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Solar Contractor C46 Exam Preparation Course
Diablo Valley College
AET 150F-8561
Sean White

Practice Business Law Questions October 3, 2009

1. How is a prime contractor supposed to find out if their subcontractors have work comp insurance?
 - a. Call the work comp carrier
 - b. Contact State Compensation Insurance Fund
 - c. Look at the subcontractors certificate of insurance
 - d. It is not the prime contractors responsibility
2. Students aged 16 & 17 who have completed 7th grade, can work how many hours on a day that is not a school day?
 - a. 6
 - b. 8
 - c. 10
 - d. 0
3. You put depreciation on
 - a. On a P&L
 - b. On accounts receivable
 - c. Balance sheet
 - d. All of the above
4. Who can impose a fine on an employer who violated Cal/OSHA?
 - a. Prime contractor
 - b. Work Comp Appeals Board
 - c. Division of Occupational Safety & Health
 - d. Labor Board
5. How does a contractor know if he/she is making money?
 - a. Looking at the balance sheet
 - b. Seeing how many bills they have
 - c. Looking at the income & expense statement
 - d. Seeing their bank balance
6. An employee finds that a ladder is broken, what should she do?
 - a. Notify the contractor
 - b. Notify OSHA
 - c. Notify the home owner
 - d. Replace the ladder
7. If you are in a bad spot and need to convert some of your assets into cash to pay your bills, this is called?
 - a. Illegal for a contractor
 - b. Liquidity
 - c. Balance sheet
 - d. Fluidity

8. Supervisor safety training meetings with management should be?
 - a. Once a week
 - b. Once every 2 weeks
 - c. Once a month
 - d. Once a quarter

9. Disabled access has to do with?
 - a. OSHA
 - b. Cal OSHA
 - c. Title 24
 - d. Subpart M

10. How can someone do contracting work without a contractor's license?
 - a. If the job is small (under \$500)
 - b. They cannot do work without a contractor's license
 - c. If they are a subcontractor
 - d. If their spouse died and their spouse was a contractor

11. If a material supplier goes on strike, the contractor should:
 - a. Find a new supplier
 - b. Contact the owner right away
 - c. Find other materials that are just as good or better
 - d. Work around that area if possible and continue when the supplier opens

12. If a subcontractor followed the rules and filed a preliminary notice on time & the owner filed the completion notice, how soon after the completion notice can the subcontractor file a mechanics lien?
 - a. Once the completion notice is filed, it is too late
 - b. Up to 30 days
 - c. 1 year statute of limitations
 - d. 2 years

13. Single file accounts payable system is organized
 - a. By date due
 - b. By customer
 - c. By receivable date
 - d. alphabetically

14. Social Security tax for a self-employed contractor is
 - a. Same as an employee
 - b. 2 times an employee
 - c. 2 times an employee minus deductions for self employment tax
 - d. It varies depending on tax bracket

15. Contractors should have "tailgate/toolbox" safety meetings with employees every.
 - a. week
 - b. 10 days
 - c. 10 working days
 - d. Month

16. Contractor income taxes are based on
 - a. Gross profit
 - b. Liquidity
 - c. Net profit
 - d. Wages

17. State taxes that are not paid on time, have an interest penalty of:
 - a. 13%
 - b. 20%
 - c. 10%
 - d. 10% plus \$1000

18. A notice to owner is to?
 - a. Let the owner know his property may be liened
 - b. Let the owner know her property will be worked on
 - c. Protect the owner from a lawsuit
 - d. Protect the contractor from a lawsuit

19. Who is responsible for finding out if a subcontractor is licensed?
 - a. The subcontractor
 - b. The prime contractor
 - c. The state
 - d. The workers compensation insurance company claims adjuster

20. Customer account records are set up:
 - a. By date
 - b. By name alphabetically
 - c. By amount due
 - d. By ease of collection order

