

# GLOSSARY

**Advances**

Pre-payments made by the client to the contractor before the work is completed or materials are delivered, often used to cover initial costs.

**Allowance**

A specified amount of money set aside in the contract for a particular item (such as fixtures or materials) that has not yet been selected or priced at the time the contract is signed.

**Architectural Drawings**

Detailed illustrations created by architects that outline the design and specifications for a building project. They show layouts, elevations, sections, and other details of the design.

**As-Built**

A set of drawings that show the final dimensions, locations, and details of a construction project as it was actually built, reflecting any changes made during construction.

**Bid**

A proposal submitted by a contractor or subcontractor to perform work for a specific price, usually as part of a competitive selection process.

**Bond**

A financial guarantee issued by a bonding company to ensure the contractor fulfills their obligations. Bonds can protect the owner in case the contractor defaults or fails to complete the project.

**Building Permit**

A legal document issued by a local government authority allowing the construction or renovation of a building, ensuring compliance with building codes and zoning regulations.

**Certificate of Occupancy**

A document issued by local authorities allowing a building to be occupied after completion, confirming that it complies with safety codes and building regulations.

**Change Order**

A written order or amendment to the original contract that specifies changes in the scope of work, schedule, or cost.

**Construction Contract**

A formal agreement between Owner and General Contractor.

**Construction Management (CM)**

The process of overseeing and coordinating a construction project from start to finish, including planning, budgeting, scheduling, and supervising construction activities. The goal is to ensure the project is completed on time, within budget, and to the required quality standards.

**Construction Manager (CM)**

A professional responsible for overseeing the construction process, including managing timelines, budgets, resources, and personnel. The CM may work for the project owner (Owner's Representative) or as a contractor overseeing all aspects of construction.

**Construction Manager at Risk (CMAR)**

A project delivery method where the construction manager commits to completing the project for a guaranteed maximum price (GMP). The CMAR is involved early in the design phase and assumes the risk for delivering the project within the budget, while also overseeing the construction process.

**Contract Sum**

The total amount agreed upon in a construction contract that is to be paid for the completion of the project.

**Contractor**

A company or individual responsible for managing the construction of a project, including hiring subcontractors, procuring materials, and ensuring the project is completed on time and within budget.

**Cost-Plus Payment**

A payment structure where the contractor is reimbursed for the actual cost of materials and labor, plus an additional amount for overhead and profit. This type of contract often involves periodic progress payments.

**Covenant**

A formal agreement or promise in a contract that imposes certain obligations on the parties involved.

**Critical Path Method (CPM)**

A project management tool used to schedule and track tasks and dependencies. The "critical path" represents the sequence of tasks that determines the minimum project duration.

**Date Down Endorsement**

An amendment made to an insurance policy, typically in the context of property insurance, that reduces the policy's coverage limit or changes the terms in a way that decreases the amount of coverage provided. This endorsement is usually requested by the policyholder or initiated by the insurance company to lower the coverage for a particular asset, such as reducing the insured value of a property.

**Demolition**

The process of tearing down a building or structure, either partially or completely, to make way for new construction or to remove a dilapidated structure.

**Deposit**

An upfront payment made by the client to secure the services of a contractor or to begin the project. It is usually a percentage of the total project cost.

**Design-Build (DB)**

A project delivery method in which one entity (a design-build firm) handles both the design and construction phases, streamlining the process.

**Dispute Resolution Clause**

A clause in the construction contract that details how conflicts will be resolved.

**Draw**

A request for payment made by the contractor to the client based on the completed work or materials delivered, typically tied to a project milestone.

**Escalation Clause**

A clause in a construction contract that allows for adjustments in the contract price due to changes in the cost of materials or labor over the course of the project. It typically applies to long-term or complex projects.

**Escrow Account**

A financial arrangement where a third party holds funds on behalf of the project owner and contractor, releasing them once certain milestones are achieved.

**Estimate**

An approximation of the cost, time, and materials required to complete a construction project based on project specifications and drawings.

