

PRACTICE EXAM 12: OREGON CCB SIMULATION — QUESTIONS 1-80

1. A solo owner wanting the simplest structure, who accepts full personal liability, should choose a:

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

2. A builder of only homes needs which endorsement?

- A. Residential
- B. Commercial Level 1
- C. Interstate
- D. Wholesale

3. A third party hurt by the contractor's operations is covered by:

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

4. A job costs \$56,000, and the contractor applies a 25% markup. The quoted price is:

- A. \$42,000, the cost less the markup
- B. \$70,000, the cost plus 25% of the cost
- C. \$74,667, the cost divided by 0.75
- D. \$56,250, a flat fee added on

5. The contract type giving the owner price certainty for a 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. Critical path
- B. Float path
- C. Resource line
- D. Punch path

7. Which of the following is NOT a Focus Four hazard?

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

8. A worker serving many clients, holding a license, and supplying their own tools is:

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

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

11. Which of the following is NOT formed by filing articles with the Secretary of State?

- A. A corporation
- B. A limited liability company
- C. A limited partnership
- D. A sole proprietorship

12. The person accountable for a licensed firm's compliance is the:

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

13. An employee injured on the job is covered by:

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

14. Concrete for a slab is estimated in a takeoff using:

- A. Square feet
- B. Cubic yards
- C. Linear feet
- D. Count

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

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

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. A trench collapse is which Focus Four hazard?

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

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

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

19. Which of the following is NOT a core financial statement?

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

20. Which party may NOT claim a construction lien?

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

21. Two owners wanting protection plus pass-through taxation should form a:

- A. Sole proprietorship
- B. Limited liability company
- C. General partnership
- D. Unregistered DBA

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

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

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

- A. Avoidance
- B. Acceptance
- C. Reduction
- D. Transfer

24. Drywall is estimated in a takeoff using:

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

25. Money withheld until satisfactory completion is:

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

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

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

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

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

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. 75 days
- D. 120 days

31. A trade name hiding the owner's identity requires registering:

- A. A patent
- B. An assumed business name
- C. A trademark only
- D. A new license

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

- A. 6 months
- B. 24 months
- C. 48 months
- D. No deadline at all

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

- A. Pay nothing further
- B. Pay the surety half
- C. Reimburse the surety in full
- D. Wait for the CCB to repay

34. A job has \$40,000 in costs. The contractor adds 15% overhead, then 10% profit on the subtotal. The price is:

- A. \$50,600, overhead then profit applied
- B. \$50,000, adding a flat 25%
- C. \$46,000, with overhead only added
- D. \$44,000, a 10% addition only

35. Abandoning a job midway through is a:

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

36. The first phase of a construction project is:

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

37. 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

38. Which of the following does NOT indicate employee status?

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

39. 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

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

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

41. An Oregon registered agent must:

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

42. The Construction Contractors Board's purpose is to:

- A. Lend money to contractors
- B. Protect the public through licensing
- C. Set private wage rates
- D. Issue building permits

43. 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

44. A job sells for \$100,000 and costs \$75,000. The gross margin is:

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

45. Which of the following is NOT an essential element of a valid contract?

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

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

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

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

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

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

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

49. Job costing's main value is to:

- A. Improve future bid accuracy
- B. Eliminate taxes owed
- 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. 120 days
- D. One year

51. Oregon business entities renew their state registration:

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

52. The Oregon CCB license is valid for:

- A. One year
- B. Three years
- C. Two years
- D. Five years

53. A surety bond primarily protects:

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

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. Monetary damages
- C. Rescission
- D. An injunction

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

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

57. The leading cause of death in construction is:

- A. Falls
- B. Dust exposure
- C. Repetitive strain
- D. Level-floor slips

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

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

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

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

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

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

61. A corporation is owned by:

- A. A sole proprietor
- B. General partners
- C. A registered agent
- D. Shareholders

