

# Utah Contractor 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**

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- 1. Which of these is considered a project overhead cost?**
  - A. Hourly wages**
  - B. Heat and air conditioning**
  - C. Salary wages**
  - D. All of the above**
  
- 2. What defines the total financial resources available to a contractor?**
  - A. Accounting losses**
  - B. Positive financial Ratios**
  - C. Capitalization**
  - D. Equity**
  
- 3. What should be done if more than 0.1% asbestos is found in construction materials?**
  - A. The crew should try not to disturb the area but keep working**
  - B. The contractor should contact OSHA immediately**
  - C. The workers should stop and remove the materials wearing masks and gloves**
  - D. The crew should wet down the area with water and continue working**
  
- 4. What is the gross selling price if direct costs are \$38,000, overhead is 12%, and profit is 5% of the selling price?**
  - A. \$38,854.09**
  - B. \$42,964.11**
  - C. \$44,162.75**
  - D. \$45,783.13**
  
- 5. \_\_\_\_\_ insurance will protect the structure being built and the materials at that location.**
  - A. Property**
  - B. Builders Risk**
  - C. Commercial General Liability**
  - D. Residential**

**6. Which statement about mechanics' liens is correct?**

- A. A supplier must deliver material to the job site for a mechanics' lien to be valid**
- B. The prime contractor is responsible for the debt stated in the lien**
- C. The owner is responsible for the debt stated in the lien**
- D. A supplier does not have a right to a mechanics' lien**

**7. What is one method of guaranteeing project completion and correction of defects?**

- A. Stipulation**
- B. Retention**
- C. Umbrage**
- D. Remainder**

**8. Which of the following is NOT considered part of a contractor's income tax assessment?**

- A. Net profit**
- B. Gross revenue**
- C. Profit and Loss statements**
- D. All of the above**

**9. Which term refers to debt obligations extending beyond one year?**

- A. Assets**
- B. Long-term liabilities**
- C. Current liabilities**
- D. Working capital**

**10. How do you calculate the usage hours per year divided by total yearly cost?**

- A. Estimate number of hours of use per year minus total yearly cost**
- B. Estimate number of hours of use per year plus total yearly cost**
- C. Estimate number of hours of use per year times total yearly cost**
- D. Estimate number of hours of use per year divided by total yearly cost**

## **Answers**

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

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## **Explanations**

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**1. Which of these is considered a project overhead cost?**

- A. Hourly wages**
- B. Heat and air conditioning**
- C. Salary wages**
- D. All of the above**

Project overhead costs refer to the expenses that cannot be directly attributed to a specific project activity but are necessary for the operation of the project. These costs are typically indirect and support the overall execution of the project rather than being tied directly to labor or materials. Heat and air conditioning are prime examples of overhead costs because they are necessary for maintaining a conducive working environment for staff and workers on the project site. These expenses do not vary directly with the level of output or the amount of work done; instead, they are incurred to ensure that the project can proceed under suitable conditions. In contrast, hourly wages and salary wages represent direct costs related to labor on the project. These costs are tied directly to the personnel performing work on the project and fluctuate with the amount of work completed or the hours billed. Therefore, while they are significant costs associated with a project, they do not fall under the category of overhead costs. In summary, heat and air conditioning represents project overhead cost as it contributes to the overall function of the work environment without being directly tied to tasks or labor performed.

**2. What defines the total financial resources available to a contractor?**

- A. Accounting losses**
- B. Positive financial Ratios**
- C. Capitalization**
- D. Equity**

The definition of the total financial resources available to a contractor is best captured by equity. Equity represents the ownership value in a company, which is the difference between total assets and total liabilities. It encompasses the funds that the owners have invested in the business, as well as retained earnings and any additional investments made. Therefore, equity signifies the financial foundation and resources that a contractor can utilize for operations, investments, and growth. While accounting losses can indicate past financial difficulties, they do not reflect the resources currently available. Positive financial ratios might suggest good financial health, but they are metrics that assess performance rather than a direct measure of total available resources. Capitalization refers to a company's long-term funding and structure, which is a broader concept that includes both debt and equity, but it does not solely define the contractor's financial resources in a straightforward manner like equity does.

