



**CONTRACTORS STATE LICENSE BOARD
LICENSE EXAMINATION STUDY GUIDE**



LAW AND BUSINESS

Content of the Examination

The Law and Business (LAW) Examination is divided into eight major sections:

- 1. Business Organization (12%)**
 - Company organization
 - Project organization
- 2. Business Financial (18%)**
 - Cash management
 - Budget and planning
 - Taxes
 - Financial reporting
- 3. Employment Requirements (15%)**
 - Employment regulations
 - Evaluation and record-keeping
 - Payroll
- 4. Bonds, Insurance, and Liens (13%)**
 - Bonds
 - Workers' compensation insurance
 - Other insurance
 - Liens
- 5. Contract Requirements and Execution (15%)**
 - Bidding
 - Labor and cost control
 - Contracts
 - Payments
- 6. Licensing Requirements (11%)**
 - Business license
 - Contractor's license
 - Activity regulation

7. Safety Requirements (11%)

- Training and reporting requirements
- General safety
- Hazmat

8. Public Works (5%)

- Prevailing wage requirements
- Bonding requirements
- Insurance requirements

Percentages are approximate

Test Site Policy

This is a closed-book examination. No reference materials may be used during the examination. All materials brought to the examination site must be left in an unmonitored area at your own risk.

Test Strategy

This is a multiple-choice examination with four choices per question. Some questions require mathematical computation. Examination questions are written to provide only one BEST answer and are NOT written as trick questions.

There is no penalty for guessing. If you are unsure about a particular question, it is better to try to answer the question than to leave the question blank.

Plenty of time is provided to answer all examination questions, so be sure to read each question and its four choices completely and carefully before selecting the BEST possible answer to the question.

Sample Questions

Below are three typical examination questions.
The correct answer is marked with ➡.

1. According to contract law, when can subcontractors and material suppliers serve a preliminary notice?
 - a. After first purchasing material
 - b. After their bid is accepted by the prime contractor
 - c. After the prime contractor's bid is accepted by the owner
 - ➡ d. After first furnishing labor or materials

2. Within how many days must an "agreement to arbitrate" be returned by the participants after being mailed by the Registrar?
 - a. Within 7 calendar days
 - b. Within 10 calendar days
 - c. Within 14 calendar days
 - ➡ d. Within 30 calendar days

3. How often must contractors' supervisors conduct "tool box" or "tailgate" safety meetings?
 - a. Daily
 - ➡ b. At least every ten working days
 - c. At least once a month
 - d. At least once a quarter

All questions are written and reviewed by licensed contractors who are actively working in the field

Resources

*Publisher information for reference books and code is provided below. Other sources for reference books may be found online. **California code books can be viewed online:***
www.bsc.ca.gov

California Contractors License Law and Reference Book.

Matthew Bender & Company, Inc.
PHONE: (800) 223-1940
INTERNET: www.lexisnexis.com

California Employer's Guide (DE44).

California Employment Development Department.

PHONE: (888) 745-3886

INTERNET: www.edd.ca.gov/FORMS

Contractors Guide to Business, Law and Project Management.

National Association of State Contractors Licensing Agencies (NASCLA).

PHONE: (623) 587-9354

INTERNET: www.nascla.org

Publication 15 (Circular E) Employer's Tax Guide.

Internal Revenue Service.

PHONE: (800) 829-1040

INTERNET:

www.irs.gov/publications/p15/index.html

Standard Specifications for Public Works Construction (Green Book).

BNI Building News.

PHONE: (888) 264-2665

INTERNET: www.bnibooks.com

State of California General Industry & Electrical Safety Orders (Cal/OSHA) and State of California Construction & Electrical Safety Orders (Cal/OSHA). 2015.

California Code of Regulations, Title 8.
Mancomm.

PHONE: (877) 626-2666

INTERNET: www.mancomm.com

Terms of Agreement – Consumer Guide to Home Improvement Contracts.

Contractors State License Board.

PHONE: (800) 321-2752

INTERNET: www.cslb.ca.gov

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