidding, not prohibited (III false). Statements I and II are accurate.

**19. D** — I and III only. A pay-if-paid clause creates a condition precedent to payment (I true); pay-when-paid and pay-if-paid clauses have distinct legal effects, not identical (II false); the two clauses have distinct legal effects despite similar wording (III true). Statements I and III correctly describe the contractual distinction.

**20. D** — All three are true. WIP reports identify over- and underbilling positions on active jobs (I); underbilling depresses near-term cash flow because earned revenue is uncollected (II); POC accounting

recognizes revenue progressively as costs are incurred relative to total estimated cost (III). All three are foundational construction accounting principles.

**21. B** — I and II only. Overhead typically includes salaries, office rent, and utilities (I true); direct costs are job-specific labor, materials, and equipment (II true); overhead must be allocated to bids through markup, not recovered through profit margin alone (III false). Statements I and II accurately describe cost categories.

**22. C** — I and II only. Differing site conditions claims require prompt written notice from the contractor (I true); notice must be given before the condition is disturbed or altered, to preserve the owner's investigation right (II true); the owner's investigation is required regardless of timeliness, not bypassed by a timely notice (III false). Statements I and II are accurate.

**23. D** — I and II only. Daily reports document weather, manpower, and work performed each day (I true); daily reports are evidence in delay and change order claims (II true); daily reports should be retained as permanent project records, not discarded at substantial completion (III false). Statements I and II accurately describe daily report functions.

**24. B** — II only. Builder's risk covers the project itself (materials, work-in-place), not third-party bodily injury which is a CGL function (I false); CGL covers third-party bodily injury and property damage (II true); workers compensation covers worker injuries, not damage to work-in-place which is builder's risk territory (III false). Only Statement II is accurate.

**25. A** — II only. Form 1099-NEC has a January 31 filing deadline, not March 15 (I false); Form 1099-NEC is required for payments of \$600 or more to independent contractor individuals (II true); payments to incorporated firms are generally exempt from 1099 reporting outside specific categories (III false). Only Statement II is accurate.

**26. A** — I and III only. AIA A201 termination for cause requires written notice of default and a seven-day cure period (I true); termination for convenience is permitted under standard construction contracts when included (II false); after termination for cause the owner may take possession of materials and equipment to complete the work (III true). Statements I and III are accurate.

**27. B** — I and II only. Markup is computed as cost multiplied by a markup factor (I true); margin is computed as profit divided by sale price (II true); a 20 percent markup on cost produces approximately a 16.67 percent margin on sale price, not 20 percent (III false). Statements I and II accurately describe markup and margin.

**28. A** — I only. Misclassifying nonexempt workers as exempt is a common FLSA violation triggering back-pay liability (I true); the FLSA overtime threshold is 40 hours per workweek, not 35 (II false); hourly construction workers are typically nonexempt and entitled to overtime (III false). Only Statement I is accurate.

**29. D** — All three are true. SC Code 32-2-10 limits broad-form indemnification in construction contracts (I); a contractor cannot enforceably indemnify the owner for the owner's own negligence (II); limiting

indemnification to the contractor's own negligence is generally enforceable (III). All three correctly state SC indemnification law.

**30. B** — I and III only. Surety underwriting uses the Three C's of Capital, Capacity, and Character (I true); bonding capacity is expressed as both a single-project AND aggregate program limit, not single-project only (II false); strong working capital is generally favorable for bonding capacity (III true). Statements I and III correctly describe surety underwriting.

**31. C** — I and II only. Friable asbestos abatement requires a licensed contractor under EPA and state regulations (I true); NESHAP notification must be submitted 10 working days before regulated work begins (II true); plastic encapsulation alone does not satisfy the NESHAP abatement requirement for friable RACM (III false). Statements I and II are accurate.

**32. A** — I and II only. Project closeout requires lien waivers from subs and suppliers (I true); the owner typically releases retainage upon final completion certification (II true); as-built drawings are typically required closeout deliverables, not optional (III false). Statements I and II are accurate.

**33. B** — II and III only. Performance bonds typically equal 100 percent of contract value, not 50 percent (I false); the owner must declare the contractor in default before a performance bond claim is paid (II true); the surety may elect to tender a replacement contractor or pay the bond amount (III true). Statements II and III correctly describe performance bond mechanics.

**34. C** — I and II only. Contingency covers normal estimating uncertainty and minor unknowns (I true); profit margin is the firm's earnings on the project (II true); contingency and profit are distinct items with different functions, not interchangeable (III false). Statements I and II accurately distinguish the two items.

