
RENOVATION EXPECTATIONS

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COST PLUS CONTRACTS

The estimate you will receive indicates budgetary figures for what we expect your project to cost according to the known information at that point in time. With large renovations, we typically work with cost plus contracts instead of fixed sum. We believe this ensures the highest level of flexibility and transparency throughout the project. There are many factors that simply can't be known until we start work, or are too variable to set a fixed number on them before we get final selections or open up walls. This is why we work with Cost Plus contracts. Please refer to your estimate and contract for current rates.

WHAT IS A COST PLUS CONTRACT ?

A cost plus contract is one in which you pay exactly what the project costs, plus contractor markup. For example, if we receive a plumbing invoice for \$356.23, you will receive a subsequent invoice for plumbing work in the amount of \$356.23 + contractor markup. What this means is that the estimate you received includes budgetary numbers and as such are not final pricing which is ultimately dependent on the scope of work which can change on a large scale renovation. **This excludes any warranty work or non-billable items, such as corrective actions.** It is our job to ensure that we meet those budget numbers and communicate overages in advance as well as provide reasons for why there are overages. Please refer to your estimate for our hourly management and labor rates.

WHEN DO I GET BILLED ?

As work progresses, material receipts get turned into our office, timesheets from our in-house laborers are recorded, and invoices from subcontractors are emailed in. We systematically collect the cost from each of these streams and input them into our job costing software. Once they have been recorded in our system, an invoice is then emailed to you which will include any new cost entries since the last invoice plus contractor markup. Something that's important to note about this process is that all invoices are dependent on cost entries into our software on our side. If a subcontractor does not email an invoice to us for a few weeks, or more, after completing their portion of the work, that means you won't be billed for that work until that point. Because of this, billing does not happen perfectly in sync with the project schedule, but happens side by side with actual cost collection. We don't bill you until we get billed!

WHAT ABOUT WARRANTY WORK OR NON-BILLABLE ITEMS ?

Our software tracks all items that are flagged as warranty or non-billable and does not bill anything marked as such. If you ever have any concerns or questions about the specifics of costs, we have the ability to and will gladly pull detailed transaction reports for each phase of the job. Our cost plus contracts have full transparency. The system is also a single-entry system, which prevents any double entry or double billing.

RENOVATION EXPECTATIONS

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COST PLUS CONTRACTS

THE ESTIMATE SAYS \$4,000, WHY WAS I BILLED \$4,102.10 ?

This is an example of the common misunderstanding on a cost plus contract. As the estimate indicates budgetary numbers, it is not representative of the exact amount you will be billed at the end of the project. In this example, the \$4,102.10 number reflects what the actual cost came through as after collecting all material receipts, timesheets, and subcontractor invoices. We happily provide any receipts or bills that you would like to review if you have questions about actual charges. It is important to note that this example could also happen in the other direction. Some items may come in under budget, instead of over!

HOW WILL I KNOW IF I'M GOING OVER BUDGET ?

There are some costs that simply won't be known until we get in and start working on the project. As soon as we discover phases of the project that may be significantly over budget, you will be notified in advance and we will discuss a game plan together. Sometimes these over budget costs are necessary for the continuation of the project. For example, during excavation we uncover a large septic tank buried in the ground that nobody knew about right where the foundation is supposed to go. This septic tank must be removed before we can pour the foundation. Or, maybe we haven't planned to re-work any of the existing electrical wires in the house but once drywall is removed we discover that the wires are unstable and Nashville Codes department is going to require us to completely re-work the electrical.

