

PSI NATIONAL ASSOCIATION OF STATE CONTRACTORS LICENSING AGENCIES (NASCLA) PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED 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. 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. What impact can an accurate job cost recording system have on future estimates?**
 - A. It can lead to higher project bids
 - B. It creates unreliable data for future projects
 - C. It helps in creating more accurate unit costs
 - D. It has no impact on future estimates
- 2. Who is responsible for passing and amending the Home Improvement Law in Maryland?**
 - A. The State Supreme Court
 - B. The Governor's Cabinet
 - C. The General Assembly
 - D. The Department of Labor
- 3. What does MSDS stand for in workplace safety?**
 - A. Material Safety Data Sheet
 - B. Material Safety Development Standards
 - C. Machine Safety Data Standards
 - D. Manual Safety Data Sheet
- 4. What is NOT required in an OSHA Emergency Action Plan?**
 - A. Emergency evacuations
 - B. Emergency contacts
 - C. Employees performing rescue or medical duties
 - D. Monthly health assessments
- 5. Which situation is NOT covered by the Door-to-Door Sales Act?**
 - A. A negotiation at a retail business
 - B. The buyer initiated contact in an emergency
 - C. A purchase made at a trade show
 - D. Both A and B

- 6. Project overhead costs typically account for what percentage of the total bid?**
- A. 2 to 4 percent
 - B. 5 to 10 percent
 - C. 10 to 15 percent
 - D. 15 to 20 percent
- 7. How can disputes over contract terms be minimized?**
- A. By relying on oral agreements
 - B. Through clear language and thorough review before signing agreements
 - C. By involving a third-party mediator
 - D. By ignoring minor disagreements
- 8. What is required from employers for compensating workers injured on the job?**
- A. Liability Insurance
 - B. Workers' Compensation Insurance
 - C. Health Insurance
 - D. Disability Insurance
- 9. In which area of construction would you encounter "value engineering"?**
- A. Project Design
 - B. Quality Control
 - C. Project Management, focusing on cost efficiency without sacrificing performance
 - D. Safety Regulations
- 10. Bid Rigging is defined as?**
- A. A contractor modifying their bid for competitive advantage
 - B. Subcontractors meeting to agree on pricing
 - C. Contractors coordinating their bids to ensure a fixed outcome
 - D. Contractors negotiating directly with project owners

Answers

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

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Explanations

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1. What impact can an accurate job cost recording system have on future estimates?

- A. It can lead to higher project bids
- B. It creates unreliable data for future projects
- C. It helps in creating more accurate unit costs**
- D. It has no impact on future estimates

An accurate job cost recording system significantly improves the quality of data available for future estimates, making option C the correct choice. When a contractor accurately tracks costs on projects, it provides detailed insights into how resources are utilized, the actual expenses incurred, and the time taken for various tasks. This historical data allows contractors to identify patterns, set realistic benchmarks, and refine their estimating techniques. With this information, estimators can determine more accurate unit costs for different tasks, materials, and labor, leading to improved accuracy in future project bids. Accurate unit costs help in better resource allocation, ultimately enhancing profitability and efficiency in future projects. Additionally, the ability to reference real data instead of relying solely on estimates reduces the risk of underbidding or overbidding, which can negatively affect a contractor's competitiveness and viability. In contrast, unreliable data can lead to inflated or deflated estimates, which is not conducive to achieving precise project costs. Similarly, having no impact or allowing for variability without accurate recordings would fail to provide any advantage in future estimating processes. Therefore, the establishment of a reliable job cost recording system is crucial for creating a foundation for more precise future project estimates.

2. Who is responsible for passing and amending the Home Improvement Law in Maryland?

- A. The State Supreme Court
- B. The Governor's Cabinet
- C. The General Assembly**
- D. The Department of Labor

The General Assembly is responsible for passing and amending the Home Improvement Law in Maryland because it is the state's legislative body comprised of two chambers: the House of Delegates and the Senate. This body is tasked with enacting laws, including those related to home improvement and contractor regulations. Legislators propose bills, debate their merits, and ultimately vote on them to determine if they will become law. In contrast, while departments such as the Department of Labor may enforce the laws, they do not create or amend legislation. The Governor's Cabinet typically oversees the implementation of policies set forth by the General Assembly but doesn't have the authority to pass laws. Lastly, the State Supreme Court interprets laws and can rule on their constitutionality but does not create or amend them. Therefore, the role of lawmaking and amendment resides specifically within the General Assembly, making it the correct answer.