**35. C** — I and II only. An owner may file a lien release bond with the clerk of court to clear title from a recorded lien (I true); the lien transfers from the real property to the bond after the bond is filed (II true); bonding off does not require admitting liability — it simply substitutes the bond for the property as security (III false). Statements I and II accurately describe bonding off.

**36. A** — I only. POC recognizes revenue progressively as costs are incurred relative to total estimated costs (I true); POC does not recognize all revenue at substantial completion (II false); POC is the standard method for long-term construction contracts, not short-term ones (III false). Only Statement I is accurate.

**37. B** — II and III only. SC contractors do not collect sales tax from customers on installed construction materials (I false); SC contractors pay sales tax to suppliers on materials at purchase (II true); SC contractors are treated as end consumers of materials under SC tax law (III true). Statements II and III correctly describe SC contractor tax treatment.

**38. B** — I and II only. The architect must certify pay applications before the owner is obligated to pay (I true); lien waivers are typically required to accompany each pay application (II true); the architect's certification does not waive the owner's right to dispute payment defenses (III false). Statements I and II accurately describe AIA pay app practice.

- 39. A** — I and III only. An RFI is used to clarify ambiguous or conflicting items in the contract documents (I true); RFIs do not automatically change scope — that requires a change order (II false); the architect's RFI response becomes part of the project record (III true). Statements I and III correctly describe RFI function.
- 40. A** — I only. Medical treatment beyond first aid is a recordable injury criterion under OSHA (I true); OSHA Form 301 and 300 must be completed within 7 calendar days, not 24 hours (II false); Form 300A must be posted from February 1 through April 30, not year-round (III false). Only Statement I is accurate.
- 41. D** — I and II only. An SC LLC is formed by filing Articles of Organization with the SC Secretary of State (I true); SC LLCs by default provide pass-through taxation and a personal liability shield for members (II true); LLCs default to partnership taxation for multi-member or disregarded entity for single-member, not C corporation taxation (III false). Statements I and II are accurate.
- 42. A** — II and III only. Bid bonds protect the owner from bidder default, not the contractor from owner non-payment (I false); bid bond face values typically range from 5 to 10 percent of the bid price (II true); bid bonds commit the bidder to enter the contract if awarded (III true). Statements II and III correctly describe bid bond function.
- 43. B** — II and III only. AIA A201 typically requires notice of claim within 21 days, not 7 days (I false); force majeure delays must be documented contemporaneously to support a claim (II true); missing the contractual claim notice deadline can waive the claim entirely (III true). Statements II and III are accurate.
- 44. D** — All three are true. Job cost coding allocates expenses to projects and cost codes (I); reconciling job cost to general ledger catches miscoded charges (II); WIP reports indicate over- and underbilling positions on jobs (III). All three are foundational construction accounting practices.
- 45. C** — I and II only. Form 941 reports federal income tax withholding from employees (I true); Form 941 reports both employee withholding and employer matching for FICA (II true); state income tax withholding is reported to the state, not on Form 941 to the IRS (III false). Statements I and II accurately describe Form 941 contents.
- 46. D** — All three are true. SC mandates E-Verify for all employers regardless of size (I); SC requires WC coverage at four or more employees (II); SC is a right-to-work state in which union membership cannot be required for employment (III). All three correctly describe SC labor law.
- 47. C** — I and II only. Crashing the schedule means adding resources to critical activities to shorten duration (I true); fast-tracking means overlapping design and construction phases to compress the schedule (II true); free float and total float are not always equal — they differ for activities with multiple successors and other network configurations (III false). Statements I and II are accurate.
- 48. C** — I and II only. The first step in a hazmat spill response is to stop work and secure the affected area (I true); a licensed cleanup contractor must be engaged for the hazardous substance (II true); unknown chemical waste must be properly characterized and disposed through hazardous waste channels, not municipal solid waste (III false). Statements I and II are accurate.

**49. A** — I and II only. Subcontractors must typically provide certificates of insurance before mobilizing (I true); GCs commonly include flow-down provisions binding subs to prime contract terms (II true); subcontract terms do not automatically supersede prime contract terms — the prime contract typically governs through flow-down (III false). Statements I and II are accurate.

**50. A** — I only. SC mechanic's liens must be filed within 90 days of last work or material delivery (I true); the enforcement deadline is 6 months from filing, not 90 days (II false); the lien attaches to the real property where work was performed, not the GC's personal property (III false). Only Statement I is accurate.