

Nevada Contractors Practice Test (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

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- 1. Which act requires the payment of minimum wage rates and overtime pay for federal contracts to provide goods?**
 - A. Davis-Bacon.**
 - B. McNamara-O'Hara.**
 - C. Walsh-Healy.**
 - D. Service Contract Act.**

- 2. A system for cost control requires what two items to collect data?**
 - A. A detailed report and a summary report**
 - B. An Excel spreadsheet and a cost analysis report**
 - C. A purchase order and a description of goods**
 - D. Cost analysis and control data survey**

- 3. You should base calculations of a project and company overhead on what?**
 - A. Experience**
 - B. An average of 30% of your gross profit**
 - C. What your CPA recommends**
 - D. Historical data**

- 4. What is the total project overhead for a project lasting 4 months with a superintendent's annual salary of \$40,000?**
 - A. Between \$12,000 and \$16,000**
 - B. Less than \$12,000**
 - C. Between \$16,000 and \$20,000**
 - D. More than \$20,000**

- 5. What type of entity can a contractor choose to register as in Nevada?**
 - A. Non-profit organization**
 - B. Limited liability company (LLC)**
 - C. Corporation**
 - D. Both limited liability company and corporation**

- 6. What financial calculation is crucial for contractors to understand?**
- A. Net profit margin**
 - B. Cost of goods sold**
 - C. Break-even point**
 - D. Return on investment**
- 7. How long must a contractor keep project records in Nevada?**
- A. One year after project completion**
 - B. Two years after project completion**
 - C. Three years after project completion**
 - D. Indefinitely**
- 8. According to state law in Nevada, what is the threshold volume of petroleum products that mandates reporting?**
- A. 5 gallons**
 - B. 10 gallons**
 - C. 15 gallons**
 - D. 25 gallons**
- 9. Which of the following must contractors provide to secure a contractor's license bond?**
- A. A detailed project plan**
 - B. A financial statement**
 - C. Certificate of Insurance**
 - D. A surety bond**
- 10. Prior to filing a notice of lien, how many days' notice of intent to lean must a lien claimant serve upon both the owner and the prime contractor?**
- A. 10 days**
 - B. 15 days**
 - C. 20 days**
 - D. 30 days**

Answers

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

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Explanations

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1. Which act requires the payment of minimum wage rates and overtime pay for federal contracts to provide goods?

- A. Davis-Bacon.**
- B. McNamara-O'Hara.**
- C. Walsh-Healy.**
- D. Service Contract Act.**

The Walsh-Healy Public Contracts Act is the legislation that mandates the payment of minimum wage rates and overtime pay for workers involved in federal contracts for the production of goods. This act is designed to ensure fair labor standards for workers engaged in manufacturing or supplying goods to the federal government. Under the Walsh-Healy Act, contractors are required to pay their employees at least the prevailing wage rates applicable to the locality where the work is performed. Additionally, the act requires overtime pay for hours worked over 40 in a workweek, ensuring that employees are compensated fairly for their time and labor. While other acts, such as the Davis-Bacon Act and the Service Contract Act, focus on wage standards and working conditions in specific contexts—such as construction projects and service contracts—they do not address the specific requirement for minimum wage and overtime pay for federal contracts involving goods as comprehensively as the Walsh-Healy Act does. The McNamara-O'Hara Act primarily relates to service contracts, further differentiating it from the Walsh-Healy Act.

2. A system for cost control requires what two items to collect data?

- A. A detailed report and a summary report**
- B. An Excel spreadsheet and a cost analysis report**
- C. A purchase order and a description of goods**
- D. Cost analysis and control data survey**

A system for cost control effectively requires a detailed report and a summary report to collect the necessary data. The detailed report provides granular information about expenses, transactions, and specific cost elements, allowing for an in-depth analysis of where funds are being allocated. This level of detail is essential for identifying areas of potential savings or overspending. On the other hand, the summary report distills this information into a more digestible format, presenting an overview of costs and financial performance at a glance. It enables stakeholders to quickly understand overall trends and assess whether the project is on budget without delving into every detail. Together, these two reporting elements create a comprehensive framework for monitoring and managing costs effectively. In contrast, the other choices focus on tools or categories that, while potentially useful in a broader context, do not specifically establish the systematic approach needed for cost control, which hinges on the detailed and summarized reporting structure.

3. You should base calculations of a project and company overhead on what?

- A. Experience**
- B. An average of 30% of your gross profit**
- C. What your CPA recommends**
- D. Historical data**

Basing calculations of a project and company overhead on historical data is crucial for accurate budgeting and financial planning. Historical data provides insight into past project costs, trends, and operational efficiency, allowing contractors to make well-informed projections for future projects. By analyzing previous overhead costs and their impact on the overall profitability of past projects, contractors can determine a more reliable overhead rate that reflects their specific business model and operational structure. Using historical data helps to account for variables that may not be captured through experience alone or subjective assessments by professionals such as CPAs. This data-driven approach ensures consistency and accuracy in budgeting, which is essential for maintaining competitiveness and achieving financial stability in the construction industry. It allows for adjustments based on real past performance rather than estimates or averages that may not reflect the unique circumstances of a particular company or project.

