

# PRACTICE EXAM 9 — NASCLA MARYLAND — QUESTIONS 1-55

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**Instructions: 55 questions total. Recommended time limit: 150 minutes. Passing threshold: 70% (39 of 55 correct). Open book — the NASCLA Maryland reference may be consulted. Each question presents two parallel scenarios (X and Y). For each, determine whether Maryland law (or other applicable rules — OSHA, MOSH, FLSA, Maryland wage law, Door-to-Door Sales Act, consumer protection law) is violated.**

The four answer options apply to every question in this exam:

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

1. Scenario X: An unlicensed handyman accepts fifteen hundred dollars to paint a homeowner's interior. Scenario Y: A licensed contractor accepts a five-thousand-dollar deposit at signing on a ten-thousand-dollar home improvement contract.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

2. Scenario X: A homeowner replaces her own kitchen sink in her own residence without holding any MHIC license. Scenario Y: A licensed contractor subcontracts the electrical portion of a remodel to a properly licensed Maryland electrician.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

3. Scenario X: A licensed contractor engages a licensed plumber as a subcontractor on a residential bathroom remodel. Scenario Y: An MHIC-licensed subcontractor contracts directly with a homeowner for a three-thousand-dollar bathroom installation, bypassing any general contractor.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

4. Scenario X: A contractor accepts a two-thousand-dollar deposit check from the homeowner before the home improvement contract is signed by either party. Scenario Y: A contractor and homeowner both sign the home improvement contract before any deposit is paid.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

5. Scenario X: A contractor signs a home improvement contract at the buyer's residence on Tuesday and refuses to honor the buyer's written cancellation delivered on Friday of the same week. Scenario Y: A contractor receives a valid cancellation within the cooling-off period and waits thirty days before returning the homeowner's deposit.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

6. Scenario X: A licensed salesperson provides accurate written estimates to a homeowner on behalf of the salesperson's sponsoring contractor. Scenario Y: A licensed salesperson signs a home improvement contract in the salesperson's own personal name rather than the contractor's.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

7. Scenario X: A contractor and homeowner sign a written change order before the changed work begins. Scenario Y: A contractor places the Maryland Home Improvement Commission's telephone number and webpage prominently in the home improvement contract.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

8. Scenario X: A contractor offers a homeowner a fifty-dollar credit on future work for referring a neighbor who signs a home improvement contract. Scenario Y: A contractor displays the contractor's MHIC license number on all company service vehicles and advertising.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law

D. Neither Scenario X nor Scenario Y violates Maryland law

9. Scenario X: A contractor accepts an eight-hundred-dollar home improvement job under an oral agreement only, with no written contract. Scenario Y: A contractor accepts a forty-thousand-dollar deposit at signing on a ninety-thousand-dollar home improvement contract.

A. Scenario X only violates Maryland law

B. Scenario Y only violates Maryland law

C. Both Scenario X and Scenario Y violate Maryland law

D. Neither Scenario X nor Scenario Y violates Maryland law

10. Scenario X: A licensed contractor files a mechanics' lien petition ninety days after last providing labor on a residential remodel. Scenario Y: An unlicensed person files a mechanics' lien petition seeking twenty thousand dollars for residential work performed without an MHIC license.

A. Scenario X only violates Maryland law

B. Scenario Y only violates Maryland law

C. Both Scenario X and Scenario Y violate Maryland law

D. Neither Scenario X nor Scenario Y violates Maryland law

11. Scenario X: A worker installs siding on a residential second-story exterior wall eight feet above grade with no fall protection equipment of any kind. Scenario Y: A worker repairs a window from a five-foot ladder for less than fifteen minutes without fall protection.

