

# MHIC NASCLA Contractors Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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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. 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. Is a contractor allowed to compensate homeowners for referrals?**
  - A. Yes, with restrictions**
  - B. No, it is prohibited**
  - C. Yes, without limitations**
  - D. Only with a written contract**
- 2. Can a contractor pay a subcontractor who is unlicensed?**
  - A. Yes, if the subcontractor is experienced**
  - B. No, unless the subcontractor obtains the required license**
  - C. Yes, if they are insured**
  - D. No, this is permitted under certain conditions**
- 3. What benefits are provided to an injured employee if needed?**
  - A. Wage replacement**
  - B. Medical costs**
  - C. Rehabilitation costs**
  - D. All of the above**
- 4. 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**
- 5. What is required for minors aged 14 to 17 in order to be employed?**
  - A. A driver's license**
  - B. A work permit**
  - C. Parental consent**
  - D. A social security card**

- 6. What constitutes company overhead?**
- A. Mobile labor costs**
  - B. Project material expenses**
  - C. Legal fees and office costs**
  - D. Contingency allocations**
- 7. What must a contractor do if a salesperson stops working with them?**
- A. Ignore the situation**
  - B. Inform the Commission**
  - C. Find a new salesperson immediately**
  - D. Reapply for their license**
- 8. What is the primary purpose of the Quantity Take-off Method in construction?**
- A. To identify potential design flaws**
  - B. To estimate project completion time**
  - C. To calculate the required materials and labor costs**
  - D. To assess subcontractor performance**
- 9. What is included in the options if the Commission decides to sue a contractor?**
- A. Order for satisfactory completion**
  - B. Injunction against operations**
  - C. Revocation of license**
  - D. Increase in fees**
- 10. What obligation do contractors have when entering into a contract with a customer at the time of execution?**
- A. Provide a verbal summary of the contract**
  - B. Provide a copy of the contract**
  - C. Provide a phone call confirmation**
  - D. Provide a 10-day notice**



## **Answers**

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

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## **Explanations**

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**1. Is a contractor allowed to compensate homeowners for referrals?**

- A. Yes, with restrictions**
- B. No, it is prohibited**
- C. Yes, without limitations**
- D. Only with a written contract**

In many jurisdictions, including Maryland, it is typically prohibited for contractors to compensate homeowners for referrals. This is largely due to regulations established to prevent conflicts of interest, ensure fair trade practices, and protect consumers. Such prohibitions are aimed at maintaining professionalism within the construction industry and avoiding any unethical practices that could arise from financial incentives tied to referrals. Even though some industries allow referral fees or bonuses, the construction field has specific regulations that restrict this practice to promote transparency and ethical behavior. Homeowners may also feel pressured to provide referrals based on compensation rather than the quality of the contractor's work, which can compromise the integrity of business relationships. As a result, it is essential for contractors to understand these legal and ethical boundaries to avoid potential legal repercussions and maintain their reputation in the industry.

**2. Can a contractor pay a subcontractor who is unlicensed?**

- A. Yes, if the subcontractor is experienced**
- B. No, unless the subcontractor obtains the required license**
- C. Yes, if they are insured**
- D. No, this is permitted under certain conditions**

The correct choice emphasizes the legal requirements surrounding contractor and subcontractor relationships in many jurisdictions. In order for a contractor to legally pay a subcontractor for work performed, that subcontractor must possess the appropriate licensing as mandated by state or local regulations. Licenses serve as a form of consumer protection, ensuring that subcontractors have met certain qualifications, training, and standards necessary to perform their trade safely and effectively. Without a valid license, not only is the quality of work potentially compromised, but the contractor also faces legal and financial risks, such as penalties or liability for unlicensed work. In most scenarios, the law prohibits contractors from compensating unlicensed subcontractors directly, reinforcing the necessity for subcontractors to obtain the appropriate licensure before they can engage in work that requires it. While factors such as experience or insurance coverage are certainly important for assessing a subcontractor's capability and reliability, they do not substitute for a missing license. Therefore, the requirement for licensure remains steadfast in ensuring compliance with industry standards and legal protections.

**3. What benefits are provided to an injured employee if needed?**

- A. Wage replacement**
- B. Medical costs**
- C. Rehabilitation costs**
- D. All of the above**

When an employee gets injured while on the job, various benefits are typically available to support their recovery and financial stability. Wage replacement is one of the key benefits, providing the injured worker with a portion of their lost income due to their inability to work. This helps ease the financial burden during their recovery period. Medical costs are also covered, ensuring that the injured employee can receive the necessary medical care, including treatment, hospitalization, medications, and any related expenses. This benefit is crucial for allowing the employee to focus on healing rather than worrying about how to pay for medical services. Additionally, rehabilitation costs are included in the benefits package. If the injury requires physical therapy, occupational therapy, or any other form of rehabilitation to help the employee return to work, those expenses are often covered. This support is vital for facilitating a safe and effective return to the workplace. Considering all these aspects, it is clear that the comprehensive coverage provided to an injured employee includes wage replacement, medical costs, and rehabilitation costs, making it evident that the correct choice is that all of these benefits are offered.

