

Maryland Home Improvement PSI Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Don't worry about getting everything right, your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations, and take breaks to retain information better.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning.

7. Use Other Tools

Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly — adapt the tips above to fit your pace and learning style. You've got this!

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Questions

- 1. How many days does a homeowner have to cancel a contract under the Maryland Home Improvement Law?**
 - A. Five days**
 - B. Two days**
 - C. Three days**
 - D. Seven days**
- 2. What is the primary role of a home improvement contractor?**
 - A. To provide financing for homeowners**
 - B. To plan and execute home improvement projects**
 - C. To offer legal advice on real estate transactions**
 - D. To sell home improvement products**
- 3. What must a broker do with deposit funds when investors wish to hold them for future purchases?**
 - A. Return them to the purchasers**
 - B. Deposit them in his escrow account**
 - C. Hold them in his personal account**
 - D. Deposit them in his rental trust account**
- 4. What is a common reason for disputes between homeowners and contractors?**
 - A. Differences in lifestyle choices**
 - B. Misunderstandings about project scope and costs**
 - C. Location of the work site**
 - D. Quality of tools used**
- 5. Who must retain the “Home Improvement Contract” for record-keeping?**
 - A. Only the contractor**
 - B. Only the homeowner**
 - C. Both the contractor and the homeowner**
 - D. Neither party needs to keep it**

- 6. What are "Illegal liens" in home improvement work?**
- A. Claims against a property filed by homeowners for unpaid work**
 - B. Claims against a property filed by contractors that are not legally justified**
 - C. Legitimate claims made for overdue payments**
 - D. Disputes raised regarding project delays**
- 7. What are the requirements for advertisements for home improvement services in Maryland?**
- A. Must include the contractor's name and license number**
 - B. Must only include the services offered**
 - C. Must include customer testimonials**
 - D. Must be published in local newspapers**
- 8. How can homeowners verify a contractor's licensing status in Maryland?**
- A. By checking with the local court**
 - B. By consulting a legal advisor**
 - C. By checking the Maryland Department of Labor's license lookup tool**
 - D. By reviewing contractor advertisements**
- 9. What action can owners do when two of three tenants in common want to sell but one discourages buyers?**
- A. Sell without the third owner's consent.**
 - B. File an action for partition against the third owner.**
 - C. File for a lien against the third owner's interest as damages.**
 - D. Force the third owner to sell by invoking specific performance.**
- 10. What must a contractor do if the terms of the contract change?**
- A. They must inform the homeowner verbally**
 - B. They can proceed without formal notice**
 - C. They must provide a written amendment to the contract**
 - D. They must cancel the contract**

Answers

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1. C
2. B
3. A
4. B
5. C
6. B
7. A
8. C
9. B
10. C

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Explanations

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1. How many days does a homeowner have to cancel a contract under the Maryland Home Improvement Law?

- A. Five days**
- B. Two days**
- C. Three days**
- D. Seven days**

Under the Maryland Home Improvement Law, a homeowner has three days to cancel a home improvement contract without penalty. This is known as the "right of rescission." The provision is designed to protect consumers by giving them a brief period to reconsider their decision after signing a contract, allowing them to assess their needs, explore other options, or avoid any potential regrets regarding the agreement. This right is particularly important in home improvement situations, where homeowners may feel pressured to make quick decisions. Therefore, understanding this cancellation period is crucial for homeowners engaged in home improvement projects, as it provides essential consumer protections.

2. What is the primary role of a home improvement contractor?

- A. To provide financing for homeowners**
- B. To plan and execute home improvement projects**
- C. To offer legal advice on real estate transactions**
- D. To sell home improvement products**

The primary role of a home improvement contractor is to plan and execute home improvement projects. This entails a variety of responsibilities, including assessing the homeowner's needs, designing the project, procuring materials, managing labor, and ensuring that the work complies with local building codes and regulations. Contractors often work closely with homeowners to develop a timeline and budget, ensuring that projects are completed on schedule and within financial parameters. This role is critical as it involves both project management and hands-on labor, ensuring that each improvement meets quality standards and customer expectations. While contractors may sometimes provide guidance on product selection or work with lenders for financing, their main focus is on the actual execution of improvement tasks, such as renovations, repairs, or modifications to a property.

