

# MHIC NASCLA Contractors Practice Exam (Sample)

## Study Guide



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## **Questions**

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- 1. What is the timeframe in which a buyer may cancel a transaction according to the regulations?**
  - A. Two business days**
  - B. Three business days**
  - C. Five business days**
  - D. Seven business days**
- 2. What does a county or municipality in Maryland have the authority to regulate regarding home improvement?**
  - A. Quality and performance**
  - B. Only pricing**
  - C. Type of materials used**
  - D. Location of work**
- 3. What is the cost of the initial application fee for a home improvement contractor's license?**
  - A. \$150**
  - B. \$250**
  - C. \$350**
  - D. \$450**
- 4. How many years of experience are required for a member of the Maryland Home Improvement Commission?**
  - A. 3 years**
  - B. 2 years**
  - C. 4 years**
  - D. 5 years**
- 5. Is work performed on a swimming pool considered home improvement?**
  - A. Yes**
  - B. No**
  - C. Only if it includes landscaping**
  - D. Only for above-ground pools**

- 6. Which law protects applicants over the age of 40 from employment discrimination?**
- A. Fair Labor Standards Act**
  - B. Age Discrimination in Employment Act of 1967**
  - C. Family and Medical Leave Act**
  - D. Wage Garnishment Law**
- 7. What does the Fair Labor Standards Act govern?**
- A. Employee benefits**
  - B. Work hours and overtime pay**
  - C. Employee insurance**
  - D. Workplace safety regulations**
- 8. What is the minimum type size required for the cancellation notice to be printed in the area where the buyer's signature is required?**
- A. 6 points**
  - B. 12 points**
  - C. 14 points**
  - D. 18 points**
- 9. What happens to a license that is not renewed?**
- A. It remains active**
  - B. It expires**
  - C. It is automatically renewed**
  - D. It becomes inactive**
- 10. In case of a sales transaction cancellation, how long does the seller have to collect goods from the buyer?**
- A. 10 days**
  - B. 15 days**
  - C. 20 days**
  - D. 30 days**

## **Answers**

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

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## **Explanations**

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**1. What is the timeframe in which a buyer may cancel a transaction according to the regulations?**

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

The correct timeframe for a buyer to cancel a transaction is three business days. This cancellation period is likely related to the Federal Trade Commission's regulations governing certain transactions, such as door-to-door sales and other consumer purchases. The law grants consumers the right to reconsider their purchase and cancel it without penalty within this three-day window, ensuring that buyers have adequate time to evaluate their decision after a purchase, which can help protect against impulse buying or high-pressure sales tactics. Understanding this regulation is important for both buyers and contractors, as it establishes the need for clear communication regarding cancellation rights and reinforces the importance of following proper procedures in real estate or contracting transactions.

**2. What does a county or municipality in Maryland have the authority to regulate regarding home improvement?**

- A. Quality and performance**
- B. Only pricing**
- C. Type of materials used**
- D. Location of work**

A county or municipality in Maryland has the authority to regulate quality and performance related to home improvement projects. This encompasses ensuring that work meets the required construction standards, safety codes, and local building regulations. By regulating quality and performance, local authorities aim to protect public health and safety, ensure stability and durability in construction, and maintain overall community standards. Rules may specify contractor qualifications, workmanship, adherence to approved designs, and compliance with building codes. This comprehensive oversight helps ensure that home improvements are not only aesthetically pleasing but also structurally sound and compliant with local regulations. While many other aspects of home improvement may be subject to market forces or personal choice, the importance of quality and performance regulation by local authorities cannot be overstated as it directly impacts the safety and viability of home improvement work.

**3. What is the cost of the initial application fee for a home improvement contractor's license?**

- A. \$150
- B. \$250**
- C. \$350
- D. \$450

The initial application fee for a home improvement contractor's license is indeed \$250. This fee is set to cover administrative costs associated with processing the application, verifying qualifications, and conducting background checks as necessary. Understanding the different fees involved in obtaining a contractor's license is crucial for budgeting and financial planning purposes for anyone looking to enter the home improvement field. In the context of various licensing fees, it is important to note that fees can vary widely based on the type of license, location, and specific industry requirements. As you prepare for the exam, being aware of the exact costs associated with obtaining and maintaining a license, including renewal fees and any additional costs related to continuing education or additional certifications, can provide a comprehensive understanding of the financial commitments involved in your contracting career.

**4. How many years of experience are required for a member of the Maryland Home Improvement Commission?**

- A. 3 years
- B. 2 years
- C. 4 years**
- D. 5 years

A member of the Maryland Home Improvement Commission is required to have four years of experience in the home improvement field. This requirement ensures that the commission is composed of individuals with a substantial background and understanding of the home improvement industry, which is essential for making informed decisions and providing oversight in this area. Having four years of relevant experience helps ensure that members are familiar with the challenges and nuances of home improvement work, which can significantly contribute to effective governance and consumer protection. The specific experience requirement helps to establish a standard for competence and credibility among the commission members, promoting professionalism within the industry. Such experience is key to understanding not only the technical aspects of home improvements but also the regulatory environment and the needs of consumers.

