

Department of Examinations and Assessment

Louisiana State Licensing Board for Contractors

LSLBC

Business and Law

The **Business and Law** is an online, **open book** examination based on the **Contractors Guide to Business, Law and Project Management**, Louisiana Contractors 12th Edition, published by the National Association of State Licensing Agencies, Phoenix, AZ.

You will have **4 hours** to complete this 50-question examination from the minute you first begin.

The above publication is automatically sent to the qualifying party candidate(s) when they are approved for the exam, and a charge of \$60 is assessed for each copy of the publication.

All companies applying for the Commercial Contractor's License, the Residential Building Contractor's License, or the Mold Remediator's License must have at least one Qualifying Party pass this examination as one of the requirements for approval of the license. This is in addition to any trade examination(s) which may be required for a license.

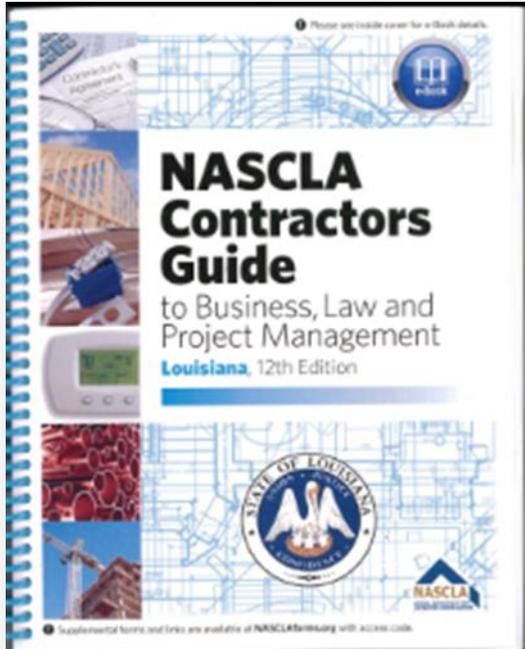
Candidates preparing for the Business and Law examination should read the publication mentioned above attentively.

The following list is an outline of the subject areas that will be covered in the exam.

Content Outline

Contractor's Licensing Law	25%	Tax Laws	6%
Project Management	15%	Safety	6%
Contract Management	15%	Lien Laws	5%
Financial Management	10%	Business Management	5%
Labor Laws	8%	Risk Management	5%

Business and Law eBook



The Louisiana State Licensing Board for Contractors is the first to offer an electronic version of the study guide for the Business and Law examination as a pilot program in coordination with both the National Association of State Contractors Licensing Agencies (NASCLA) and Pearson Learning Solutions.

Candidates taking the Business and Law examination will receive the study guide shown above and will be able to access the electronic version as well by following the instructions in the fold-out card found in the inside front cover of the study guide. To access the needed code to use the electronic version, fold open the card and scratch off the gray area on the left side using a coin or similar edge. The web link (URL) to access the electronic version can be found inside the card on the right side.

eBook features include ability to:

- *expand or decrease the size of the page view*
- *bookmark certain pages to return to more easily*
- *make a keyword search*
- *remove highlights*
- *remove writings or drawings you have made*
- *access specific topics quickly by clicking in the table of contents*
- *return to the last page you visited*
- *highlight areas you want*
- *write or draw on any page*
- *view two pages in a row side by side*

Sample Questions

1. The liability of the owner(s) extends not only to the company assets, but to the personal assets of the owner(s) as well in a:
 - a) limited liability corporation.
 - b) sole proprietorship.
 - c) corporation.
 - d) subchapter S corporation.

2. To create a Limited Liability Company in Louisiana, the Articles of Organization must be filed with the Louisiana:
 - a) Division of Administration.
 - b) Secretary of State.
 - c) Department of Taxation and Revenue.
 - d) Department of Economic Development.

3. The form of business which is considered separate and apart from its owners and continues to exist upon the death of one of its owners is a:
 - a) sole proprietorship.
 - b) limited partnership.
 - c) general partnership.
 - d) corporation.

4. Which of the following is required to have a contractor's license?
 - a) A property owner who is making home improvements on his own residence.
 - b) A person donating labor and service for the construction of a church building.
 - c) A person who submits a bid in the amount of \$50,000 or more to repair 25 miles of a highway.
 - d) A farmer building a barn for his own use which will cost \$80,000.