62. The statutes governing Oregon contractors are found in:

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

63. A safety program that lowers accident likelihood is:

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

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

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

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

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

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

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

67. Oregon jobsite safety is enforced by:

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

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

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

69. The snapshot of assets, liabilities, and equity at one moment is the:

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

70. A construction lien is also called a:

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

71. All of the following describe a corporation EXCEPT:

- A. Owners are personally liable for all debts
- B. It is owned by shareholders
- C. It offers liability protection
- D. It is the most formal structure

72. Which of the following is NOT a CCB function?

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

73. Which of the following is NOT true of a surety bond?

- A. It protects the public
- B. The contractor repays payouts
- C. Its amount is set by endorsement
- D. It pays the contractor's lost profits

74. A slab is 40 feet long, 5 feet wide, and 0.5 feet thick. What is its volume?

- A. 200 cubic feet, length times width
- B. 45 cubic feet, the sum of the dimensions
- C. 100 cubic feet, length times width times thickness
- D. 50 cubic feet, half of the volume

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

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

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

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

77. All of the following are employer safety duties EXCEPT:

- A. Inspecting competitors' sites
- B. Providing required PPE
- C. Correcting recognized hazards
- D. Training workers on hazards

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

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

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

- A. Cash-only deals exclusively
- B. No payment until completion
- C. Deposits and progress payments
- 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 12: ANSWER KEY AND EXPLANATIONS (Questions 1-80)

1. D — A sole proprietorship is the simplest structure to form, leaving the single owner fully and personally liable. The other forms add owners, protection, or formality.
2. A — Building only homes falls under the residential endorsement family. Commercial, interstate, and wholesale categories do not apply.
3. A — General liability insurance pays third parties for injury or damage caused by the contractor's operations. Workers' comp covers employees, and the other policies address different exposures.
4. B — A 25% markup on \$56,000 is $\$56,000 \times 1.25 = \$70,000$. Option C (\$74,667) 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 defined scope. Cost-plus and time-and-materials leave the final cost open.
6. A — 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. C — Heat exhaustion is not among the Focus Four, so it is the odd one out. The Focus Four are falls, struck-by, caught-in/between, and electrocution.
8. C — 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. A — 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. D — A sole proprietorship is not formed by filing articles; it exists once the owner begins business, so it is the odd one out. Corporations, LLCs, and limited partnerships file formation documents.
12. D — The Responsible Managing Individual is accountable for a licensed firm's compliance. The registered agent, surety, and broker fill other roles.
13. C — An employee injured on the job is covered by workers' compensation. General liability covers non-employees, and the other policies address different risks.
14. B — Concrete is bought and placed by volume, quantified in cubic yards. Area, linear, and count units fit other materials.
15. D — 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. C — A trench collapse is a caught-in or -between hazard, one of the Focus Four. Falls, struck-by, and electrocution are the other three.