21. The monthly penalty for not filing IRS form 941 is?
 - a. 2%
 - b. 3%
 - c. 4%
 - d. 5%

22. This is how to choose and insurance policy:
 - a. Contact an agent you have done business with in the past
 - b. Ask other contractors who they use
 - c. Check what the insurance covers & the cost of the insurance
 - d. Use the internet

23. If a supervisor sees that employees are using PFAS incorrectly, she should:
 - a. Notify the contractor
 - b. Show them how to use it & correct the problem herself
 - c. Call OSHA
 - d. Send the employee(s) home

24. Why do contractors go out of business?
- Poor scheduling (taking on too much at once)
 - Not keeping good records and using job money from one job for another
 - Bad estimation
 - All of the above
25. An RME can work for how many different contractors at once as an RME?
- 1
 - 2
 - 3
 - 5
26. Who has the responsibility for correcting unsafe equipment on a job?
- Foreman
 - Contractor
 - Worker
 - Employee
27. Which is a fixed expense
- Salaries
 - Office rent
 - Materials
 - Paperclips
28. To make sure your bid has no mistakes:
- Work with a good attorney
 - Recheck the bid, including labor & materials
 - Figure out how many dollars per watt other contractors charge
 - Use the balance sheet
29. If you receive an unemployment insurance claim filing form from the EDD, you must respond within:
- 10 days
 - Immediately
 - 20 days
 - 15 days
30. Who can not file a mechanics lien?
- Subcontractors
 - Prime contractors
 - Unlicensed contractors who do work under \$500
 - Material suppliers
31. When must sidewalks comply with disabled persons' regulations?
- For a public works project
 - For a private project
 - For neither
 - 2 of the above

32. If a prime contractor asks a subcontractor to do some extra work after the job is done and someone working for the sub gets hurt the day after the sub's work comp insurance expired, then:
- The subcontractor
 - It is not a problem, because of the grace period
 - The contractor
 - The injured worker
33. When should an RME be at a jobsite?
- Daily
 - Weekly
 - Hourly
 - Never
- 34.
35. When must an employer pay FUTA (Federal Unemployment Tax)?
- If they have 11 or more employees
 - If they have paid employees \$1500 or more in a calendar year
 - If they have employees that have been laid off or disabled
 - None of the above
36. Which is overhead?
- Office rent
 - Labor
 - Materials
 - Office expenses
37. An RME must work at least how many hours per week?
- 12
 - 40
 - 16
 - 32
38. An RMO can hold a license
- For 1 company at a time
 - For more than one company at a time, as long as he/she does not have interest (ownership) in those companies
 - For more than 1 company at a time as long as he/she has interest in those companies
 - Can be an RME at the same time
39. For a job, direct costs are \$100,000. Overhead is 10% & the profit is 5%. What is the gross selling price?
- \$117,647
 - \$115,000
 - \$105,100
 - \$120,000
40. Short term debts, which are usually due within 1 year are called:
- Personal income
 - Personal expense
 - Current liabilities
 - Losses

41. Operating profit is:
- Net income
 - Gross income
 - Income before taxes
 - Income after taxes
42. If an employee works 48 hours one week and their pay rate is \$12 per hour, how much is their total gross wages for that week?
- \$480
 - \$624
 - \$680
 - \$576
43. If an employer changes work comp insurance carriers, they must notify the Registrar within how many days?
- Immediately
 - 10 days
 - 15 days
 - 30 days
44. If an employee does not want work comp insurance, they must do this to be exempted from it:
- Written agreement
 - File form 276 with the WCAB
 - Tell their employer
 - None of the above
45. If you have Native American remains and you are not authorized to have them in your possession:
- It is a felony
 - It is a misdemeanor
 - It is not illegal
 - None of the above
46. For violating child labor law, an employer will be fined at least
- \$1000
 - \$2500
 - \$500
 - \$150
47. This shows a company's finances at a particular point in time:
- Balance sheet
 - Quick ratio
 - Current ratio
 - Liquidity
48. What court is used to settle a dispute for less than \$5000?
- Municipal
 - Small claims
 - Superior
 - Arbitration