**5. Is work performed on a swimming pool considered home improvement?**

**A. Yes**

**B. No**

**C. Only if it includes landscaping**

**D. Only for above-ground pools**

Work performed on a swimming pool is considered home improvement because it involves alterations, repairs, or enhancements to a residential property. The definition of home improvement generally includes any construction or renovation that enhances the livability, value, or appearance of a dwelling. Swimming pools are often viewed as integral parts of a residential property, thus their installation, renovation, or repair contributes directly to improving the home's value and functionality. Landscaping may complement a swimming pool, and certain categorizations may vary based on context, but the primary aspect of home improvement captures the essence of upgrading or modifying living spaces, which includes swimming pools regardless of their type. Therefore, the understanding that any work on swimming pools falls under home improvement aligns with the broader definitions within residential construction regulations and practices.

**6. Which law protects applicants over the age of 40 from employment discrimination?**

**A. Fair Labor Standards Act**

**B. Age Discrimination in Employment Act of 1967**

**C. Family and Medical Leave Act**

**D. Wage Garnishment Law**

The Age Discrimination in Employment Act of 1967 is the legislation that specifically safeguards individuals who are 40 years of age and older from discrimination in employment based on age. This law was enacted to promote the employment of older workers and to address the bias that can occur as people grow older. It prohibits employment discrimination against older employees in various aspects, including hiring, promotion, discharge, pay, and other terms and conditions of employment. The other options do not directly pertain to age discrimination in employment. The Fair Labor Standards Act primarily deals with minimum wage and overtime pay rather than age-related employment issues. The Family and Medical Leave Act focuses on job-protected leave for family and medical reasons, while the Wage Garnishment Law pertains to the legal process regarding the withholding of wages to satisfy debts. None of these laws address the specific issue of age discrimination in the workplace as the Age Discrimination in Employment Act does.

**7. What does the Fair Labor Standards Act govern?**

- A. Employee benefits**
- B. Work hours and overtime pay**
- C. Employee insurance**
- D. Workplace safety regulations**

The Fair Labor Standards Act (FLSA) primarily governs work hours and overtime pay, establishing regulations that ensure employees are fairly compensated for their labor. Under the FLSA, there are specific stipulations regarding the minimum wage, the threshold for overtime pay, and the hours that employees are allowed to work without additional compensation. This legislation is crucial for protecting workers from being underpaid and ensuring that they receive proper compensation for any hours worked beyond the standard workweek, typically defined as 40 hours. The law also provides guidelines on youth employment and work eligibility, making it a foundational piece of workers' rights legislation. While employee benefits, insurance, and workplace safety are important areas of labor law, they fall under different regulations and acts, such as the Employee Retirement Income Security Act (ERISA) for benefits, the Affordable Care Act for employee insurance, and the Occupational Safety and Health Administration (OSHA) regulations for workplace safety. Thus, the FLSA's clear focus on work hours and overtime distinguishes it from those other areas.

**8. What is the minimum type size required for the cancellation notice to be printed in the area where the buyer's signature is required?**

- A. 6 points**
- B. 12 points**
- C. 14 points**
- D. 18 points**

The requirement for the minimum type size for the cancellation notice is important for ensuring that buyers can easily read and understand the content before signing. A type size of 6 points is specified as the minimum. This means that the text must be large enough to be legible, but this size is considered the smallest acceptable under regulations to maintain clarity without being excessively dominant on the document. The intent behind this regulation is to guarantee that all information, particularly crucial terms related to cancellation, are presented in a format that does not hinder the buyer's understanding. If the type size were larger, as suggested by other choices, it would not meet the legal minimum and could lead to issues regarding compliance with consumer protection laws, which aim to ensure that buyers have all necessary information available to them in a comprehensible manner. Thus, the minimum type size being set at 6 points balances visibility and compliance effectively, which is why this option is chosen as the correct answer.

**9. What happens to a license that is not renewed?**

- A. It remains active
- B. It expires**
- C. It is automatically renewed
- D. It becomes inactive

When a license is not renewed, it expires. An expired license means that the licensed individual is no longer authorized to engage in activities that require that license. Renewal typically involves meeting certain requirements, such as continuing education or fee payment. Failure to complete the renewal process results in the license losing its validity. While options like remaining active and automatic renewal suggest ongoing status without intervention, and becoming inactive could imply a temporary suspension, the correct outcome for a license that has not gone through the renewal process is that it expires, thus ceasing to hold any functional authority. This underscores the importance of timely renewals to maintain legal standing in the field.

**10. In case of a sales transaction cancellation, how long does the seller have to collect goods from the buyer?**

- A. 10 days
- B. 15 days
- C. 20 days**
- D. 30 days

In the context of sales transaction cancellations, the seller typically has a specific timeframe to retrieve their goods from the buyer after the cancellation is acknowledged. The correct time period in this case is 20 days. This time frame allows the seller to manage the logistics of collecting their goods efficiently while also giving the buyer a reasonable opportunity to return them. Setting a 20-day period strikes a balance between the needs of the seller to reclaim their products and the buyer's responsibility to facilitate that return. This allows sufficient time for the seller to arrange transportation and retrieval logistics without unduly penalizing the buyer by forcing an immediate return. Understanding this timeframe is crucial for contractors and businesses involved in sales transactions, as it helps them navigate the logistics and legal aspects of these cancellations professionally and within the bounds of the law.