PE·RE

CONSTRUCTION PROJECT MANAGEMENT · OWNER'S REPRESENTATION

The Florida Owner's Construction Playbook

Contracts, budgets, pay applications, lien law, and the questions nobody tells owners to ask — in plain English, before the money moves.

PE·RE · Palm Beach County, Florida

2026 EDITION · FREE FOR OWNERS · SHARE IT WITH ANYONE ABOUT TO BUILD

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READ THIS FIRST

How to use this book

If you are about to build, renovate, or expand in Florida, this book exists to save you money you do not yet know you are about to lose. Construction is one of the few purchases where you commit millions before the product exists, then pay for it in monthly installments based on someone else's math. The owners who come out ahead are not the lucky ones. They are the ones who understood the rules before signing.

Everything here comes from patterns we see across commercial, luxury residential, and equestrian projects in Palm Beach County and beyond. Use it with your attorney, your accountant, and your builder. It will make every one of those conversations shorter and sharper.

One note on spirit: none of this is about treating your contractor as an adversary. The best projects we see are the ones where a well-organized owner and a good builder each do their job. This book is about doing yours.

Three ways to read it

If you are…	Start with	Then
About to sign a contract	Parts 1 and 2, then Chapter 11	The Before You Break Ground checklist in the Toolkit
Already under construction	Chapters 14, 15, and 17	The Owner's Monthly Ritual and the Early Warning Signs
Finishing a project	Part 5	The Closeout file list, then Chapter 22 on warranties

WHAT THIS BOOK IS, AND IS NOT

It is educational. It is generous on purpose — every chapter should give you something you can use on Monday, whether or not you ever call us. It is not legal, insurance, or engineering advice, and Florida's construction and lien statutes carry deadlines that depend on your project's specifics and change over time. Where a chapter touches the law, it says so, and a Florida construction attorney should confirm how it applies to you.

The idea behind every chapter

Everyone on a construction project is competent, professional, and paid by the project. When budget, schedule, and quality collide, nobody in that room works only for the owner — unless the owner puts someone there. Most of what follows is simply the discipline of looking at your project through your own eyes: what to define, what to verify, what to keep, and when.

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What's inside

PART ONE

The ground rules

What to understand before you spend a dollar: how projects actually fail, who is paid to protect what, and why the scope documents are the cheapest place in the entire project to fix a problem.

PART ONE · THE GROUND RULES

01 Why good projects go bad

Almost no project fails because of bad concrete. Projects fail on paper, months before anyone can see it.

Projects fail in scopes that were vague, contracts that shifted risk quietly, budgets that ignored soft costs, and schedules built on best-case weather. By the time the failure is visible on site, the decision that caused it is usually months old and the money is already committed. Three patterns account for most of the damage we see.

The definition gap

The owner pictured one building; the drawings described another; the contract paid for a third. Every difference between those three documents gets resolved during construction, at construction prices, usually in the form of a change order the owner did not expect and cannot refuse.

The information gap

The builder produces the schedule, the pay applications, and the change orders. If nobody on the owner's side can independently verify them, the owner is approving their own invoices on faith. That is not a character judgment about builders — it is a description of who holds the information.

The attention gap

Owners run companies, families, and portfolios. A project needs someone reviewing it weekly, not quarterly. Problems caught in week one cost a phone call; the same problems caught in month four cost a change order; caught at closeout, they cost a lawyer.

1%

A one percent cost overrun on a $5 million project is $50,000. Most projects that get into trouble are not off by one percent. The purpose of everything in this book is to move your attention to the early, quiet part of the project, where problems still cost a sentence.

THE ONE-SENTENCE VERSION

Money is lost early and quietly, then discovered late and loudly.

PART ONE · THE GROUND RULES

02 The loyalty map: who works for whom

Every person on your project is competent, professional, and paid to protect a set of interests. It is worth being precise about whose.

Nothing on this map makes anyone a villain. It makes them normal. Each party below is doing exactly what they are paid to do, well. The question is simply whether anyone at the table is paid to see the whole project through your eyes.

Party	Paid to deliver	Where interests can diverge from yours
General contractor	The building, at a margin	Every dollar of scope dispute, every schedule extension, every change order is negotiated against you.
Architect / designer	The design intent	Beautiful and buildable are not always the same; design revisions during construction are billed, not absorbed.
Subcontractors	Their trade, for the GC	Their contract is with the GC, not you — yet Florida law can give them lien rights against your property.
Lender	A performing loan	Draw approvals protect the bank's collateral position, not your budget.
Owner's representative	Your interests, full stop	None — when the representative is independent and paid only by you.

On most troubled projects we are asked to review, the answer to that question was no. The owner had an excellent builder and a talented architect and nobody whose only job was the owner's outcome.

A USEFUL TEST — ASK EACH PROFESSIONAL ON YOUR PROJECT

- "If saving me money costs you money, what happens?"
- "Who reviews your work on my behalf before I pay for it?"
- "When the schedule and the budget collide, who decides?"
- The owner's representative is the one for whom the first question makes no sense.

PART ONE · THE GROUND RULES

03 What an owner's representative does — and doesn't

The owner's seat is the only one on a construction project that is usually empty of construction expertise. An owner's representative fills it.

An owner's representative is a construction professional who sits on your side of the table for the life of the project. The role is common on institutional and corporate projects; it is rarer on private ones, which is exactly where the information gap is widest.