A. Scenario X only violates Maryland law

B. Scenario Y only violates Maryland law

C. Both Scenario X and Scenario Y violate Maryland law

D. Neither Scenario X nor Scenario Y violates Maryland law

12. Scenario X: A Virginia-based contractor obtains a Maryland MHIC contractor license before performing a fifty-thousand-dollar Maryland remodel. Scenario Y: A homeowner repairs her own roof on her own residence without holding any MHIC license.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

13. Scenario X: A contractor under a ninety-day MHIC license suspension continues to advertise the business as an active home improvement contractor during the suspension period. Scenario Y: A contractor renews the MHIC license thirty days before the expiration date and pays all required renewal fees.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

14. Scenario X: A home improvement contract contains the Commission's telephone number and webpage, the performance bond notice, and a clear description of the work. Scenario Y: A home improvement contract omits the Commission's contact information and the performance bond notice entirely.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

15. Scenario X: An employer with one employee arranges workers' compensation insurance coverage to be in effect before the employee's first day of work. Scenario Y: A contractor properly classifies a worker

as an employee for tax and labor purposes after determining the worker fails the Maryland ABC Test for independent contractor status.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

16. Scenario X: A contractor accepts a five-thousand-dollar deposit on a ten-thousand-dollar contract before either party has signed the contract. Scenario Y: A contractor advertises a "limited time" twenty percent discount that has been continuously available for the past eighteen months.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

17. Scenario X: A licensed subcontractor enters into a direct home improvement contract with a homeowner for a four-thousand-dollar plumbing job, bypassing any general contractor. Scenario Y: A licensed home improvement contractor engages a properly licensed plumbing subcontractor for the plumbing portion of a residential remodel.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

18. Scenario X: A licensed salesperson provides a written estimate to a homeowner and asks the homeowner to sign the contract with the salesperson's sponsoring licensed contractor. Scenario Y: A licensed salesperson representing three different contractors negotiates with one homeowner on behalf of all three contractors simultaneously in a single transaction.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

19. Scenario X: A contractor signs a home improvement contract at the residence of a sixty-seven-year-old buyer and allows only five business days for cancellation. Scenario Y: A contractor's Notice of Cancellation is embedded as a clause within the body of the home improvement contract with no separate cancellation document.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

20. Scenario X: A handyman accepts a twelve-hundred-dollar home improvement contract without holding any MHIC license category. Scenario Y: A homeowner's adult son helps the homeowner reshingle the homeowner's roof on weekends without any compensation.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

21. Scenario X: An unlicensed contractor attempts to file a Maryland mechanics' lien petition seeking payment for fifteen thousand dollars of residential work. Scenario Y: A subcontractor files a Notice of Intention to Claim a Lien on a single-family residence three days after the homeowner has paid the general contractor in full.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law

- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

22. Scenario X: A contractor uses a 1.4 labor burden multiplier in calculating fully loaded hourly labor costs for a project estimate. Scenario Y: A contractor applies a twenty-five percent gross margin on revenue by dividing direct costs by 0.75 to derive the total contract price.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

23. Scenario X: A contractor reports a worker's amputation injury to MOSH twenty hours after learning of the incident. Scenario Y: A contractor learns of a worker fatality at nine in the morning on Tuesday and reports it to MOSH at nine in the morning on Friday.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

24. Scenario X: A contractor and homeowner mutually agree to participate in free MHIC mediation to resolve a workmanship dispute. Scenario Y: A contractor voluntarily offers free repair work to a dissatisfied homeowner without first insisting on formal mediation.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

25. Scenario X: A contractor under a ninety-day MHIC license suspension continues to sign new home improvement contracts with homeowners during the suspension period. Scenario Y: A contractor returns to active practice and accepts new contracts the day after the suspension period ends.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

26. Scenario X: A licensed contractor prominently displays the MHIC license number on print advertisements and the contractor's website. Scenario Y: A licensed contractor pays a homeowner twenty-five dollars for each referral of a new customer who signs a home improvement contract.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

27. Scenario X: A contractor adds three thousand dollars of work to an existing project based on a verbal homeowner request, with no written change order. Scenario Y: A contractor enters into a twenty-five-hundred-dollar home improvement contract with the homeowner under an oral agreement only.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

28. Scenario X: A contractor pays an employee a flat fourteen dollars per hour for work performed on a Maryland home improvement project in March 2026. Scenario Y: A contractor pays an employee sixteen dollars per hour for work performed on a Maryland home improvement project in March 2026.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

29. Scenario X: A contractor's home improvement contract includes a mandatory arbitration clause that is separately initialed and dated by both the contractor and the homeowner. Scenario Y: A contractor's mandatory arbitration clause is buried within the body of the home improvement contract and signed only as part of the overall contract signature.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

