

Maryland Home Improvement PSI Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	9
Explanations	11
Next Steps	17

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. 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.

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. 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!

Questions

- 1. What must Maryland contractors provide regarding their liability insurance?**
 - A. Proof of insurance upon request**
 - B. A guarantee of coverage for all projects**
 - C. Notifications of any policy changes**
 - D. A copy of their insurance policy**
- 2. What type of disputes does the Maryland Home Improvement Commission resolve?**
 - A. Disputes related to home improvement contracts**
 - B. Disputes related to commercial property leasing**
 - C. Disputes related to tenant eviction processes**
 - D. Disputes related to zoning regulations**
- 3. Under Maryland law, how long does a contractor have to complete a project before it is deemed abandoned?**
 - A. 45 days without progress**
 - B. 60 days without progress**
 - C. 90 days without progress**
 - D. 120 days without progress**
- 4. What is the maximum penalty for working without a home improvement license in Maryland?**
 - A. Up to \$1,000**
 - B. Up to \$2,500**
 - C. Up to \$5,000**
 - D. Up to \$10,000**
- 5. In contract terms, if Party A's obligation is dependent on Party B's action, the contract is best described as what type?**
 - A. Unilateral contract in which only Party B has made a promise to perform.**
 - B. Unilateral contract in which only Party A has made a promise to perform.**
 - C. Bilateral contract which both parties are obliged to perform.**
 - D. Void contract.**

- 6. A property is encumbered by a first mortgage of \$60,000 and a second mortgage of \$23,500. If sold at a foreclosure auction for \$88,000, which statement is FALSE regarding fund distribution?**
- A. The first mortgagee receives \$60,000.**
 - B. The second mortgagee receives \$23,500.**
 - C. The second mortgagee receives nothing unless he forced the foreclosure auction.**
 - D. The former owner receives \$4,500.**
- 7. What should the listing agent recommend if unrepresented buyers ask about ordering a property inspection?**
- A. If you feel it is in your best interest, please do so.**
 - B. Since I represent the seller I am not able to answer your question.**
 - C. I am not aware of any issues that such an inspection would identify.**
 - D. Since the seller has provided a property disclosure, there should be no need for any further inspection.**
- 8. What should a contractor do if they foresee a delay in project completion?**
- A. Avoid discussing the delay**
 - B. Communicate the delay to the homeowner promptly**
 - C. Wait until the job is completed to inform the homeowner**
 - D. Change the project timeline without notification**
- 9. What information is NOT typically required in a home improvement contract?**
- A. The contractor's name and address**
 - B. The homeowner's credit score**
 - C. The project description**
 - D. The price of the project**

10. Why is consumer protection essential in the home improvement industry?

- A. To ensure contractors receive fair pay**
- B. To protect homeowners from fraudulent practices**
- C. To promote competition among contractors**
- D. To limit the duration of projects**

SAMPLE

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What must Maryland contractors provide regarding their liability insurance?

- A. Proof of insurance upon request**
- B. A guarantee of coverage for all projects**
- C. Notifications of any policy changes**
- D. A copy of their insurance policy**

In Maryland, contractors are required to provide proof of their liability insurance upon request. This is a crucial aspect of maintaining professional standards and ensuring consumer protection. It assures clients and regulatory bodies that the contractor has the necessary coverage to safeguard against potential damages or claims that may arise during the execution of home improvement projects. While the other options touch on relevant elements of insurance management, they do not encapsulate the primary legal obligation contractors have regarding their liability insurance. For instance, providing a guarantee of coverage for all projects is not feasible due to the varying nature of job scopes and potential risks involved; insurance policies typically outline specific terms and conditions that cannot cover every eventuality. Similarly, while notifying clients of policy changes and offering a copy of the insurance policy might be good practices, they are not mandated under Maryland's regulations. Proof of insurance upon request is the fundamental requirement that supports accountability and transparency in the home improvement industry.