3. What must a broker do with deposit funds when investors wish to hold them for future purchases?

- A. Return them to the purchasers**
- B. Deposit them in his escrow account**
- C. Hold them in his personal account**
- D. Deposit them in his rental trust account**

The correct action that a broker must take with deposit funds when investors wish to hold them for future purchases is to deposit them in the broker's escrow account. This ensures that the funds are kept secure and are clearly earmarked for the intended transaction. Escrow accounts are specifically designed to hold clients' funds, ensuring compliance with regulations and protecting the interests of all parties involved in a transaction. Holding funds in an escrow account provides transparency and accountability regarding the handling of the funds. This is essential in maintaining trust with the clients and ensuring that the funds are available for their specified purpose when needed in future transactions. Considering alternative options, returning the funds to the purchasers is not appropriate if the intent is for the investors to hold the funds for future purchases. Holding the funds in the broker's personal account is not compliant with handling client money, as personal accounts do not provide the necessary protections or clarity regarding the ownership of those funds. Using a rental trust account is specific to rental transactions and therefore is not suitable for general deposit funds meant for future purchases.

4. What is a common reason for disputes between homeowners and contractors?

- A. Differences in lifestyle choices**
- B. Misunderstandings about project scope and costs**
- C. Location of the work site**
- D. Quality of tools used**

Disputes between homeowners and contractors often arise from misunderstandings about the project scope and costs. These misunderstandings can occur due to insufficient communication or lack of clarity in the initial contract. When the parties involved do not have a mutual understanding of what the project entails—such as specific tasks to be completed, materials to be used, and the estimated timeline—disagreements can easily surface. For instance, if a contractor assumes that certain materials will be covered in the budget while the homeowner believes those materials are excluded, this discrepancy can lead to conflicts over costs. Similarly, if the scope of work is not clearly defined, such as whether additional work (like site preparation or cleanup) is included, homeowners may feel that contractors are requesting more time or money than initially agreed upon. Effective communication and detailed contracts outlining all aspects of the job are essential to minimizing these disputes and ensuring that both homeowners and contractors share the same expectations moving forward.

5. Who must retain the "Home Improvement Contract" for record-keeping?

- A. Only the contractor**
- B. Only the homeowner**
- C. Both the contractor and the homeowner**
- D. Neither party needs to keep it**

The correct response highlights the importance of a "Home Improvement Contract" as a critical document in any home improvement project. Both the contractor and the homeowner are responsible for retaining this contract for record-keeping purposes. Keeping the contract is essential as it serves as a formal agreement that outlines the terms, scope of work, payment schedules, warranties, and other vital details concerning the project. For the homeowner, retaining the contract ensures that they have a reference point for the project's specifics and can protect their rights should any disputes arise. For the contractor, maintaining a copy of the contract is equally important for managing their business operations, fulfilling contractual obligations, and defending against any potential claims or misunderstandings regarding the services provided. By mandating that both parties retain a copy, the system promotes accountability and transparency in home improvement transactions, fostering a smoother working relationship throughout the project lifecycle. This dual retention reinforces the idea that both sides have equal stakes in the agreement and helps to ensure that both parties can refer back to the documents whenever necessary.

6. What are "Illegal liens" in home improvement work?

- A. Claims against a property filed by homeowners for unpaid work**
- B. Claims against a property filed by contractors that are not legally justified**
- C. Legitimate claims made for overdue payments**
- D. Disputes raised regarding project delays**

Illegal liens in home improvement work refer to claims against a property filed by contractors that lack a legal basis or justification. These liens can occur when a contractor attempts to secure payment for work that may not have been performed, is incomplete, or was not agreed upon in the contractual terms. The legality of a lien relies on the validity of the underlying debt; if a contractor improperly files a lien without proper justification, it becomes an illegal lien. Understanding this concept is crucial because it protects property owners from unjust claims that could hinder their ability to sell or refinance their homes. It is important for contractors to follow legal guidelines and ensure that any claims they file are valid and supported by a legitimate agreement or work completed, reinforcing the integrity of the home improvement industry.