**3. What should be done if more than 0.1% asbestos is found in construction materials?**

- A. The crew should try not to disturb the area but keep working**
- B. The contractor should contact OSHA immediately**
- C. The workers should stop and remove the materials wearing masks and gloves**
- D. The crew should wet down the area with water and continue working**

When asbestos is found in construction materials at a concentration greater than 0.1%, it is crucial for safety and regulatory compliance that the contractor contacts the Occupational Safety and Health Administration (OSHA) immediately. This action is important because OSHA has specific guidelines and regulations regarding the handling and removal of asbestos to protect workers and the surrounding environment from the hazards associated with this material. Contacting OSHA allows for proper procedures to be put in place, including possible inspections, and ensures that the appropriate safety measures are followed. It also helps to coordinate any necessary testing, assessments, and potential remediation actions to handle the asbestos safely. Without contacting OSHA, there could be an increased risk of exposure for construction workers and potential legal ramifications for the contractor due to non-compliance with regulations regarding hazardous materials. Following the correct procedures promotes a safe working environment and addresses the health risks associated with asbestos exposure effectively.

**4. What is the gross selling price if direct costs are \$38,000, overhead is 12%, and profit is 5% of the selling price?**

- A. \$38,854.09**
- B. \$42,964.11**
- C. \$44,162.75**
- D. \$45,783.13**

To determine the gross selling price when given direct costs, overhead, and profit percentage relative to the selling price, follow these steps. First, recognize that the gross selling price comprises direct costs, overhead, and profit. In this scenario, direct costs equal \$38,000. Overhead is 12% of the selling price, and profit is 5% of the selling price. Let the gross selling price be denoted as  $S$ . The overhead can be expressed as  $0.12S$ , and the profit can be expressed as  $0.05S$ . Therefore, the equation to represent the total costs can be formulated as:  $S = \text{Direct costs} + \text{Overhead} + \text{Profit}$   $S = \$38,000 + 0.12S + 0.05S$   $S = \$38,000 + 0.17S$  To solve for  $S$ , the selling price, first isolate  $S$  by moving the overhead and profit terms to one side:  $S - 0.17S = \$38,000$   $0.83S = \$38,000$  Now, calculate  $S$  by dividing both sides by 0.83:  $S = \$38,000 / 0.83$   $S \approx \$45,783$ .

5. \_\_\_\_\_ insurance will protect the structure being built and the materials at that location.

- A. Property
- B. Builders Risk**
- C. Commercial General Liability
- D. Residential

Builders Risk insurance is specifically designed to provide coverage for buildings under construction, including materials, fixtures, and equipment that are on-site or being used in the construction project. This type of policy typically covers a range of risks that may lead to loss or damage during the building process, such as fire, theft, or vandalism. The main advantage of Builders Risk insurance is that it ensures that both the structure and the materials are protected until the construction is completed and the property is occupied. This is crucial for contractors and builders as it helps them manage financial risks associated with potential losses during the construction phase, ensuring that they can complete the project without facing significant financial burdens due to unforeseen events. Property insurance generally covers completed structures and does not address the specific needs of a construction site. Commercial General Liability focuses on bodily injury and property damage liability but does not provide coverage for the building itself during construction. Residential insurance policies, on the other hand, are typically aimed at protecting completed homes and would not be suitable for ongoing construction projects.

6. Which statement about mechanics' liens is correct?

- A. A supplier must deliver material to the job site for a mechanics' lien to be valid
- B. The prime contractor is responsible for the debt stated in the lien
- C. The owner is responsible for the debt stated in the lien**
- D. A supplier does not have a right to a mechanics' lien

The statement regarding the owner's responsibility for the debt stated in the mechanics' lien is correct because, in general, property owners may ultimately be liable for debts incurred by contractors or subcontractors that they hired for a project. If the contractor or subcontractor does not pay their suppliers or laborers, those unpaid parties have the right to file a mechanics' lien against the property to secure payment. This means that if a mechanics' lien is filed, the lien encumbers the property and can potentially lead to the property being sold to satisfy the unpaid debt. Therefore, while the contractor is responsible for their own debts, the owner may have to pay to clear the lien or risk losing the property, highlighting the owner's indirect financial responsibility. This situation reflects the underlying principle of mechanics' liens, which serve as a legal tool for securing payment to those who contribute labor or materials to a construction project, ensuring that all parties involved have recourse for payment.