2. What type of disputes does the Maryland Home Improvement Commission resolve?

- A. Disputes related to home improvement contracts**
- B. Disputes related to commercial property leasing**
- C. Disputes related to tenant eviction processes**
- D. Disputes related to zoning regulations**

The Maryland Home Improvement Commission specifically addresses disputes that arise from home improvement contracts. This encompasses a wide range of issues, including disagreements over the execution of work, compliance with contract terms, disputes regarding payments, and questions about the quality of the work performed. The Commission's focus is on protecting consumers involved in home improvement projects and ensuring that contractors adhere to the laws and regulations established for home improvements. Disputes related to commercial property leasing, tenant eviction processes, and zoning regulations fall outside of the Commission's purview, as these matters are typically governed by other authorities or regulations that deal specifically with commercial law, landlord-tenant relations, and local zoning ordinances, respectively. Therefore, the Commission plays a vital role in maintaining standards and resolving conflicts specifically tied to residential home improvement projects.

3. Under Maryland law, how long does a contractor have to complete a project before it is deemed abandoned?

- A. 45 days without progress**
- B. 60 days without progress**
- C. 90 days without progress**
- D. 120 days without progress**

In Maryland, a contractor must complete a project within a specific timeframe to avoid it being considered abandoned. According to Maryland law, if there is no progress on a project for 90 days, it can be classified as abandoned. This provision is essential as it protects homeowners from extended delays and ensures that contractors remain accountable for timely completion. Setting a clear timeframe like this also provides both parties with expectations regarding project duration and progress, which helps facilitate better communication and planning throughout the construction process. Understanding this regulation is crucial for contractors, as they must be mindful of their project timelines to avoid potential legal issues.

4. What is the maximum penalty for working without a home improvement license in Maryland?

- A. Up to \$1,000**
- B. Up to \$2,500**
- C. Up to \$5,000**
- D. Up to \$10,000**

The maximum penalty for working without a home improvement license in Maryland is indeed up to \$5,000. This reflects the state's commitment to maintaining high standards in the home improvement industry and ensuring that contractors meet the necessary qualifications and compliance with local regulations. The penalty serves not only as a deterrent against unlicensed work but also protects consumers by ensuring that they are working with properly licensed professionals who adhere to the laws and regulations governing home improvements. The higher penalty emphasizes the significance of licensing in the home improvement sector, ensuring that all contractors are accountable and knowledgeable about safety standards, building codes, and homeowners' rights. This system ultimately promotes quality workmanship and consumer protection in residential construction projects.

5. In contract terms, if Party A's obligation is dependent on Party B's action, the contract is best described as what type?
- A. Unilateral contract in which only Party B has made a promise to perform.
 - B. Unilateral contract in which only Party A has made a promise to perform.**
 - C. Bilateral contract which both parties are obliged to perform.
 - D. Void contract.

The correct choice is that the contract is best described as a unilateral contract in which only Party A has made a promise to perform. In contract law, a unilateral contract involves a situation where one party makes a promise in exchange for the act of another party. This means that the obligation of the party who made the promise (Party A) is only triggered by the performance of the other party (Party B). In this context, Party A's obligation to fulfill their promise is completely dependent on Party B taking action. If Party B does not act, then there is no obligation for Party A to perform. This characteristic of dependency on the action of Party B defines the relationship in a unilateral contract, where only one party has a binding commitment. Understanding the nature of unilateral contracts is crucial in recognizing how promises are formed and enforced, particularly in situations where one party is providing a service or creating a product in response to the actions of another, which aligns precisely with the details outlined in the question.

6. A property is encumbered by a first mortgage of \$60,000 and a second mortgage of \$23,500. If sold at a foreclosure auction for \$88,000, which statement is FALSE regarding fund distribution?
- A. The first mortgagee receives \$60,000.
 - B. The second mortgagee receives \$23,500.
 - C. The second mortgagee receives nothing unless he forced the foreclosure auction.**
 - D. The former owner receives \$4,500.