7. What are the requirements for advertisements for home improvement services in Maryland?

- A. Must include the contractor's name and license number**
- B. Must only include the services offered**
- C. Must include customer testimonials**
- D. Must be published in local newspapers**

In Maryland, advertisements for home improvement services must include the contractor's name and license number as a matter of compliance with state regulations. This requirement is in place to ensure that consumers can verify the contractor's legitimacy and credentials, promoting safety and accountability in the home improvement industry. By including the license number, the advertisement allows potential clients to check that the contractor is properly licensed to perform such work, which provides consumers with an additional layer of protection. This helps to establish trust and transparency in the contracting process, ultimately benefiting both consumers and professionals in the field. The inclusion of customer testimonials, the requirement to only list services, or the need for publication in local newspapers do not meet the specific legal requirements outlined by Maryland law for home improvement advertisements. These elements may enhance an advertisement but are not mandated by the state's regulations.

8. How can homeowners verify a contractor's licensing status in Maryland?

- A. By checking with the local court**
- B. By consulting a legal advisor**
- C. By checking the Maryland Department of Labor's license lookup tool**
- D. By reviewing contractor advertisements**

To verify a contractor's licensing status in Maryland, the most effective method is to utilize the Maryland Department of Labor's license lookup tool. This online resource is designed specifically for consumers to check the credentials of contractors and includes vital information such as whether the contractor is currently licensed, any disciplinary actions, and the type of work for which they are licensed. This process ensures that homeowners are hiring licensed professionals who adhere to state regulations and standards, ultimately providing protection against unscrupulous practices. While local courts, legal advisors, and contractor advertisements may provide some information, they do not serve as reliable or comprehensive sources for verifying a contractor's licensing status. Local courts may handle legal disputes but do not maintain records of licensing. Legal advisors could offer insights but are not the primary source for verifying licensing. Advertisements, although useful for marketing purposes, are not a legitimate verification tool as they may contain outdated or inaccurate information. Thus, the Maryland Department of Labor's license lookup tool stands out as the most authoritative source for this important information.

9. What action can owners do when two of three tenants in common want to sell but one discourages buyers?
- A. Sell without the third owner's consent.
 - B. File an action for partition against the third owner.**
 - C. File for a lien against the third owner's interest as damages.
 - D. Force the third owner to sell by invoking specific performance.

The correct choice in this scenario is to file an action for partition against the third owner. When co-owners hold property as tenants in common, each owner has an equal right to their share of the property, which includes the right to sell their interest. However, if one owner is preventing the sale or discouraging potential buyers, the other owners have legal recourse. Filing for partition allows the co-owners to resolve disputes that make it difficult to use or enjoy the property collectively. A partition action can either lead to a physical division of the property (if possible) or a forced sale of the entire property, with the proceeds divided among the owners. This legal process serves as a means to ensure that all owners can exercise their rights to sell their interest in a fair manner while addressing the resistance presented by the third owner. By taking this action, the two willing owners can move forward with the sale while abiding by legal processes that uphold their rights as co-owners, thereby providing a fair resolution to the conflict.

10. What must a contractor do if the terms of the contract change?
- A. They must inform the homeowner verbally
 - B. They can proceed without formal notice
 - C. They must provide a written amendment to the contract**
 - D. They must cancel the contract

When the terms of a contract change, it is essential for the contractor to provide a written amendment to the contract. This is important for several reasons. A written amendment ensures that all parties involved have a clear understanding of the new terms, which helps to avoid misunderstandings and disputes down the line. Documentation is crucial in construction and home improvement projects, as it establishes a formal record of agreed-upon changes, including any modifications to the scope of work, pricing, or deadlines. A written amendment also enhances the legal enforceability of the contract. In the event of any future disagreements or legal issues, having a documented amendment provides the necessary evidence to support the current terms of the agreement. By ensuring that changes are officially recorded and acknowledged by all parties, the contractor upholds professional standards and protects both their interests and those of the homeowner. In summary, providing a written amendment is a critical step in maintaining clear communication and legal integrity when altering contract terms in the context of home improvement projects.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://psi-marylandhomeimprovement.examzify.com>

We wish you the very best on your exam journey. You've got this!