30. Scenario X: A homeowner files a written complaint with the Maryland Home Improvement Commission against a licensed contractor regarding defective work. Scenario Y: A contractor under investigation submits a written response to the Commission within the requested timeframe.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

31. Scenario X: A contractor accepts thirty thousand dollars in payment from a homeowner before either party has signed the home improvement contract. Scenario Y: A contractor's home improvement contract omits both the Commission's contact information and the performance bond notice from the document.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law

D. Neither Scenario X nor Scenario Y violates Maryland law

32. Scenario X: A contractor whose MHIC license expired three months ago and has not been renewed accepts a new ten-thousand-dollar home improvement contract. Scenario Y: A contractor renews the MHIC license one week before the expiration date and pays all required renewal fees and assessments.

A. Scenario X only violates Maryland law

B. Scenario Y only violates Maryland law

C. Both Scenario X and Scenario Y violate Maryland law

D. Neither Scenario X nor Scenario Y violates Maryland law

33. Scenario X: A licensed contractor includes a two-hundred-dollar mobilization charge in the contract estimate, disclosed as a separate line item. Scenario Y: A licensed contractor displays the current MHIC license number prominently in all advertising materials.

A. Scenario X only violates Maryland law

B. Scenario Y only violates Maryland law

C. Both Scenario X and Scenario Y violate Maryland law

D. Neither Scenario X nor Scenario Y violates Maryland law

34. Scenario X: A contractor provides hard hats, eye protection, and fall protection equipment to all workers at no cost to the workers. Scenario Y: A contractor deducts the cost of mandatory personal protective equipment from each worker's wages on the next paycheck.

A. Scenario X only violates Maryland law

B. Scenario Y only violates Maryland law

C. Both Scenario X and Scenario Y violate Maryland law

D. Neither Scenario X nor Scenario Y violates Maryland law

35. Scenario X: A contractor signs a home improvement contract at the buyer's residence and never provides any Notice of Cancellation to the buyer at all. Scenario Y: A seventy-year-old buyer cancels a

contract on the sixth business day after signing, and the contractor refuses to honor the cancellation citing the standard five-business-day period.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

36. Scenario X: A salesperson works for two different licensed contractors over the course of six months in entirely separate transactions. Scenario Y: A salesperson representing two different contractors negotiates with one homeowner on behalf of both contractors at the same time in a single transaction.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

37. Scenario X: A contractor honors a homeowner's cancellation within the cooling-off period and refunds the deposit within five business days. Scenario Y: A contractor provides a complete signed copy of the home improvement contract to the homeowner at the time of signing.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

38. Scenario X: A contractor pays a homeowner one hundred dollars in cash for referring three new customers who each signed home improvement contracts. Scenario Y: A contractor's home improvement contract includes a clause providing a one-thousand-dollar "marketing credit" payable to the homeowner upon each successful referral.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

39. Scenario X: A contractor quotes a fifty-thousand-dollar contract to a homeowner, representing in writing that the price reflects a "twenty-five percent gross margin" on forty thousand dollars of direct costs (where the actual margin is twenty percent, not twenty-five). Scenario Y: A contractor quotes a fifty-three-thousand-three-hundred-thirty-three-dollar contract to a homeowner, representing in writing that the price reflects a "twenty-five percent gross margin" on forty thousand dollars of direct costs (a correct margin calculation).

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

40. Scenario X: A contractor accepts twenty thousand dollars in payment from the homeowner before both parties have signed the home improvement contract. Scenario Y: A contractor's home improvement contract buries the right to cancel within a dense paragraph of the contract body, with no separate cancellation document attached.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

41. Scenario X: An employer arranges workers' compensation insurance coverage on Friday so that coverage is in effect when the first employee begins work the following Monday. Scenario Y: A worker satisfies all three prongs of the Maryland ABC Test, and the contractor properly classifies the worker as an independent contractor.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

42. Scenario X: A homeowner performs five hundred dollars of home improvement work on her own primary residence without holding any MHIC license. Scenario Y: An unlicensed person accepts a three-thousand-dollar home improvement contract from a homeowner and begins the work.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