In the context of foreclosure auctions, the way funds are distributed adheres to a priority order based on the lien positions of mortgages. The first mortgage takes precedence over the second mortgage. When the property is sold at a foreclosure auction for \$88,000, the proceeds will first satisfy the amount owed to the first mortgagee, which is \$60,000. Following that, there remains \$28,000 in the distribution pool after the first mortgage is paid (since $\$88,000 - \$60,000 = \$28,000$). The second mortgage debt of \$23,500 can then be fully satisfied with this remaining amount. This allows the second mortgagee to receive their due amount, confirming that they are entitled to payment as well. After paying off both mortgages, the total amounts disbursed are \$60,000 to the first mortgagee and \$23,500 to the second mortgagee, resulting in a total of \$83,500. The leftover funds amount to \$4,500 ($\$88,000 - \$83,500$), which would be distributed to the former owner. Thus, the inaccurate statement is that the second mortgagee only receives something if he forced the foreclosure auction, which is not true; he is entitled

7. What should the listing agent recommend if unrepresented buyers ask about ordering a property inspection?

- A. If you feel it is in your best interest, please do so.**
- B. Since I represent the seller I am not able to answer your question.**
- C. I am not aware of any issues that such an inspection would identify.**
- D. Since the seller has provided a property disclosure, there should be no need for any further inspection.**

The appropriate recommendation for the listing agent in this situation is to suggest that unrepresented buyers may consider ordering a property inspection if they believe it is in their best interest. This option acknowledges the buyers' autonomy and encourages them to make informed decisions regarding their potential purchase. A property inspection can reveal critical information about the property's condition, uncovering issues that may not be apparent during a casual walkthrough. By empowering buyers to take this step, the agent promotes transparency and protects the interests of all parties involved, including their own client, the seller. This endorsement of the inspection process reflects a best practice in real estate transactions, where informed buyers are more likely to be satisfied with their purchase and less likely to experience future disputes related to undisclosed property conditions.

8. What should a contractor do if they foresee a delay in project completion?

- A. Avoid discussing the delay**
- B. Communicate the delay to the homeowner promptly**
- C. Wait until the job is completed to inform the homeowner**
- D. Change the project timeline without notification**

When a contractor foresees a delay in project completion, the most prudent course of action is to communicate the delay to the homeowner promptly. Open and honest communication is foundational in maintaining a good relationship with clients and ensuring transparency in the contracting process. Timely notification allows the homeowner to understand the situation and make any necessary adjustments on their end. It also demonstrates professionalism and accountability, reinforcing trust in the contractor's commitment to the project. By keeping the homeowner informed, the contractor can provide updates on the cause of the delay, possible solutions, and a revised timeline, which can help manage the homeowner's expectations and reduce frustration. Effective communication regarding delays can also prevent misunderstandings and disputes that may arise later in the project. This approach aligns with best practices in project management and customer service, highlighting the contractor's dedication to quality work and customer satisfaction.

9. What information is NOT typically required in a home improvement contract?

- A. The contractor's name and address**
- B. The homeowner's credit score**
- C. The project description**
- D. The price of the project**

In a home improvement contract, the primary purpose is to outline the agreement between the contractor and the homeowner regarding the specifics of the project. Elements such as the contractor's name and address, a detailed project description, and the agreed-upon price are essential components of these contracts. The contractor's name and address are necessary for identification and accountability. The project description provides clarity on the scope of work, ensuring both parties have a mutual understanding of what is to be completed. Similarly, the price of the project defines the financial commitment and expectations for payment, which is crucial for both parties. On the other hand, a homeowner's credit score is not typically included in a home improvement contract. While financial considerations may be relevant in the context of obtaining financing for the project, credit scores are personal financial details and do not directly pertain to the specifics of the construction work or the contractor's responsibilities. This information is not standard or required in contracts governing home improvements, making it the correct answer in this context.

10. Why is consumer protection essential in the home improvement industry?

- A. To ensure contractors receive fair pay**
- B. To protect homeowners from fraudulent practices**
- C. To promote competition among contractors**
- D. To limit the duration of projects**

Consumer protection is essential in the home improvement industry primarily to safeguard homeowners from fraudulent practices. The home improvement sector can attract dishonest contractors who may engage in unethical behavior, such as charging for services not rendered, using substandard materials, or failing to complete projects as promised. By protecting consumers, regulations and laws help ensure that homeowners receive the quality of service they expect and deserve, thereby maintaining trust in the industry. This protection creates a safer marketplace where homeowners can make informed decisions, rely on contracts, and seek recourse if things go wrong, ultimately contributing to a healthier overall environment for both consumers and honest contractors.

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!