
CHAPTER 5. CONSTRUCTION PERIOD

5-1. CHANGE ORDER COST ESTIMATES.

A. Each approved construction change.

- 1) Apply current bench mark costs to accepted or amended change order quantities. Include amounts for general requirements and builder's overhead and profit using the percentage of each from firm processing. Describe and calculate on a worksheet.

NOTE: Do not include profit in BSPRA project.

- 2) Compare with mortgagor's estimate. If reasonable, use mortgagor's estimate, otherwise use HUD estimate.
- 3) Complete cost entries on Form HUD-92437 and file worksheet.

B. Approved Time Extensions.

- 1) Calculate additional general requirements cost on a worksheet.
 - a) Divide cost of general requirements from contractor's schedule of values by the number of months estimated for construction at firm commitment. Sixty-five percent of this amount is the estimate per month.
 - b) Use one fourth (1/4) of the monthly estimate per week.
 - c) There is no cost effect for less than one week.
- 2) Complete cost entries on Form HUD-92437 and file worksheet.

- C. Data. When project is complete, use the mortgage credit change order file and record on Form FHA-2326 or thru the computerized system the total dollar effect of changes on each trade item, general requirements, and builders overhead and profit.

5-2. ADVICE AND ASSISTANCE. If requested, provide the following:

- A. Construction Progress Guides. Prepare for the HUD inspector's use at periodic advances to help determine the dollar amounts for various trade items. Keep them simple, use contractor's schedule of values, and base on individual trade characteristics.
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- 1) Percentage guide for trades that breakdown easily into proportionate shares, such as masonry.
 - 2) Per unit cost guide when work is a number of similar units that can be counted, such as appliances.
 - 3) Measurement guide for items easily measured, such as utility lines.
- B. Inventory Unit Prices. (Materials stored onsite; components stored offsite.) Provide current bench mark costs of materials and components for HUD inspector.
- C. Items of Delayed Completion. Make a cost estimate for each item from the detailed descriptions on the final inspection report. Use current bench marks.
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