5. From the time the Board receives the contractor's license application to the time the license is issued, out of state applicants have a mandatory waiting period of:
 - a) 15 days.
 - b) 30 days.
 - c) 45 days.
 - d) 60 days.

6. Which type of license below requires a four hour course in “Unfair Trade Practices and Consumer Protection Law”?
- a) Residential License.
 - b) Building Construction License.
 - c) Mold Remediation License.
 - d) Hazardous Waste Treatment or Removal License.
7. According to the Fair Labor Standards Act, a period of 168 hours during seven consecutive 24-hour periods, beginning on any day of the week and any hour of the day is:
- a) an employment agreement.
 - b) a wage garnishment law agreement.
 - c) a contract work hour.
 - d) a work week.
8. An employee earns \$10 per hour. He worked 38 hours from Monday to Friday. On Saturday, he worked eight hours. Overtime is paid at the rate of 1-1/2 times the regular rate; therefore, his total compensation for the hours worked on Saturday is:
- a) \$80.
 - b) \$90.
 - c) \$110.
 - d) \$120.
9. Occupational license taxes are required by:
- a) cities and parishes.
 - b) the Louisiana Department of Revenue and Taxation.
 - c) the Internal Revenue Service.
 - d) the Louisiana State License Board for Contractors.
10. The Internal Revenue Service requires employers to retain all records of employment taxes for a period of at least how many years after the date the tax to which they relate becomes due?
- a) 2
 - b) 4
 - c) 5
 - d) 6

- 11.** An employee's final wages are paid on April 30. The employee requests a Wage and Tax Statement (form W-2) from the employer on that date.

The employer must provide the employee his W-2 no later than:

- a) May 30 of the same year.
- b) December 31 of the same year.
- c) January 1 of the following year.
- d) January 31 of the following year.

- 12.** Calendar scheduling:

- a) is recommended for large, complex projects.
- b) can be done on a desk calendar.
- c) helps track daily costs and payments.
- d) logs the hours worked on each task.

- 13.** A contractor estimates the following direct costs on a job:

Materials	\$20,000
Materials' sales tax	6%
Labor	\$10,000
Overhead markup	50% of labor costs
Contingencies	\$1,000
Profit markup	10% of total costs

Assume that all costs to be considered are shown above. The total bid on the project should be:

- a) \$37,200
- b) \$39,600
- c) \$39,920
- d) \$40,920

- 14.** Whenever there is a conflict between the local codes and the contract specifications, the:

- a) specifications must be followed.
- b) codes must be followed.
- c) stricter of the two must be followed.
- d) least restrictive of the two should be followed.

- 15.** The retainage is paid the contractor:

- a) at the midway point of the project.
- b) when the project is substantially completed.
- c) when the project is finished.
- d) when the lien period has expired and no lien has been filed.

16. A periodic payment or cost reimbursement made to the contractor during the construction period is called a:

- a) retention release.
- b) progress payment.
- c) borrowed fund.
- d) final payment.

17. Theft of office equipment would be covered under which type of policy below?

- a) Comprehensive General Liability.
- b) Director's and Officer's Liability.
- c) Professional Liability.
- d) Property Insurance.

18. A lien is best defined as:

- a) a legal interest one person has in the property of another.
- b) a legal claim against real property for payment of fees owed for the improvement of that property.
- c) the title to real property held in trust until claims are settled.
- d) A right which prevents an individual from occupying his own home until all improvements have been paid for.

19. OSHA requires employers to post an annual summary of occupational injuries and illnesses. This summary shall be posted no later than:

- a) December 1.
- b) January 1.
- c) February 1.
- d) June 1.

20. If an employer is required to keep an OSHA Form 300 (injury/illness log), after the year to which the form pertains, the employer must keep the form for **at least**:

- a) one year.
- b) three years.
- c) five years.
- d) ten years.

Answer Key

Business and Law Sample Questions

1. B
2. B
3. D
4. C
5. D
6. C
7. D
8. C
9. A
10. B
11. A
12. B
13. D
14. C
15. D
16. B
17. D
18. B
19. C
20. C