3. What does MSDS stand for in workplace safety?

- A. Material Safety Data Sheet**
- B. Material Safety Development Standards
- C. Machine Safety Data Standards
- D. Manual Safety Data Sheet

The term MSDS stands for Material Safety Data Sheet, which is crucial in workplace safety. It serves as a comprehensive document that provides information about the properties and hazards of a chemical substance. This document includes details such as the chemical's composition, safe handling practices, storage requirements, potential hazards, emergency response measures, and disposal considerations. Having an MSDS is essential for ensuring the safety of employees who may be exposed to hazardous materials. It acts as a guide to help workers understand the risks associated with a particular substance and how to manage them effectively. Moreover, it is a regulatory requirement in many jurisdictions to ensure that workers have access to this critical safety information. In contrast, the other choices do not accurately define what MSDS means or refer to concepts that are unrelated to the safety and handling of hazardous materials. Thus, understanding that MSDS corresponds to Material Safety Data Sheet is fundamental for maintaining safety in environments where chemicals are used or stored.

4. What is NOT required in an OSHA Emergency Action Plan?

- A. Emergency evacuations
- B. Emergency contacts
- C. Employees performing rescue or medical duties
- D. Monthly health assessments**

In an OSHA Emergency Action Plan, certain elements are mandated to ensure safety and preparedness in the event of an emergency. Among these, emergency evacuations are crucial as they provide a structured approach for safely exiting the workplace in a crisis. Emergency contacts are essential for communication and coordination during emergencies, allowing for quick access to important individuals who can assist. Additionally, the identification of employees performing rescue or medical duties is necessary to ensure that there are trained individuals available to respond effectively when emergencies occur. Monthly health assessments, on the other hand, are not a requirement within the OSHA Emergency Action Plan. While maintaining employee health and safety is important and various health assessments may be a part of overall workplace safety protocols, they do not specifically pertain to the emergency action planning required by OSHA. Thus, this option does not align with the outlined components of a compliant Emergency Action Plan. This distinction underscores the focus of the plan on immediate emergency procedures rather than ongoing health evaluations.

5. Which situation is NOT covered by the Door-to-Door Sales Act?

- A. A negotiation at a retail business
- B. The buyer initiated contact in an emergency
- C. A purchase made at a trade show
- D. Both A and B**

The Door-to-Door Sales Act is designed to protect consumers from high-pressure sales tactics that can occur in situations where a salesperson visits a consumer's home without prior appointment. The Act typically applies to door-to-door sales, where the buyer may not have had the opportunity to fully consider the purchase in a comfortable environment. In this context, a negotiation at a retail business is not covered by the Door-to-Door Sales Act because it takes place in a public venue where consumers have the ability to consider their options without the pressure of an unsolicited visit. Retail environments also provide consumers with more resources to compare products and prices, making them less vulnerable to aggressive sales tactics. Similarly, when a buyer initiates contact in an emergency, it indicates that the consumer is making a conscious decision to engage in a transaction, often without the high-pressure elements associated with door-to-door sales. In emergencies, the urgency typically diminishes the applicability of the Act, as the buyer is proactively seeking a solution rather than being approached unexpectedly by a salesperson. Purchases made at trade shows, on the other hand, usually involve a more open and well-informed shopping experience, allowing consumers to gather information from multiple vendors in a public setting rather than feeling pressured in their own home. Thus

6. Project overhead costs typically account for what percentage of the total bid?

- A. 2 to 4 percent
- B. 5 to 10 percent**
- C. 10 to 15 percent
- D. 15 to 20 percent

Project overhead costs generally represent a significant component of a contractor's total bid, as they encompass indirect costs that are essential for project management and execution but are not directly attributable to any single project element. These costs include expenses such as administrative overhead, office expenses, utilities, and insurance, which support the construction operations. The correct percentage range of 5 to 10 percent reflects a common practice within the industry, allowing contractors to ensure proper funding for essential support activities without inflating the bid excessively. This percentage allows contractors to cover their necessary operational expenses while remaining competitive in the bidding process. It is vital for contractors to accurately assess these overhead costs to maintain a sustainable business model and prevent potential financial strain when executing projects.