**4. 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.

**5. What is required for minors aged 14 to 17 in order to be employed?**

- A. A driver's license**
- B. A work permit**
- C. Parental consent**
- D. A social security card**

To employ minors aged 14 to 17, obtaining a work permit is a vital requirement. Work permits serve to ensure that minors are legally permitted to work, and they comply with labor laws that are designed to protect young workers. These permits often require documentation that confirms the minor's age and allows the employer to understand and follow the restrictions related to working hours, types of jobs, and safety regulations that apply specifically to minors. While a driver's license, parental consent, and a social security card can be important in various contexts surrounding employment, they are not universally required for the employment of minors in this age range. For instance, a social security card is essential for reporting earnings but does not authorize employment by itself. Parental consent varies by state and is often implied within the work permit process. Therefore, the work permit is the formal requirement that legally facilitates the employment of minors under the age of 18.

**6. What constitutes company overhead?**

- A. Mobile labor costs**
- B. Project material expenses**
- C. Legal fees and office costs**
- D. Contingency allocations**

Company overhead refers to the ongoing expenses that are not directly tied to the production of goods or services but are necessary for the overall operation of a business. This includes costs related to maintaining the company's infrastructure, such as rent, utilities, salaries of administrative staff, insurance, and legal fees. Legal fees and office costs clearly fall within this category as they represent the general operating costs required to keep a business running independently of any specific project. These expenses contribute to the overall financial health of the company and are incurred regardless of the level of project activity. In contrast, mobile labor costs and project material expenses are directly related to specific jobs and are variable depending on project requirements. Contingency allocations can be part of project budgets but are not considered overhead since they are set aside for unexpected costs directly tied to specific projects. Therefore, the option that accurately defines what constitutes company overhead is related to legal fees and office costs.

**7. What must a contractor do if a salesperson stops working with them?**

- A. Ignore the situation**
- B. Inform the Commission**
- C. Find a new salesperson immediately**
- D. Reapply for their license**

When a salesperson stops working with a contractor, it is essential to inform the Commission. This requirement is in place to ensure that the regulatory body is aware of the current status of the contractor's business structure and to maintain accurate records regarding licensed activities. The Commission needs this information to monitor compliance with licensing laws and uphold industry standards. Keeping the Commission updated helps prevent potential issues that might arise from an unregistered salesperson performing sales activities on behalf of the contractor, which could lead to legal ramifications or fines. Contractual agreements and licensing regulations typically mandate that any changes in personnel related to sales must be reported to keep everything transparent and to protect consumer interests. The focus here is on maintaining proper licenses and adhering to state regulations rather than immediately seeking a replacement or taking other actions that may not fulfill legal obligations.

**8. What is the primary purpose of the Quantity Take-off Method in construction?**

- A. To identify potential design flaws**
- B. To estimate project completion time**
- C. To calculate the required materials and labor costs**
- D. To assess subcontractor performance**

The primary purpose of the Quantity Take-off Method in construction is to calculate the required materials and labor costs. This method involves quantifying the various elements of a construction project by breaking down the plans and specifications into measurable parts. By accurately assessing quantities of materials such as concrete, steel, and lumber, as well as labor requirements, contractors can establish a clear and detailed estimate of the overall costs involved in the project. This is crucial for budgeting, bidding, and resource allocation, ensuring that the contractor can effectively plan and execute the work within financial constraints. While the identification of design flaws, project completion time estimation, and assessment of subcontractor performance are important aspects of a construction project, they do not directly relate to the Quantity Take-off Method. Instead, this method focuses specifically on enabling contractors to determine the necessary material and labor inputs required for construction. This makes accurate quantity take-offs an essential step in the pre-construction phase and integral to successful project management.

**9. What is included in the options if the Commission decides to sue a contractor?**

- A. Order for satisfactory completion**
- B. Injunction against operations**
- C. Revocation of license**
- D. Increase in fees**

In the scenario where the Commission decides to take legal action against a contractor, one potential outcome is the issuance of an order for satisfactory completion. This means that the contractor may be required to fulfill their contractual obligations satisfactorily, thereby ensuring that any work performed meets the necessary standards and is complete according to the terms of the agreement. This option underscores the regulatory authority's focus on maintaining quality and compliance within the construction industry. Such an order seeks to rectify any deficiencies or unsatisfactory work rather than immediately opting for punitive measures like revocation of a license or fines. It emphasizes the importance of fulfilling commitments and standards in the construction profession, reinforcing the need for contractors to comply with regulations and contract terms to protect consumer interests. In contrast, the other options, such as an injunction or license revocation, typically represent more severe repercussions that directly impact a contractor's ability to operate, while an order for satisfactory completion aims to resolve issues while allowing the contractor the opportunity to correct them.

**10. What obligation do contractors have when entering into a contract with a customer at the time of execution?**

- A. Provide a verbal summary of the contract**
- B. Provide a copy of the contract**
- C. Provide a phone call confirmation**
- D. Provide a 10-day notice**

When a contractor enters into a contract with a customer, it is essential to provide a written copy of the contract at the time of execution. This practice serves several purposes. Firstly, it ensures transparency between the contractor and the customer by allowing the customer to reference the terms and conditions of the agreement at any time. This document contains vital details such as project specifications, timelines, payment schedules, and responsibilities, which can help prevent misunderstandings or disputes later on. Additionally, providing a copy of the contract protects both parties' interests by establishing a clear and enforceable agreement. In the event of disagreements, having a written contract serves as important evidence in resolving any potential conflicts. While verbal summaries or phone call confirmations can facilitate communication, they lack the legal standing and clarity that a written contract provides. Likewise, a notice period is not typically a standard obligation tied to the execution of the contract itself. Therefore, ensuring that a copy of the contract is given to the customer at the time of execution is a fundamental obligation that upholds good business practices and legal standards in contracting.



## 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](mailto:hello@examzify.com).**

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

**<https://mhicnascla.examzify.com>**

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