43. Scenario X: A contractor whose license is suspended for sixty days continues to perform work on existing home improvement contracts during the suspension period. Scenario Y: A contractor whose license has been fully reinstated after a suspension immediately begins soliciting new home improvement business.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

44. Scenario X: A worker installing residential roofing at eight feet above grade wears and uses an approved personal fall arrest system that meets OSHA standards. Scenario Y: A construction site uses GFCI protection on all 120-volt, 15- and 20-ampere receptacles in use by employees.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law

D. Neither Scenario X nor Scenario Y violates Maryland law

45. Scenario X: A licensed contractor obtains the homeowner's signature on the home improvement contract before any work begins on the project. Scenario Y: An unlicensed person installs twenty-five hundred dollars of replacement windows in a homeowner's residence without holding any MHIC license.

A. Scenario X only violates Maryland law

B. Scenario Y only violates Maryland law

C. Both Scenario X and Scenario Y violate Maryland law

D. Neither Scenario X nor Scenario Y violates Maryland law

46. Scenario X: A contractor's home improvement contract contains a mandatory arbitration clause that both parties have separately initialed and dated. Scenario Y: A contractor takes a thirty-percent deposit (less than one-third) at signing on a twenty-thousand-dollar home improvement contract.

A. Scenario X only violates Maryland law

B. Scenario Y only violates Maryland law

C. Both Scenario X and Scenario Y violate Maryland law

D. Neither Scenario X nor Scenario Y violates Maryland law

47. Scenario X: A contractor offers a homeowner a one-hundred-dollar cash credit for referring three new customers who sign home improvement contracts. Scenario Y: A contractor accepts a forty-five-hundred-dollar deposit at signing on a ten-thousand-dollar home improvement contract.

A. Scenario X only violates Maryland law

B. Scenario Y only violates Maryland law

C. Both Scenario X and Scenario Y violate Maryland law

D. Neither Scenario X nor Scenario Y violates Maryland law

48. Scenario X: A contractor with an expired MHIC license accepts a new home improvement contract two days after the license's expiration date, without having renewed. Scenario Y: A contractor renews the

MHIC license one week before the expiration date and pays all required renewal fees and the Guaranty Fund assessment.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

49. Scenario X: A contractor returns a three-thousand-dollar deposit to a buyer seven business days after receiving a valid cancellation notice within the cooling-off period. Scenario Y: A contractor signs a home improvement contract at the buyer's residence and refuses to honor a written cancellation delivered four business days later.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

50. Scenario X: A contractor applies a five-percent waste factor for lumber framing materials on a residential addition takeoff. Scenario Y: A contractor uses a 1.3 labor burden multiplier in estimating, with that multiplier capturing employer payroll taxes, workers' compensation premiums, and benefits.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

51. Scenario X: A contractor's home improvement contract creates a mortgage on the homeowner's property but omits the required boldface first-page notice warning of possible property loss. Scenario Y: A contractor compensates a homeowner with a fifty-dollar service discount on her next maintenance visit in exchange for referring a friend who signed a contract.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

52. Scenario X: A contractor begins work on a twenty-thousand-dollar home improvement project after the homeowner has signed the contract but before the contractor has signed. Scenario Y: A contractor and homeowner both sign a written change order before any of the changed work begins on the project.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

53. Scenario X: A licensed subcontractor performs five thousand dollars of plumbing work under contract to a licensed general contractor on a residential remodel. Scenario Y: A licensed contractor's print advertising prominently displays the current MHIC license number and the company business address.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law
- D. Neither Scenario X nor Scenario Y violates Maryland law

54. Scenario X: A home improvement contract includes the Commission's contact information and the notice of the homeowner's right to request a performance bond, both stated clearly. Scenario Y: A home improvement contract includes a clause requiring the homeowner to waive the right to file a Maryland Guaranty Fund claim as a condition of signing.

