

Virginia Contractor General Practice Test (Sample)

Study Guide



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Questions

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- 1. When evaluating a company's financial performance, what does return indicate?**
 - A. Profitability relative to investments made**
 - B. Revenue growth over time**
 - C. Employee satisfaction scores**
 - D. Market share relative to competitors**
- 2. What should a contractor do if the location for a swimming pool is in violation of local code?**
 - A. Agree to build the pool**
 - B. Delay the project until further notice**
 - C. Not agree to build the pool**
 - D. Consult with a lawyer about the code**
- 3. If a construction permit is abandoned, what is the next step?**
 - A. Start over with a new application**
 - B. Wait for the code official to respond**
 - C. File a complaint with the local authorities**
 - D. Reinstate the original application**
- 4. What is the percentage for Social Security tax?**
 - A. 5%**
 - B. 6.2%**
 - C. 7.5%**
 - D. 8%**
- 5. An appeal of the local building official's decision regarding USBC modification MUST be made within how many days?**
 - A. 30 Days**
 - B. 45 Days**
 - C. 60 Days**
 - D. 90 Days**

6. How many years should documents related to a contract be kept?

- A. 3 Years**
- B. 5 Years**
- C. 7 Years**
- D. 10 Years**

7. Which of the following is NOT covered under Project Overhead?

- A. Marketing expenses**
- B. Supervisor salaries**
- C. Utilities costs**
- D. Office supplies**

8. What are the three types of construction contracts commonly used in Virginia?

- A. Fixed-price, cost-plus, and hourly contracts**
- B. Fixed-price, cost-plus, and time and materials contracts**
- C. Time and materials, hourly, and commission contracts**
- D. Cost-plus, commission, and flat rate contracts**

9. What is essential for maintaining a safe construction site?

- A. Regular site inspections**
- B. Minimal worker supervision**
- C. Using untrained personnel**
- D. Delaying safety meetings**

10. What is "builder's risk insurance"?

- A. Insurance for completed buildings against natural disasters**
- B. Insurance covering equipment theft on job sites**
- C. Insurance that covers a building under construction against specific risks such as fire or theft**
- D. Insurance for liability against worker injuries**

Answers

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

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Explanations

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1. When evaluating a company's financial performance, what does return indicate?

- A. Profitability relative to investments made**
- B. Revenue growth over time**
- C. Employee satisfaction scores**
- D. Market share relative to competitors**

Return is a key financial metric that illustrates a company's profitability relative to the investments made. It is essentially a measure of how effectively a company is using its capital to generate profits. When a company has a high return, it signifies that it is able to generate a significant amount of profit from its investments, thereby indicating strong financial health and efficient use of resources. This concept is often expressed in various forms, such as return on investment (ROI), return on equity (ROE), or return on assets (ROA). Each of these measures offers insight into different aspects of profitability concerning the capital invested, whether it's by shareholders, assets used, or overall capital. While revenue growth over time, employee satisfaction scores, and market share provide valuable insights into other components of a company's performance, they do not specifically capture the relationship between profit generation and capital investment in the way that return does. Thus, when considering financial performance, return serves as a critical indicator of how well a company is managing its investments to achieve profitability.

2. What should a contractor do if the location for a swimming pool is in violation of local code?

- A. Agree to build the pool**
- B. Delay the project until further notice**
- C. Not agree to build the pool**
- D. Consult with a lawyer about the code**

When a contractor identifies that the proposed location for a swimming pool is in violation of local code, the appropriate action is to not agree to build the pool. This is crucial because proceeding with construction in a location that does not comply with local regulations could result in legal issues, fines, or the requirement to remove the pool after it has been constructed. Contractors have a responsibility to ensure that all work complies with applicable laws and codes. By choosing not to move forward with the project that violates local codes, the contractor protects both their interests and those of the client. This ensures that the project can either be re-evaluated for compliance or possibly relocated where it can adhere to all local regulations, thus avoiding future complications. Additionally, while consulting a lawyer or delaying the project might seem viable options, the best initial response is to clearly communicate the violation to the customer and refuse to commence any construction until the issue is resolved. This establishes a professional standard and ensures that all construction adheres to safety and legal requirements.

3. If a construction permit is abandoned, what is the next step?

- A. Start over with a new application**
- B. Wait for the code official to respond**
- C. File a complaint with the local authorities**
- D. Reinstate the original application**

When a construction permit is abandoned, the logical next step is to start over with a new application. Abandonment typically occurs when the applicant fails to take action on the permit for a certain period, leading to its expiration or nullification. Since the original permit is no longer valid, a new application allows for the proper review and issuance of a permit that complies with the current regulations and project requirements. Reinstating the original application may not be an option because abandoned permits usually mean the jurisdiction no longer recognizes them, and an existing application cannot simply be "reinstated." The other options, such as waiting for a code official's response or filing a complaint, do not address the need to initiate a valid permit process to proceed with construction legally. Thus, starting over with a new application ensures compliance with local building codes and project timelines.

4. What is the percentage for Social Security tax?

- A. 5%**
- B. 6.2%**
- C. 7.5%**
- D. 8%**

The percentage for Social Security tax is set at 6.2%. This rate applies to earned income up to a certain threshold, known as the Social Security wage base limit, which is adjusted annually. This tax is critical because it funds the Social Security program, providing benefits for retirees, the disabled, and survivors of deceased workers. The 6.2% rate has been consistent for several years, making it an important figure for both employees and employers to remember when calculating payroll taxes. Understanding this rate is crucial for contractors and business owners, as accurate compliance with tax laws is essential for maintaining good standing with federal tax authorities.