18. B — Hiring a first paid worker triggers the workers' compensation requirement. It does not require canceling liability, surrendering the endorsement, or reincorporating.
19. B — 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.
20. C — 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. B — An LLC gives two owners liability protection with pass-through taxation, fitting their needs. A partnership and sole proprietorship lack that protection.
22. B — Oregon requires 16 hours of pre-license training before testing. A degree, federal exam, or apprenticeship is not the requirement.
23. D — Buying insurance to handle a risk is risk transfer, shifting the financial consequence. Avoidance, acceptance, and reduction are different responses.
24. B — Drywall covers a surface and is estimated by square feet of wall and ceiling area. Volume, linear, and count units fit other items.
25. B — Money withheld until satisfactory completion is retainage, giving the owner leverage. It is not a penalty, deposit, or profit reserve.
26. A — 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. D — A Safety Data Sheet details a chemical's hazards and first-aid measures. Permits, waivers, and bids do not provide that information.
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. C — 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. B — A trade name hiding the owner's identity requires registering an assumed business name. A patent or trademark is unrelated, and a new license is not required.
32. B — After passing the exam, an applicant must apply for the license within 24 months. The shorter and longer periods are incorrect.
33. C — A bond payout is a debt the contractor must reimburse to the surety in full. The surety does not absorb it, split it, or wait for the CCB.
34. A — A 15% overhead then 10% profit compounds: $\$40,000 \times 1.15 \times 1.10 = \$50,600$. A flat 25% addition would understate the price.
35. A — Abandoning a job midway is a material breach, defeating the contract's essential purpose. It is not a minor, technical, or permitted action.
36. D — Initiation is the first project phase, defining the project and securing permits. Execution, monitoring, and closeout follow.
37. A — Eliminating the hazard entirely is the most effective control, since it protects everyone. PPE, signage, and training rank lower.
38. B — 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. A — The income statement reports revenue, expenses, and profit over a period. The balance sheet and cash flow statement report different things.
40. C — 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. B — An Oregon registered agent must maintain a physical street address in the state. A license, attorney status, or ownership stake is not required.
42. B — The CCB exists to protect the public through licensing and regulation. It does not lend money, set private wages, or issue building permits.
43. 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.
44. D — Margin is profit divided by selling price: $\$25,000 \div \$100,000 = 25\%$. 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. C — Lead time is the gap between ordering an item and receiving it. Float and the critical path describe different scheduling concepts.
47. C — Replacing a hazardous chemical with a safer one is substitution. Elimination removes the hazard, while administrative controls and PPE rank lower.
48. B — 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. A — 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. C — In Oregon, a foreclosure suit on a recorded lien must be filed within about 120 days of recording. The shorter and longer periods are incorrect.
51. D — Oregon business entities must renew their state registration annually to stay active. The longer intervals and "only when sued" are incorrect.
52. C — An Oregon CCB license is valid for two years and must be renewed before expiration. The other intervals are incorrect.
53. A — A surety bond primarily protects the public, paying harmed consumers. It does not protect the contractor's profit, the surety, or the crew.
54. C — Buying extra material beyond the exact measurement covers offcuts, breakage, and waste. It is not for profit, inflation, or delivery.
55. B — Monetary damages are the most common remedy for breach. Specific performance, rescission, and injunctions apply in narrower circumstances.
56. D — 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. A — Falls are the leading cause of death in construction and head the Focus Four. Dust, strain, and level-floor slips are not the leading cause.
58. C — 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 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.
60. B — 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. D — A corporation is owned by shareholders. A proprietor, general partners, and a registered agent describe other roles or structures.
62. A — The statutes governing Oregon contractors are in ORS Chapter 701. The administrative rules implement them, and federal and city law are separate.
63. C — A safety program that lowers accident likelihood is risk reduction. Transfer uses insurance, acceptance retains the risk, and avoidance declines the work.

64. D — The required quality of a material is stated in the specifications, not the drawings. Site plans, elevations, and punch lists show other information.
65. B — 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. D — A work breakdown structure divides a project into smaller, sequenced tasks. A waiver, bond, and data sheet serve unrelated purposes.
67. D — Oregon jobsite safety is enforced by Oregon OSHA under the state plan. The Secretary of State, IRS, and CCB do not perform inspections.
68. B — Oregon's minimum wage is tiered by region and adjusted regularly, exceeding the federal minimum. It is not flat, federal, or contractor-set.
69. B — The balance sheet is the point-in-time snapshot of assets, liabilities, and equity. The income and cash flow statements report activity over a period.
70. D — A construction lien is commonly called a mechanic's lien. A performance bond, surety bond, and change order are unrelated instruments.
71. A — In a corporation, shareholders are not personally liable for company debts, so that statement is false. Corporations are owned by shareholders, offer protection, and carry the most formality.
72. C — 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.
73. D — A surety bond does not pay the contractor's lost profits; that statement is false. It protects the public, must be repaid after a payout, and is sized by endorsement.
74. C — Volume is length \times width \times thickness: $40 \times 5 \times 0.5 = 100$ cubic feet. Using only two dimensions or summing them gives the wrong result.
75. B — 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 — Inspecting competitors' sites is not an employer safety duty, so it is the odd one out. Providing PPE, correcting hazards, and training workers are duties.
78. D — 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. C — 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.