- A. Scenario X only violates Maryland law
- B. Scenario Y only violates Maryland law
- C. Both Scenario X and Scenario Y violate Maryland law

D. Neither Scenario X nor Scenario Y violates Maryland law

55. Scenario X: A contractor accepts twenty-five thousand dollars in full prepayment before any work begins on a twenty-five-thousand-dollar home improvement contract. Scenario Y: A contractor's mandatory arbitration clause is buried in the contract body and signed only as part of the overall contract signature line.

A. Scenario X only violates Maryland law

B. Scenario Y only violates Maryland law

C. Both Scenario X and Scenario Y violate Maryland law

D. Neither Scenario X nor Scenario Y violates Maryland law

## PRACTICE EXAM 9 – ANSWER KEY AND EXPLANATIONS

**1. C** — Both scenarios violate Maryland law. Scenario X breaches the licensing requirement because the \$1,000 threshold is exceeded and no MHIC license is held; Scenario Y breaches the deposit cap, which limits the deposit to one-third of the contract price (a \$3,333 maximum on a \$10,000 contract). Each violation is independently actionable.

**2. D** — Neither scenario violates Maryland law. Homeowners performing work on their own property are categorically exempt from MHIC licensure, and subcontracting trade work to a properly licensed specialty contractor is normal, permitted practice. Both are routine and lawful.

**3. B** — Only Scenario Y violates Maryland law. A licensed contractor's use of a licensed subcontractor is the standard delegation model and fully permitted; the Subcontractor license category does not authorize direct contracting with homeowners at any project size. Direct homeowner contracting requires a Contractor license.

**4. A** — Only Scenario X violates Maryland law. The home improvement law prohibits accepting any payment, including the deposit, before both parties have signed the contract. Scenario Y follows the correct sequence: contract execution first, then payment.

**5. C** — Both scenarios violate the Door-to-Door Sales Act. The home improvement cooling-off period is five business days, so a Friday cancellation following a Tuesday signing is timely and must be honored; and a contractor must refund any deposit within ten business days of receiving a valid cancellation, not thirty.

**6. B** — Only Scenario Y violates Maryland law. Providing written estimates on behalf of the sponsoring contractor is a routine permitted salesperson activity. Signing a home improvement contract in the

salesperson's own name is prohibited; every contract must run between the licensed contractor and the homeowner.

**7. D** — Neither scenario violates Maryland law. Both describe compliance with affirmative requirements — changes documented in a written change order signed by both parties before work proceeds, and the Commission's contact information disclosed prominently in the contract.

**8. A** — Only Scenario X violates Maryland law. The prohibition on compensating homeowners for referrals is absolute and reaches all forms of compensation, including credits and discounts. Displaying the MHIC license number in advertising is permitted and supports transparency for homeowners.

**9. C** — Both scenarios violate Maryland law. The writing requirement applies to every home improvement contract regardless of dollar value, so any oral home improvement agreement is non-compliant; and the deposit cap is one-third of contract price, making \$30,000 the maximum allowable deposit on a \$90,000 contract.

**10. B** — Only Scenario Y violates Maryland law. The licensed contractor's filing falls well within the 180-day petition deadline for mechanics' liens. Unlicensed persons are statutorily barred from establishing or enforcing residential mechanics' liens on property requiring MHIC licensure, regardless of the amount owed.

**11. A** — Only Scenario X violates OSHA construction safety standards. The six-foot construction fall protection threshold under 29 CFR 1926.501 is clearly exceeded at eight feet, and the brevity of exposure does not eliminate the requirement. The five-foot ladder exposure in Scenario Y falls below the construction threshold and triggers no fall protection requirement.

**12. D** — Neither scenario violates Maryland law. Out-of-state contractors satisfy their obligations by obtaining a Maryland MHIC license before performing in-state work, and homeowners performing work on their own residence are categorically exempt from licensure. Both reflect lawful conduct.

**13. A** — Only Scenario X violates Maryland law. A suspension order prohibits all licensed activities including advertising as a contractor, regardless of whether contracts are signed. Timely renewal before expiration is exactly what Maryland law requires of all licensees.

**14. B** — Only Scenario Y violates Maryland law. Omission of the Commission's contact information and the performance bond notice each independently violates the contract content regulations, regardless of homeowner complaint. The compliant contract in Scenario X meets the mandatory disclosure requirements.

