

# **ORA-CAESAR Professional Systems**

New Standards of Excellence

Software-Consultancy-Audit

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United Arab Emirates – Lebanon – Germany – Slovakia

## **CAESAR PROFESSIONAL SYSTEMS**

### **Construction Contracts Department**

#### **Glossary of Documents**

##### **Contractor**

A properly licensed individual or company that agrees to furnish labor, materials, equipment and associated services to perform the work as specified for a specified price.

##### **Contractor's Option**

A written provision in the contract documents giving the contractor the option of selecting certain specified materials, methods or systems without changing in the contract sum.

##### **Contractor's Qualification Profile**

A written statement of the Contractor's experience and qualifications submitted to the Owner during the contractor selection process.

##### **Contract**

1. An agreement between two or more parties, especially one that is written and enforceable by law
2. The writing or document containing such an agreement.

##### **Contract Administration**

The contractual duties and responsibilities of the architect and engineer during the construction phase of a specific project.

##### **Contract Documents**

A term used to represent all executed agreements between the owner and contractor; any general, supplementary or other contract conditions; the drawings and specifications; all addenda issued prior to execution of the contract; and any other items specifically stipulated as being included in the contract documents.

##### **Construction Documents**

A term used to represent all drawings, specifications, addenda, other pertinent construction information associated with the construction of a specific project.

##### **Construction Documents Phase**

The third phase of the architect's basic services wherein the architect prepares working drawings, specifications and bidding information. Depending on the architect's scope of services the architect may assist the owner in the preparation of bidding forms, the conditions of the contract and the form of agreement between the owner and contractor.

##### **Construction Document Review**

The owner's review of the borrower's construction documents (plans and specifications), list of materials, and cost breakdowns for the purpose of confirming that these documents and estimates are feasible and are in accordance with the proposed loan or project appraisal.

**Construction Management**

Organizing and directing men, materials, and equipment to accomplish the purpose of the designer.

**Construction Management Contract**

A written agreement wherein responsibilities for coordination and accomplishment of overall project planning, design and construction are given to a construction management firm. The building team generally consists of the owner, contractor and designer or architect.

**Change Order Request**

A written document issued by the owner requesting an adjustment to the contract sum or an extension of the contract time; generally issued by the architect or owners representative.

**Change Order**

A written document between the owner and the contractor signed by the owner and the contractor authorizing a change in the work or an adjustment in the contract sum or the contract time. A change order may be signed by the architect or engineer, provided they have written authority from the owner for such procedure and that a copy of such written authority is furnished to the contractor upon request. The contract sum and the contract time may be changed only by change order. A change order may be in the form of additional compensation or time; or less compensation or time known as a Deduction (from the contract) the amount deducted from the contract sum by change order.

**Change Order Proposal (See Change order)**

A change order proposal is the written document before it has been approved and effected by the Contractor and Owner. A change order proposal can be issued by either the contractor or the owner. The change order proposal becomes a change order only after it has been approved and effected by the Contractor and Owner.

**Construction Cost**

1. The direct contractor costs for labor, material, equipment, and services; contractors overhead and profit; and other direct construction costs. Construction cost does not include the compensation paid to the architect and engineer and consultants, the cost of the land, rights-of-way or other costs which are defined in the contract documents as being the responsibility of the owner. (see Soft Costs)

**Construction Phase**

The fifth and final phase of the architect's basic services, which includes the architect's general administration of the construction contract(s).

**Consultant**

One hired by the owner or client to give professional advise.

**Cost Codes**

A numbering system given to specific kinds of work for the purpose of organizing the cost control process of a specific project. (see CAESAR Contracts System)

**Cost of Work**

All costs incurred by the contractor in the proper performance of the work required by the plans and specifications for a specific project.

**Cost Plus Fee Agreement (Cost-Plus)**

A written agreement with the owner under which the contractor or the architect and engineer is reimbursed for his/her direct and indirect costs and, in addition, is paid a fee for his services. The fee is usually stated as a stipulated sum or as a percentage of cost.

**Contract Over-run (under-run)**

The difference between the original contract price and the final completed cost including all adjustments by approved change order.

**Contract Payment Certificate**

A written form of security from a surety company to the owner, on behalf of an acceptable prime or main contractor or subcontractor, guaranteeing payment to all persons providing labor, materials, equipment, or services in accordance with the contract.

**Contract Performance Certificate**

A written form of security from a surety company to the owner, on behalf of an acceptable prime or main contractor or subcontractor, guaranteeing the completion of the work in accordance with the terms of the contract.

**Contract Period**

The elapsed number of working days or calendar days from the specified date of commencing work to the specified date of completion, as specified in the contract.

**Contract Sum**

The total agreeable amount payable by the owner to the contractor for the performance of the work under the contract documents. (see Change Order)

**Contract Time**

The time period set forth established in the contract documents for completing a specific project; usually stated in working days or calendar days. The contract time can only be adjusted by valid time extensions through change order.

**Contractual Liability**

The liability assumed by a party under a contract.

**Contract Payment Bond**

A written form of security from a surety company to the owner, on behalf of an acceptable prime or main contractor or subcontractor, guaranteeing payment to all persons providing labor, materials, equipment, or services in accordance with the contract.

**Lump Sum Contract**

A written contract between the owner and contractor wherein the owner agrees to pay the contractor a specified sum of money for completing a scope of work consisting of a variety of unspecified items or work.

**PROJECTS:****Direct Cost (or expense)**

All items of expense directly incurred by or attributable to a specific project, assignment or task. Direct Costs, Hard Costs, and Construction Costs are synonymous. (see Construction Costs and Hard Costs)

**Estimate**

1. To calculate approximately the amount, extent or value of something
2. To form an opinion of estimated costs.

**Project Cost**

All costs for a specific project including costs for land, professionals, construction, furnishings, fixtures, equipment, financing and any other project related costs.

**Soft Costs**

Soft Costs are cost items in addition to the direct Construction Cost. Soft Costs generally include architectural and engineering, legal, permits and fees, financing fees, construction Interest and operating expenses, leasing and real estate commissions, advertising and promotion, and supervision. (see Construction Cost)

**Project Directory**

A written list of all parties connected with a specific project. The list usually includes a classification or description of the party (i.e., Owner, Architect, Attorney, General Contractor, Civil Engineer, Structural Engineer, etc.); name, address, telephone and FAX numbers opposite their respective classifications or description. It is particularly important that the emergency or after hour telephone numbers are included. These numbers should be kept confidential if requested by the respective parties.

**Project Manager (Project Management)**

A qualified individual or firm authorized by the owner to be responsible for coordinating time, equipment, money, tasks and people for all or specified portions of a specific project. (see Construction Manager)

**Project Manual**

A organized book setting forth the bidding requirements, conditions of the contract and the technical work specifications for a specific project. (see Specifications)

**Safety Report**

The Occupational Safety and Health Act of 1970 clearly states the common goal of safe and healthful working conditions. A Safety Report is prepared following a regularly scheduled project safety inspection of the specific project.

**Subcontract**

A written form of agreement between the prime or main contractor and another contractor or supplier for the satisfactory performance of services or delivery of material as set forth in the plans and specifications for a specific project.

**Subcontractor**

A qualified subordinate contractor to the prime or main contractor. (in CAESAR Systems you can find list of all Sub Contractors)