7. How can disputes over contract terms be minimized?

- A. By relying on oral agreements
- B. Through clear language and thorough review before signing agreements**
- C. By involving a third-party mediator
- D. By ignoring minor disagreements

Minimizing disputes over contract terms relies heavily on the clarity of the language used within the agreement and a thorough review process before any contracts are signed. Clear language ensures that all parties understand their obligations, rights, and the terms of the agreement. This reduces ambiguity, which is often the root cause of disputes. A thorough review allows all involved parties to ask questions, negotiate terms, and clarify any areas of confusion prior to mutual agreement and signing. By fostering an environment of transparency and comprehension, the likelihood of misunderstandings and subsequent disputes is significantly reduced. In contrast, relying on oral agreements can lead to misinterpretation or miscommunication, as verbal agreements may not capture all details or intentions clearly. Involving a third-party mediator can be useful for resolving disputes but does not inherently prevent them from arising. Ignoring minor disagreements often escalates issues, as unresolved concerns can accumulate and lead to significant conflicts later on. Focusing on clear communication and thorough reviews before finalizing agreements is a proactive approach to avoidance of disputes.

8. What is required from employers for compensating workers injured on the job?

- A. Liability Insurance
- B. Workers' Compensation Insurance**
- C. Health Insurance
- D. Disability Insurance

Employers are required to have Workers' Compensation Insurance to cover the costs associated with employee injuries that occur in the course of their work. This insurance provides essential financial support for medical expenses, rehabilitation costs, and a portion of lost wages for injured workers, thereby ensuring that they are taken care of without the need for lawsuits against the employer. Workers' Compensation Insurance is specifically designed to address the unique risks associated with workplace injuries and illnesses, offering a no-fault system that benefits both employees and employers. It protects workers by providing them with benefits regardless of fault, while it also limits an employer's liability for workplace injuries. In contrast, Liability Insurance is generally meant to protect businesses from claims arising from negligence or other torts, not specifically tailored for worker injuries. Health Insurance usually covers medical needs unrelated to work and does not provide the comprehensive coverage required for job-related injuries. Disability Insurance offers income replacement in the event that an employee becomes unable to work due to disability but does not cover medical expenses or rehabilitation costs specific to workplace injuries.

9. In which area of construction would you encounter "value engineering"?

- A. Project Design
- B. Quality Control
- C. Project Management, focusing on cost efficiency without sacrificing performance**
- D. Safety Regulations

Value engineering is a systematic method aimed at improving the value of a project by optimizing its function while reducing costs. This approach is primarily applied in project management, where the focus is on maximizing cost efficiency while ensuring that the performance and quality standards are maintained. In construction, value engineering involves analyzing the project's components to identify opportunities for cost savings, such as selecting alternative materials or construction methods that still meet the project's requirements. By prioritizing cost efficiency without compromising on performance, project managers can enhance the overall value of the project. While aspects of value engineering can touch upon project design, quality control, and safety regulations, its essence lies most squarely within project management due to its focus on balancing cost, performance, and quality throughout the project lifecycle. This comprehensive approach ensures that stakeholders receive the greatest return on investment without sacrificing essential outcomes.

10. Bid Rigging is defined as?

- A. A contractor modifying their bid for competitive advantage
- B. Subcontractors meeting to agree on pricing
- C. Contractors coordinating their bids to ensure a fixed outcome**
- D. Contractors negotiating directly with project owners

Bid rigging refers to a form of collusion where contractors coordinate their bids to produce a pre-arranged outcome, often resulting in inflated prices for consumers and a lack of genuine competition in the bidding process. This practice undermines the principles of fair competition and can be illegal under antitrust laws. In bid rigging, contractors may agree to take turns winning contracts, submit artificially high bids, or otherwise manipulate the bidding process to ensure that they collectively benefit rather than compete against one another. This understanding of bid rigging clarifies that it is not simply about modifying bids for a competitive advantage or negotiating with project owners, nor is it about subcontractors meeting to discuss pricing, which can also happen in legitimate market practices. The essence of bid rigging lies in the deliberate coordination of bids between contractors to create a non-competitive environment and secure predetermined outcomes.

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://psinasclacertification.examzify.com>

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

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