



CONTRACTORS STATE LICENSE BOARD LICENSE EXAMINATION STUDY GUIDE



LAW AND BUSINESS

Content of the Examination

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

1. Business Organization (10%)

- Company organization
- Project organization

2. Business Finances (15%)

- Cash management
- Budget and planning
- Taxes
- Financial reporting

3. Employment Requirements (12%)

- Employment regulations
- Evaluation and record-keeping
- Payroll

4. Bonds, Insurance, and Liens (10%)

- Bonds
- Workers' compensation insurance
- Liens and other remedies
- Other insurance

5. Contract Requirements and Execution (23%)

- Bidding
- Cost control
- Contracts
- Payments

6. Licensing Requirements (8%)

- Business license
- Contractor's license
- Activity regulation

7. Safety (15%)

- Training and reporting requirements
- General safety
- Hazardous/unknown materials

8. Public Works (7%)

- 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. Examination questions are written to provide only one BEST answer. Some questions require mathematical computation. A calculator will be provided.

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 underlined.

1. What information must be included in a stop notice?
 - a. The kind of labor, services, equipment, or materials furnished or agreed to be furnished
 - b. The construction loan terms, interest rate, and deadline for project completion
 - c. The type of zoning, setback, and lot coverage limitations on the permit
 - d. The type of asbestos, toxic fumes, or hazardous materials found

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

3. According to California license law, how often must safety meetings be held?
 - a. At least once a week
 - b. At least every 10 working days
 - c. At least every 15 working days
 - d. At least once a month

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

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.dgs.ca.gov/bsc

California Contractors License Law & Reference Book. Matthew Bender & Company, Inc.
PHONE: (800) 223-1940
INTERNET: www.lexisnexis.com

California Employer’s Guide (DE 44). California Employment Development Department.
PHONE: (888) 745-3886
INTERNET: forms.edd.ca.gov/forms

California Labor Code. California Department of Industrial Relations.
INTERNET:
leginfo.legislature.ca.gov/faces/codes.xhtml

Contractors Guide to Business, Law and Project Management. National Association of State Contractors Licensing Agencies (NASCLA).
PHONE: (623) 587-9354
INTERNET: www.nascla.org

Greenbook: Standard Specifications for Public Works Construction. BNI Publications, Inc.
PHONE: (888) 264-2665
INTERNET: www.bnibooks.com

Publication 15, (Circular E), Employer’s Tax Guide. Internal Revenue Service.
PHONE: (800) 829-1040
INTERNET: www.irs.gov/publications/p15

State of California General Industry & Electrical Safety Orders (Cal/OSHA) and State of California Construction & Electrical Safety Orders (Cal/OSHA). 2019. California Code of Regulations, Title 8. Mancomm.
PHONE: (877) 626-2666
INTERNET: www.mancomm.com
VIEW ONLINE:
www.dir.ca.gov/dosh/LawsAndRegulations.htm

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