**15. D** — Neither scenario violates Maryland law. Workers' compensation coverage that is in effect before the first employee begins work fulfills the statutory obligation, and classifying a worker as an employee after the worker fails the Maryland ABC Test is the legally correct outcome of the analysis.

**16. C** — Both scenarios violate Maryland law. Scenario X breaches the home improvement law twice — by exceeding the one-third deposit cap (\$3,333 maximum on a \$10,000 contract) and by accepting

payment before the contract is signed. Indefinitely-recurring "limited time" advertising in Scenario Y constitutes a deceptive trade practice under the Consumer Protection Act.

**17. A** — Only Scenario X violates Maryland law. The Subcontractor license does not authorize direct homeowner contracting at any project size, including the four-thousand-dollar plumbing job described. A licensed contractor's use of a properly licensed plumbing subcontractor is the standard delegation model.

**18. B** — Only Scenario Y violates Maryland law. A salesperson may work with multiple contractors over time but may negotiate with a single homeowner on behalf of only one contractor in any given transaction. Providing estimates and routing the homeowner's signature to the sponsoring contractor is the correct salesperson role in Scenario X.

**19. C** — Both scenarios violate the Door-to-Door Sales Act. Buyers aged sixty-five or older receive a seven-business-day cooling-off period rather than five, so the contractor in Scenario X has truncated the senior's statutory right. The Notice of Cancellation must be a separate document attached to or included with the contract, not buried within the contract body.

**20. A** — Only Scenario X violates Maryland law. The \$1,200 contract exceeds the \$1,000 licensing threshold, and an unlicensed handyman has no authority to perform the work. Gratuitous help from a family member with no compensation does not meet the definition of a "contractor" because the compensation element is absent.

**21. C** — Both scenarios violate Maryland mechanics' lien law. Unlicensed contractors are categorically barred from filing residential mechanics' liens regardless of the amount owed. On a single-family residence, the subcontractor's Notice of Intention must be served before the homeowner has paid the general contractor in full, making the Notice in Scenario Y too late.

**22. D** — Neither scenario violates Maryland law or standard estimating practice. A 1.4 labor burden multiplier falls within the typical 1.25-to-1.4 range for residential construction. Dividing direct cost by 0.75 to derive a twenty-five-percent gross margin on revenue is the correct mathematical formula, accurately representing the margin to the homeowner.

**23. B** — Only Scenario Y violates MOSH reporting requirements. Inpatient hospitalizations, amputations, and eye losses must be reported within twenty-four hours, and the twenty-hour amputation report in Scenario X is timely. Work-related fatalities require reporting within eight hours of the employer learning of the death; reporting on Friday after a Tuesday fatality is days late.

**24. D** — Neither scenario violates Maryland law. Voluntary participation in MHIC mediation to resolve a workmanship dispute is a recognized and encouraged dispute resolution path. A contractor offering free corrective work to satisfy a homeowner without first invoking formal mediation is permissible and often the fastest resolution.

**25. A** — Only Scenario X violates Maryland law. A suspension order prohibits all licensed activities during the suspension period, and signing new home improvement contracts is plainly such an activity. Resuming licensed activity the day after the suspension period ends — when the license is once again active — is fully permissible.