**Excavation**

The process of digging, removing, or relocating earth, rock, or other materials from a site, typically for foundation work or site preparation.

**Field Report**

A detailed account of activities, observations, and issues encountered at the job site, often created by a project manager, site superintendent, or inspector.

**Final Payment**

The payment made at the completion of the construction project, after the final inspection, approval of all work, and resolution of any remaining issues or punch list items. Final payment is typically made after the retainage is released.

**Final Retainage Release**

The release of any withheld retainage after the completion of the project and upon the satisfaction of any punch list items. This final payment is typically made after the owner has accepted the final work and the project is closed out.

**Force Majeure**

A clause in a contract that absolves the parties from liability or obligation when extraordinary events or circumstances beyond their control (e.g., natural disasters, war) prevent the project from moving forward.

**Foundation**

The lower portion of a building that transfers its load to the ground. It can be made of concrete, masonry, or other materials and is typically underground.

**Foundation Endorsement**

An insurance policy endorsement (or an addition to an existing policy) that specifically addresses coverage for issues related to a building's foundation. It is often added to property or builders' risk insurance policies to protect against risks that could damage or compromise the foundation during construction or after the project is completed.

**Foundation Survey**

A type of land survey that focuses specifically on the location and condition of a building's foundation. This survey is typically conducted to verify that the foundation has been built according to the approved plans, meets local building codes, and is properly aligned with property boundaries.

**Framing**

The structural skeleton of a building, typically made of wood or steel, which supports the walls, roof, and other components.

**Fully Funding**

The last draw on a loan before it is fully disbursed. This typically happens shortly after construction is complete, and interest reserve and/or working capital funds have been exhausted.

**Funds Control**

A process put into place with a lender approved and selected third party in which funds will be distributed down to subcontractors.

**G702 (Application and Certificate for Payment)**

This form is used by contractors to request payment for work completed on a construction project. It details the amount of money owed to the contractor at a specific point in time, as well as the work completed and any retainage. The contractor submits the G702 to the project owner or architect for approval before payment is made. It helps ensure that payments are made according to the progress of the project and contractual terms.

**G703 (Continuation Sheet)**

The G703 is used in conjunction with the G702 form. It provides a detailed breakdown of the specific work items or phases completed, such as materials, labor, and other costs, showing how the payment requested in the G702 is calculated. It allows both the contractor and project owner to see how the requested payment is distributed across various aspects of the project.

**General Conditions**

The standard provisions and requirements outlined in a construction contract that govern the overall management and execution of the project. These conditions establish the framework for how the project will be carried out and address various administrative, legal, and operational aspects.

**General Contractor (GC)**

The main contractor responsible for overseeing the construction process, managing subcontractors, procuring materials, and ensuring the project is completed according to the plans and specifications.

**General Liability Insurance**

A type of insurance that provides coverage for a business or individual in case they are held responsible for property damage, bodily injury, or personal injury to third parties.

**Geotechnical Report**

A detailed document prepared by a geotechnical engineer that provides an analysis of the subsurface conditions at a construction site. The report is based on field and laboratory testing, and it offers insights into the soil, rock, groundwater, and other geological factors that can impact the design and construction of a building or infrastructure project.

**Grade**

The level or elevation of the ground surface. Grading involves the process of leveling or sloping the ground to prepare for construction.

**Guaranteed Maximum Price (GMP)**

A pricing method in which the contractor agrees to complete the project for a price that will not exceed a specified maximum amount. If the project costs less than the GMP, the owner typically benefits from the savings. If the project exceeds the GMP, the contractor absorbs the additional costs.

**Hard Cost**

Costs that refer to the direct, tangible expenses associated with the physical construction of a building or project. These costs include everything necessary to actually build the structure, from materials to labor, and they make up the bulk of a project's overall budget.

**Hardscape**

The non-plant elements of landscaping, such as driveways, walkways, retaining walls, patios, and other built features.

**HVAC**

Acronym for Heating, Ventilation, and Air Conditioning—the system used to provide heating and cooling, and maintain air quality and circulation within a building.