4. What is the total project overhead for a project lasting 4 months with a superintendent's annual salary of \$40,000?

- A. Between \$12,000 and \$16,000**
- B. Less than \$12,000**
- C. Between \$16,000 and \$20,000**
- D. More than \$20,000**

To determine the total project overhead related to the superintendent's salary for a project lasting 4 months, we first need to calculate the monthly salary based on the annual salary of \$40,000. The monthly salary can be derived by dividing the annual salary by 12 months, which results in approximately \$3,333 per month ($\$40,000 / 12 = \$3,333.33$). Over the course of 4 months, the total salary attributed to the superintendent would be \$3,333 multiplied by 4, resulting in about \$13,333. This figure falls within the range of \$12,000 to \$16,000, validating the choice as accurate. It reflects the necessary calculations for project overhead based on the time frame and salary provided, emphasizing the importance of correctly estimating labor costs for budgeting purposes in construction projects. Understanding the proper calculation of project overhead is essential for effective project management and financial planning in the contracting industry.

5. What type of entity can a contractor choose to register as in Nevada?

- A. Non-profit organization**
- B. Limited liability company (LLC)**
- C. Corporation**
- D. Both limited liability company and corporation**

In Nevada, contractors have the flexibility to register as different types of entities, which provides them with various benefits related to liability protection, taxation, and management structure. Both limited liability companies (LLCs) and corporations offer distinct advantages. An LLC is a popular choice for contractors because it combines the flexibility of a partnership with the liability protection of a corporation. It allows for simpler management structures and less stringent compliance requirements. On the other hand, forming a corporation provides contractors with limited liability, which means personal assets are protected from business liabilities and debts. Additionally, corporations may be eligible for certain tax advantages and may find it easier to raise capital through the sale of stock. By choosing to register as either an LLC or a corporation, contractors ensure that they maintain a professional business structure, which can enhance credibility with clients and suppliers. This kind of registration also helps in reducing personal risk, which is particularly crucial in the construction industry where liabilities can be significant. Therefore, the answer encompasses the flexibility that contractors have in selecting the most suitable business entity to match their specific needs and goals.

6. What financial calculation is crucial for contractors to understand?

- A. Net profit margin**
- B. Cost of goods sold**
- C. Break-even point**
- D. Return on investment**

Understanding the break-even point is crucial for contractors because it represents the level of sales at which total revenues equal total costs, resulting in neither profit nor loss. Knowing the break-even point helps contractors determine how much work they need to complete to cover their fixed and variable expenses. This understanding allows them to set realistic sales goals, make informed pricing decisions, and gauge the financial viability of projects. For contractors, achieving the break-even point is a foundational aspect of financial health. It directly informs business strategies and helps assess risk by clarifying how much income is necessary before any profit is realized. Contractors can use this information to plan their workload, manage cash flow effectively, and ensure they do not take on more work than they can handle without jeopardizing their financial stability.

7. How long must a contractor keep project records in Nevada?

- A. One year after project completion**
- B. Two years after project completion**
- C. Three years after project completion**
- D. Indefinitely**

In Nevada, contractors are required to maintain project records for a period of three years after the completion of a project. This requirement is in place to ensure that there is a documented history of the work performed, which can be essential in case of disputes, warranty claims, or audits. Keeping records for three years allows both the contractor and the clients to have access to necessary documentation, such as contracts, change orders, and communications, should any issues arise during that time frame. The importance of this timeframe is particularly relevant in the construction industry, where various components of projects are often subjected to review, ensuring compliance with local laws and regulations as well as adherence to quality standards. It also serves to protect the contractor's interests and provide evidence of completed obligations should any legal matters arise.

8. According to state law in Nevada, what is the threshold volume of petroleum products that mandates reporting?

- A. 5 gallons**
- B. 10 gallons**
- C. 15 gallons**
- D. 25 gallons**

The correct threshold volume of petroleum products that mandates reporting in Nevada is 25 gallons. This regulation is in place to ensure safety and environmental protection, as larger volumes of petroleum can pose more significant risks in terms of spills and leaks. Since 25 gallons represent a substantial quantity, it triggers the requirement for reporting to ensure that any potential hazards are managed appropriately and that authorities can take necessary preventive measures. This threshold is part of state efforts to monitor and regulate the handling of hazardous materials, which is crucial for maintaining public safety and environmental integrity. Smaller volumes, such as 5, 10, or 15 gallons, do not pose the same level of concern and therefore do not require the same reporting obligations under Nevada state law.

9. Which of the following must contractors provide to secure a contractor's license bond?

- A. A detailed project plan**
- B. A financial statement**
- C. Certificate of Insurance**
- D. A surety bond**

To secure a contractor's license bond, a surety bond is required. This type of bond serves as a guarantee that the contractor will fulfill their obligations as specified in their contracts. Essentially, it protects clients and ensures that contractors comply with state laws and regulations. If the contractor fails to complete a job or meets a legal obligation, the surety bond provides compensation to the affected parties, allowing them to recover financial losses. The other options, while relevant in some contexts, do not directly fulfill the requirement for obtaining a contractor's license bond. A detailed project plan, a financial statement, and a certificate of insurance may be necessary for various aspects of running a contracting business or for specific projects, but they are not the mechanisms that operate as the bond itself. The surety bond is fundamentally what secures the license and provides both the contractor and clients a level of protection and assurance in the contracting process.

10. Prior to filing a notice of lien, how many days' notice of intent to lean must a lien claimant serve upon both the owner and the prime contractor?

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

A lien claimant must serve a notice of intent to lien at least 15 days prior to actually filing the notice of lien. This requirement is set forth in Nevada's lien laws, primarily to ensure that both the property owner and the prime contractor are made aware of the claimant's intentions, allowing them the opportunity to address any disputes or issues before formal legal action is taken. This notice serves as a means of communication and helps to maintain transparency in the construction process. By mandating this specific time frame, the law aims to protect the interests of all parties involved by minimizing surprises and enabling potentially informal resolutions. It is crucial for lien claimants to be aware of this step in order to uphold their rights and ensure compliance with the legal process for securing a lien on a property.

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://nvcontractors.examzify.com>

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

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