5. An appeal of the local building official's decision regarding USBC modification MUST be made within how many days?

- A. 30 Days**
- B. 45 Days**
- C. 60 Days**
- D. 90 Days**

The correct duration for appealing a local building official's decision regarding a modification of the Uniform Statewide Building Code (USBC) is 90 days. This timeframe is established to ensure that parties have a sufficient window to gather information, prepare their case, and formally challenge a decision they may disagree with. Having a 90-day period allows for careful consideration of the issues at hand and ensures that parties can effectively navigate the appeals process, which may include compiling relevant documentation, seeking professional advice, and potentially engaging in negotiations or discussions with the building official or relevant authorities. This length of time reflects the complexity that can accompany building code issues and the importance of thoroughness in addressing potential non-compliance or modifications to existing regulations. Shorter timeframes might not adequately accommodate the necessary preparation work those involved in such appeals may need to undertake, including legal consultation or obtaining expert opinions, which can be vital for a successful appeal. Thus, the 90-day window serves the purpose of fairness and thoroughness in the appeals process under the USBC.

6. How many years should documents related to a contract be kept?

- A. 3 Years**
- B. 5 Years**
- C. 7 Years**
- D. 10 Years**

The correct recommendation is to retain documents related to a contract for a period of five years. This timeframe aligns with various legal statutes and best practices in the construction and contracting industry, ensuring sufficient time for any potential claims, disputes, or audits that may arise from the contract. Retaining documents for this duration allows both parties to adequately reference agreements, terms, and conditions, which can be critical if a conflict occurs after the work has been completed. Keeping records for five years also helps in complying with tax regulations, as some jurisdictions require documentation related to income and expenses to be maintained for a similar length of time. Further, it is important to note that retention periods can vary based on specific contract terms or state laws, so it is advisable for contractors to be familiar with applicable regulations to ensure compliance. The other options suggest either shorter or longer retention periods, which may not fully accommodate the time required to resolve potential issues related to the contract. Therefore, five years serves as a balanced and practical guideline within the context of contract management.

7. Which of the following is NOT covered under Project Overhead?

- A. Marketing expenses**
- B. Supervisor salaries**
- C. Utilities costs**
- D. Office supplies**

Project Overhead typically encompasses costs that are necessary to manage and execute a project but do not directly contribute to the construction or production of the project itself. This can include expenses related to the management of the project, such as supervisor salaries, utilities costs, and office supplies, as these are integral to maintaining the project site or managing the operations. Marketing expenses, however, are generally not considered part of Project Overhead. While important for business development and securing future contracts, marketing does not pertain to the specific costs incurred while executing a particular project. Instead, it is categorized under general business expenses or administrative overhead. Understanding the distinction between project-specific costs and those related to broader business operations is crucial for effective project budgeting and financial management in contracting.

8. What are the three types of construction contracts commonly used in Virginia?

- A. Fixed-price, cost-plus, and hourly contracts**
- B. Fixed-price, cost-plus, and time and materials contracts**
- C. Time and materials, hourly, and commission contracts**
- D. Cost-plus, commission, and flat rate contracts**

The three types of construction contracts commonly used in Virginia are fixed-price, cost-plus, and time and materials contracts. Fixed-price contracts involve a set total price for a specific scope of work, which provides clarity and budget predictability for both the contractor and the client. This type of contract is beneficial when the scope of the project is well-defined, allowing for easier assessment of costs and project timelines. Cost-plus contracts involve the contractor being reimbursed for actual costs incurred for materials and labor, plus an additional fee that covers overhead and profit. This structure is useful in situations where the scope of work is unpredictable or when changes are expected, as it allows for flexibility in project execution. Time and materials contracts are hybrid agreements where the contractor is paid for labor at an hourly rate plus the costs of materials. This arrangement is beneficial for projects that may evolve over time, providing a method of payment that can adapt to changes in scope. These three types of contracts enable various project management strategies and cater to different project needs, making them essential in the construction industry landscape in Virginia. The other options listed do not include these widely recognized categories and feature contracts that are not typically standard within construction practices.

9. What is essential for maintaining a safe construction site?

- A. Regular site inspections**
- B. Minimal worker supervision**
- C. Using untrained personnel**
- D. Delaying safety meetings**

Regular site inspections are crucial for maintaining a safe construction site because they help identify potential hazards and unsafe conditions before they result in accidents or injuries. By routinely assessing the site, contractors can ensure that safety measures are being adhered to, equipment is functioning correctly, and workers are following safe practices. Inspections also provide an opportunity to assess whether additional training or resources are needed to improve site safety. Moreover, proactive identification and resolution of issues can prevent incidents, protect workers, and ensure compliance with regulatory requirements. In a dynamic environment like a construction site, where conditions can change rapidly, regular inspections contribute significantly to the overall safety and efficiency of operations.

10. What is "builder's risk insurance"?

- A. Insurance for completed buildings against natural disasters**
- B. Insurance covering equipment theft on job sites**
- C. Insurance that covers a building under construction against specific risks such as fire or theft**
- D. Insurance for liability against worker injuries**

Builder's risk insurance is specifically designed to provide coverage for buildings that are under construction. This type of insurance protects against certain risks that may arise during the construction process, such as fire, theft, vandalism, and some weather-related damages. It is essential for contractors and developers to have this insurance because construction sites are vulnerable to various risks that could lead to significant financial losses. Unlike insurance for completed buildings, which might cover broader risks including natural disasters, builder's risk insurance focuses on the construction phase and the unique challenges it presents. It's also distinct from liability insurance, which covers injuries on the job site, and equipment theft insurance, which targets the loss of tools and machinery rather than the structure being built. Having builder's risk insurance ensures that any financial setbacks due to these specific risks are managed effectively, allowing projects to proceed with a level of financial security.