**7. What is one method of guaranteeing project completion and correction of defects?**

- A. Stipulation**
- B. Retention**
- C. Umbrage**
- D. Remainder**

Retention is a common method used in construction contracts to ensure that a project is completed satisfactorily and defects are addressed. This involves withholding a percentage of the payment due to the contractor until the project is fully completed and any issues, defects, or deficiencies are corrected. By retaining funds, the owner has leverage to ensure that the contractor fulfills all obligations and meets quality standards before final payment is made. This approach serves as a financial incentive for the contractor to address any remaining tasks or defects diligently. Typically, retention amounts are held until a specified period after the project's completion, allowing time for any potential issues to manifest and be resolved, thereby ensuring a higher quality outcome for the owner. This practice helps mitigate risks associated with construction projects, making it an essential aspect of contract management.

**8. Which of the following is NOT considered part of a contractor's income tax assessment?**

- A. Net profit**
- B. Gross revenue**
- C. Profit and Loss statements**
- D. All of the above**

The correct answer is based on the understanding of how a contractor's income is assessed for tax purposes. Gross revenue represents the total income generated from all business activities before any expenses are deducted. While it is a crucial part of financial reporting and understanding a business's overall operations, it is not directly considered a taxable income figure in the assessment process. Instead, taxable income is typically calculated by taking net profit, which is derived from gross revenues after deducting all allowable business expenses. Net profit reflects the actual earnings of a contractor after expenses are accounted for, making it a key element in income tax assessments. Additionally, Profit and Loss (P&L) statements, which summarize revenues and expenses over a specific period, help determine net profit and are fundamental financial documents for any contractor. In summary, while gross revenue provides insight into total sales, it does not specifically reflect the taxable income for a contractor, which makes it the correct answer for what is not considered part of a contractor's income tax assessment.

**9. Which term refers to debt obligations extending beyond one year?**

- A. Assets**
- B. Long-term liabilities**
- C. Current liabilities**
- D. Working capital**

Long-term liabilities refer to debt obligations that are due to be settled over a period extending beyond one year. This category of liabilities is important for understanding a company's long-term financial structure and its capability to manage resources effectively over time. Examples of long-term liabilities include long-term loans, bonds payable, and mortgages. In contrast, current liabilities are financial obligations that are due within a one-year period, such as accounts payable and short-term loans. Assets represent what a company owns and can include both current assets, which are expected to be converted to cash within a year, and long-term assets, which take longer to convert. Working capital is a measure of a company's short-term financial health, calculated as current assets minus current liabilities, and does not encompass obligations exceeding one year. Thus, the distinction made by the term "long-term liabilities" is crucial for evaluating a company's financial resilience and planning for future expenditures and obligations.

**10. How do you calculate the usage hours per year divided by total yearly cost?**

- A. Estimate number of hours of use per year minus total yearly cost**
- B. Estimate number of hours of use per year plus total yearly cost**
- C. Estimate number of hours of use per year times total yearly cost**
- D. Estimate number of hours of use per year divided by total yearly cost**

The approach to calculating usage hours per year divided by total yearly cost focuses on determining the cost-effectiveness or efficiency of equipment or services based on their usage. By taking the total number of hours used in a year and dividing it by the total yearly cost, you can find a metric that illustrates how much each hour of usage costs. This method is beneficial for budgeting and financial analysis, helping contractors and businesses make informed decisions regarding the allocation of resources, comparing different equipment options, or justifying expenses. The formula allows for straightforward assessment, providing valuable information for operational decisions and financial planning. The other methods, such as subtracting or adding costs, or multiplying the hours of usage by the total cost, do not yield the relevant insight into cost per hour, which is essential for effective financial management in construction and 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://utahcontractor.examzify.com>**

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

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