**Initial Project Review (Plan and Cost Review)**

A report ordered by the construction team through a bank approved and selected third party. This report includes, but is not limited to, a review of the costs, plans, contractor, and contract for the project.

**Insulation**

Material used to reduce heat loss or gain, improve energy efficiency, and provide soundproofing in walls, ceilings, and floors.

**Interest Reserve**

A specific amount of money set aside in a construction or real estate development loan to cover the interest payments during the construction period.

**Interior Finish**

The final materials and finishes applied to the interior surfaces of a building, such as drywall, paint, flooring, and trim.

**Invoice**

A detailed document issued by the contractor or subcontractor requesting payment for work completed. The invoice will typically outline the work performed, materials used, and the total amount due.

**Job Site**

The location where construction work is taking place.

**Jobsite Safety Plan**

A safety plan outlining the procedures, requirements, and regulations to ensure the safety of workers on the construction site.

**Joint**

A space or gap between two components, such as concrete slabs, where movement is allowed or materials are connected.

**Lien Waiver**

A legal document in which a contractor, subcontractor, or supplier waives the right to file a lien against the property after receiving payment for work completed. It ensures that the property owner will not face a lien claim after paying for services or materials.

**Lien**

A legal claim or hold placed on a property due to unpaid construction debts. A contractor, subcontractor, or supplier can file a lien if they are not paid for services or materials provided, and it can be used as leverage to obtain payment.

**Liquidated Damages**

A predetermined amount of money that a contractor or project owner agrees to pay in the event that a project is not completed on time or as specified in the contract.

**Load Bearing Wall**

A wall that supports the weight of the structure above it, transferring the load to the foundation.

**Masonry**

The process of building structures from individual units of material (bricks, stones, or concrete blocks) that are held together with mortar.

**Materials Procurement**

The process of sourcing, purchasing, and managing materials needed for construction. This includes negotiating prices, managing suppliers, and ensuring timely delivery.

**MEP (mechanical, electrical, plumbing)**

Acronym for Mechanical, Electrical, and Plumbing - will often be used when referring to a set of plans or a group of subcontractors.

**Milestone**

A significant point in the construction schedule, often associated with the completion of a major phase or task (e.g., foundation completion, framing completed).

**Mobilization**

The process of preparing and organizing all the necessary resources, equipment, and personnel required to begin a construction project. It typically occurs before actual construction work starts and involves setting up the site for operations.

**Non-Load Bearing Wall**

A wall that does not support any weight from the structure above it but serves as a partition or division within a building.

**Occupancy Permit**

A document issued by local authorities allowing a building to be occupied after completion, confirming that it complies with safety codes and building regulations.

**Overhead**

The general costs associated with managing a construction project, not directly tied to labor or materials, such as office expenses, utilities, and administrative costs.

**Owner**

In construction, refers to the owner of the project. The owner can be the real estate owner or a lessee if the project is a leasehold project.

**Owner's Representative (OR)**

A professional who acts on behalf of the project owner to oversee the construction process, ensuring that the construction manager or general contractor meets the owner's expectations and project requirements.

**Payment Application**

A formal request submitted by the contractor to the owner for payment of completed work. This document typically includes the amount of work completed, materials purchased, and any adjustments for changes or delays.

**Permits**

Official approvals issued by local government authorities or regulatory bodies that allow construction or renovation work to proceed. These permits are required to ensure that the project complies with local zoning laws, building codes, safety regulations, and other legal requirements.

**Preconstruction Services**

Services provided by the construction manager before construction begins, including feasibility studies, budgeting, scheduling, risk analysis, and coordination with the design team.

**Profit**

The financial gain a contractor or construction company makes from a project after covering all associated costs, including direct expenses (like labor, materials, and equipment) and indirect expenses (such as overhead, permits, and insurance). Profit can be a fixed rate or a percentage of the contract amount.

**Progress Payment**

A payment made to the contractor or subcontractor at intervals throughout the construction project, based on the percentage of work completed. These payments allow contractors to cover ongoing costs and keep the project moving forward.