- 26. B** — Only Scenario Y violates Maryland law. Displaying the contractor's MHIC license number in advertising is permitted and supports homeowner verification. The prohibition on compensating homeowners for referrals is absolute under Maryland law and applies regardless of the amount or whether the referral results in a contract.
- 27. C** — Both scenarios violate Maryland law. Material changes to a home improvement contract must be documented in a written change order signed by both parties before the changed work begins; verbal additions are not enforceable. Separately, the writing requirement applies to every home improvement contract regardless of dollar value, so an oral \$2,500 agreement is non-compliant.
- 28. A** — Only Scenario X violates Maryland wage law. The Maryland statewide minimum wage as of January 1, 2026, is fifteen dollars and fifty cents per hour, and a flat fourteen-dollar wage falls below that floor. The sixteen-dollar wage in Scenario Y exceeds the state minimum and complies fully.
- 29. B** — Only Scenario Y violates Maryland law. Mandatory arbitration clauses must be separately initialed and dated by both parties to be enforceable as mandatory arbitration; a clause that appears only in the contract body covered by the general signature is unenforceable as a mandatory provision. The properly initialed and dated clause in Scenario X meets the statutory standard.
- 30. D** — Neither scenario violates Maryland law. Filing a complaint with the Commission is the proper enforcement avenue for a dissatisfied homeowner, and the contractor's submission of a written response is exactly the cooperation the Commission expects during an investigation. Both reflect lawful engagement with the regulatory process.
- 31. C** — Both scenarios violate Maryland law. The home improvement law prohibits any payment, including the deposit, before both parties have signed the contract — making the thirty-thousand-dollar pre-signing payment non-compliant. The contract content regulations require both the Commission's contact information and the performance bond notice, and omission of either is an independent violation.
- 32. A** — Only Scenario X violates Maryland law. Maryland provides no grace period after MHIC license expiration, so a license three months past expiration is treated as no license for all enforcement purposes, and accepting new contracts is unlicensed activity. Timely renewal one week before expiration in Scenario Y is fully compliant.
- 33. D** — Neither scenario violates Maryland law. Disclosing a mobilization charge as a separate line item in the estimate is a transparent legitimate business practice that supports homeowner understanding of costs. Displaying the current MHIC license number prominently in advertising is permitted and aids homeowner verification of the contractor's credentials.
- 34. B** — Only Scenario Y violates OSHA requirements. Employers must provide required personal protective equipment at no cost to the worker; PPE costs cannot be passed to the worker through wage deductions or otherwise. Providing PPE free of charge in Scenario X is the standard compliant practice.
- 35. C** — Both scenarios violate the Door-to-Door Sales Act. Every covered transaction requires the Notice of Cancellation as a separate document attached to or included with the contract, and providing none is a

direct violation. Buyers aged sixty-five or older have seven business days to cancel, so a sixth-business-day cancellation by a seventy-year-old is timely and must be honored.

**36. B** — Only Scenario Y violates Maryland law. Salespersons may work for multiple contractors across separate transactions over time without restriction, which Scenario X correctly describes. But salespersons may negotiate with a single homeowner on behalf of only one contractor in any given transaction; representing two contractors at once is a clear violation of the one-contractor-per-transaction rule.

**37. D** — Neither scenario violates Maryland law. Returning the deposit in five business days is well within the ten-business-day refund deadline following a cooling-off-period cancellation. Providing the homeowner with a signed copy of the contract at signing is standard compliant practice and supports the homeowner's awareness of the agreement.

**38. C** — Both scenarios violate the absolute prohibition on referral compensation. Cash payment for referrals is the most direct form of the prohibited compensation, and dressing the same arrangement as a "marketing credit" in the contract does not change the substance — it is referral compensation by another name. Both forms are barred regardless of amount or labeling.

**39. A** — Only Scenario X violates Maryland law by misrepresenting the gross margin to the homeowner. The contractor labels the price as a "twenty-five percent gross margin" but the math yields only twenty percent ( $\$10,000 / \$50,000 = 0.20$ ), which is a deceptive trade practice under the Consumer Protection Act. Scenario Y applies the correct margin formula ( $\text{cost} / 0.75 = \$53,333$ ) and accurately represents the figure.

**40. C** — Both scenarios violate Maryland law. Accepting twenty thousand dollars before either party has signed the contract is a clear pre-signing payment violation. The Door-to-Door Sales Act requires the Notice of Cancellation to be a separate document attached to or included with the contract, and embedding cancellation language only within dense contract body fails the requirement.

**41. D** — Neither scenario violates Maryland law. Workers' compensation coverage in effect before the first day of work satisfies the statutory requirement; arranging coverage on Friday for a Monday start is timely and complete. Classifying a worker as an independent contractor after the worker satisfies all three prongs of the Maryland ABC Test is the legally correct outcome.

**42. B** — Only Scenario Y violates Maryland law. Homeowners performing work on their own property are exempt from licensure, and the five-hundred-dollar amount further falls below the \$1,000 threshold. The unlicensed person's three-thousand-dollar home improvement contract exceeds the licensing threshold and constitutes unlicensed activity subject to civil and criminal penalty.

**43. A** — Only Scenario X violates Maryland law. A suspension prohibits all licensed activities including continuing work on existing contracts; there is no "in-progress" exception that allows continued work during a suspension period. Once the license is fully reinstated, all permitted activities including soliciting new business resume immediately and lawfully.

**44. D** — Neither scenario violates OSHA standards. Use of an approved personal fall arrest system at eight feet satisfies the six-foot construction fall protection requirement under 29 CFR 1926.501.

Comprehensive GFCI protection on all 120-volt, 15- and 20-ampere receptacles used by employees on a construction site fulfills the Subpart K requirement.

**45. B** — Only Scenario Y violates Maryland law. The licensed contractor's pre-work signature collection follows the required execution sequence and is fully compliant. Installing twenty-five hundred dollars of windows in a Maryland residence without an MHIC license is unlicensed home improvement activity above the \$1,000 threshold and is subject to civil and criminal penalty.

**46. D** — Neither scenario violates Maryland law. A mandatory arbitration clause separately initialed and dated by both parties meets the enforceability standard, and a thirty-percent deposit on a twenty-thousand-dollar contract (\$6,000) is comfortably within the one-third statutory maximum of approximately \$6,667. Both reflect proper compliance.

**47. C** — Both scenarios violate Maryland law. Cash payment to a homeowner for referring new customers contravenes the absolute prohibition on referral compensation. The forty-five-hundred-dollar deposit on a ten-thousand-dollar contract exceeds the one-third statutory cap of \$3,333, breaching the deposit limit by more than a thousand dollars.

**48. A** — Only Scenario X violates Maryland law. Maryland provides no grace period after MHIC license expiration, so even two days past expiration constitutes operating without a license, and accepting a new contract in that state is a clear violation. Timely renewal a week before expiration with full payment of fees and the Guaranty Fund assessment is fully compliant.

**49. B** — Only Scenario Y violates Maryland law. A seven-business-day refund following a valid cancellation is within the ten-business-day deadline imposed by the Door-to-Door Sales Act and is fully compliant. The home improvement cooling-off period is five business days, so a written cancellation received on the fourth business day is timely, and the contractor's refusal to honor it is a violation.

**50. D** — Neither scenario violates Maryland law or standard estimating practice. A five-percent waste factor for lumber framing falls within the typical five-to-ten-percent range for residential construction. A 1.3 labor burden multiplier capturing payroll taxes, workers' compensation premiums, and benefits is in the standard 1.25-to-1.4 range and accurately reflects employer-paid labor costs.

**51. C** — Both scenarios violate Maryland law. Home improvement contracts that create a mortgage or lien against the property must contain a boldface first-page notice warning of possible property loss and advising of the right to consult an attorney; omission of that notice is a regulatory violation. A service discount given in exchange for a referral is referral compensation by another name and falls within the absolute prohibition.

**52. A** — Only Scenario X violates Maryland law. Both parties must sign the home improvement contract before any work begins; a homeowner-only signed contract is incomplete and provides no basis for the contractor to start work or accept payment. Documenting changes in a written change order signed by both parties before the changed work begins is the correct compliance pathway shown in Scenario Y.

**53. D** — Neither scenario violates Maryland law. The Subcontractor license category authorizes plumbing work performed under contract to a licensed general contractor on a residential remodel, which is exactly

the lawful chain Scenario X describes. Prominent display of the current MHIC license number in advertising is permitted and supports homeowner verification.

**54. B** — Only Scenario Y violates Maryland law. The contract content disclosures (Commission contact information and performance bond notice) in Scenario X meet the regulatory requirements. A contract clause requiring the homeowner to waive Guaranty Fund rights as a condition of signing is unenforceable and contravenes the statutory protections of the home improvement law, which homeowners cannot be required to waive.

**55. C** — Both scenarios violate Maryland law. Full prepayment of the entire twenty-five-thousand-dollar contract before any work begins exceeds the one-third deposit cap (which would limit the at-signing payment to about \$8,333). A mandatory arbitration clause not separately initialed and dated by both parties is unenforceable as a mandatory provision and represents a violation of the statutory enforceability requirement.