**Project Manager (PM)**

The person responsible for overseeing the planning, execution, and completion of a construction project, ensuring that it stays on schedule, within budget, and meets the quality standards.

**Prompt Payment Act**

A law requiring timely payment for construction work, typically within a specified period after invoices or claims are submitted.

**Punch List**

A list of final tasks or items that need to be completed or corrected before a construction project is considered finished, usually compiled at the end of a project.

**Quality Assurance (QA)**

The planned and systematic activities implemented in a construction project to ensure that the quality of the work meets or exceeds required standards.

**Quality Control (QC)**

Procedures and measures taken to ensure that construction materials, workmanship, and project output meet the required standards.

**Retainage (or Retention)**

A portion of the payment (usually 5%-10%) withheld by the project owner from the contractor's progress payments until the project is complete. Retainage ensures that the contractor completes all work to the owner's satisfaction.

**Retaining Wall**

A structure used to hold back soil or prevent erosion, often used on slopes or uneven terrain.

**Risk Management**

The process of identifying, assessing, and mitigating risks to minimize potential impacts on a construction project. This includes risks related to safety, budget, schedule, and compliance.

**Rough-In**

The preliminary installation of plumbing, electrical, and other systems that occur before finishing work, such as drywall installation.

**Schedule**

A timeline that outlines when specific tasks or milestones need to be completed during the construction project.

**Scope of Work (SOW)**

A detailed description of the work to be performed, including specifications, timelines, and deliverables. It serves as the foundation for contract terms and project planning.

**Soft Cost**

Soft costs are expenses related to a construction project that are not directly tied to the physical construction of the building or structure. These costs are typically associated with the planning, design, and administration of the project.

**Subcontractor**

A contractor hired by the general contractor to perform specific tasks within the project, such as plumbing, electrical work, or drywall installation.

**Submittals**

Documents, samples, or drawings submitted by contractors to the project owner or architect for approval before proceeding with construction.

**Superintendent**

A construction superintendent is a professional responsible for overseeing and managing the day-to-day operations of a construction site.

**Supervision Fee**

A fee that covers the cost of any third party services such as site inspections, funds control, or credit enhancements.

**Surveyor**

A professional responsible for measuring and mapping out a site, determining boundaries, elevations, and other physical features.

**Takeoff**

The process of measuring and quantifying the materials, labor, and costs required for a construction project based on the plans and drawings.

**Time and Materials Contract (T&M)**

A contract where the client agrees to pay for the actual costs of labor, materials, and overhead, plus a set fee or markup for the contractor's services.

**Turnkey Project**

A project in which the contractor is responsible for both the design and construction, delivering the completed project to the client "ready to use" or "turnkey" without additional work needed.

**Underpinning**

The process of strengthening or deepening a foundation to prevent settling or failure, often used in renovation or when soil conditions change.

**Use of Proceeds (UOP)**

A document that outlines how the funds from a loan will be allocated or spent by the borrower.

**Utilities**

Essential systems (e.g., water, electricity, gas) that are required to make a building operational.

**Utility Letter**

An official document issued by a utility provider (such as water, electricity, gas, or telecommunications companies) that confirms the availability and connection of utilities to the construction site. It is often required as part of the permitting or approval process for construction projects, especially when the site needs to be serviced with utilities before work can proceed.

**Value Engineering**

A process that involves analyzing the project's functions to find ways to reduce costs without compromising quality, performance, or safety.

**Veneer**

A thin layer of material (often stone, brick, or wood) applied to a surface for decorative or protective purposes.

**Waterproofing**

The process of making a structure or material resistant to water penetration, typically used in foundations, roofs, and basements.

**Workers Compensation Insurance**

Workers' compensation insurance (often referred to as workers' comp) is a type of insurance that provides financial protection and medical benefits to employees who are injured or become ill due to their job. It typically covers medical expenses, lost wages, rehabilitation costs, and death benefits for employees who are hurt while working.

**Zoning**

The process of dividing land into sections or zones that are designated for specific types of uses, such as residential, commercial, or industrial.