What the role covers

- **Before construction:** defining scope, pressure-testing the budget, running or reviewing the bid process, vetting contractors, and reviewing contracts alongside your attorney.
- **During construction:** verifying pay applications against work in place, reviewing change orders before they are signed, tracking the schedule against the baseline, attending owner–architect–contractor meetings, and reporting to you in plain language.
- **At closeout:** punch list management, lien releases, warranties, as-builts, and final payment only when the file is complete.

What the role is not

- **Not the general contractor.** The representative builds nothing and holds no subcontracts — which is exactly what keeps the advice clean.
- **Not the architect.** Design belongs to the design team; the representative verifies that what is built matches what was drawn and paid for.
- **Not a project tax.** On a typical project the fee is a single-digit percentage of construction cost, measured against the change orders, rework, and schedule slippage it prevents.

IF YOU INTERVIEW AN OWNER'S REPRESENTATIVE, ASK

- "Who pays you, and do you hold any subcontracts or vendor relationships on my project?"
- "Who, by name, will be on my project, and how many others are they carrying?"
- "Show me a monthly owner report from a live project."
- "How do you work with a good contractor — and with a struggling one?"
- "What does your fee cover, and what would be extra?"

PART ONE · THE GROUND RULES

04 Scope: the cheapest place to fix a problem

Scope is the written answer to one question: what, exactly, am I buying?

Every hour spent sharpening that answer before bidding is repaid many times over, because a problem fixed in the scope documents costs a sentence, the same problem fixed in the field costs a change order, and the same problem fixed after move-in costs a lawsuit.

What a real scope includes

- Drawings complete enough to price — not concept sketches with "to be determined" in the corners.
- Specifications that name materials, finishes, and performance standards, so "equal or better" has a baseline.
- A written list of exclusions. What the contractor is *not* pricing is where budgets die: utility connections, impact fees, low-voltage systems, landscaping, furniture and equipment.
- Site conditions: survey, geotechnical report, existing utilities. Unknown ground is the oldest change-order machine in construction.
- A schedule of values — the itemized cost breakdown the contract price is built from, and the document every pay application will be checked against.

The vague-scope tax

A loose scope does not make a project cheaper. It moves the price discovery from the bid, where you have leverage and competition, to construction, where you have neither. Contractors bidding a vague scope either pad the price to cover the ambiguity or bid low and recover through change orders. Both cost more than finishing the drawings.

THE EXCLUSIONS LIST IS THE SCOPE

Two bids for the same drawings can differ by a third because one includes site work and the other does not. Before you compare prices, compare exclusions. If a bid does not list them, ask for the list in writing — an experienced contractor will have one ready.

PART ONE · THE GROUND RULES

05 Your architect during construction

The drawings are only half of what you hire a design team for. The other half happens after the permit is issued.

Most owners think of the architect's work as finished when the drawings are. On a well-run project the design team stays involved through construction, in a role the industry calls construction administration: answering the builder's questions, reviewing what the trades propose to install, visiting the site, and certifying that each pay application reflects work actually done. Whether your project gets that depends entirely on what is in the architect's agreement.

What construction administration covers

- **Requests for information (RFIs):** the builder's formal questions when the drawings are unclear. Fast, clear answers keep the site moving; slow ones become delay claims.
- **Submittals and shop drawings:** the subcontractors' detailed drawings and product data, reviewed before anything is fabricated. This is where a substituted material gets caught — or does not.
- **Site visits:** periodic observation that the work matches the documents. Not supervision, but a professional set of eyes at intervals.
- **Pay application certification:** the architect's signature confirming, to the best of their knowledge, that the work billed has been done.

PUT THESE IN THE ARCHITECT'S AGREEMENT

- How many site visits are included, and at what stages?
- What is the turnaround commitment on RFIs and submittals?
- Who certifies pay applications, and what does that review consist of?
- What happens to fees if the design changes during construction — and who approves that change?

If the design team is not contracted for construction administration, someone on your side must fill the gap. On projects without an owner's representative, that someone is usually nobody.

PART TWO

Hiring the builder

The contractor you choose and the contract you sign decide more about your project than any decision that follows. Here is how to interview, how to compare bids honestly, what the contract structures mean, and the paper that protects you.

PART TWO · HIRING THE BUILDER

06 Seven questions to ask every general contractor

References and portfolios tell you a contractor's best days. These questions tell you their normal ones.

Ask all seven, in person, and write the answers down. None has a trick answer. You are testing transparency under mild pressure, because that is exactly the skill the project will demand of them for the next twelve months.

- **1. Who, by name, will run my project day to day?** You are hiring a superintendent and a project manager, not a logo. Meet them before you sign, and put their names in the contract.
- **2. How many projects will that person be running at the same time?** There is no universal right number, but there is a wrong answer: not knowing.
- **3. Show me a recent pay application and schedule update from a live project.** You are checking whether their paperwork is organized, itemized, and honest. Sloppy paper predicts sloppy money.
- **4. Walk me through the last significant change order you issued and why.** Listen for whether the story blames the drawings, the sub, and the weather — or explains a process.
- **5. Which subcontractors will you use for the major trades, and how long have you worked with them?** A general contractor is a network. New, unproven subs on your job means you are the experiment.
- **6. What happens when we disagree?** Good contractors describe an escalation path. Weak ones say it never happens.
- **7. Give me a project that went wrong, and the client's number.** Everyone has one. The contractors worth hiring will tell you the story straight and let you verify it.

VERIFY, DON'T ASK

Look up the contractor's Florida license yourself on the state's Department of Business and Professional Regulation portal. It takes five minutes and shows status, complaints, and discipline. Florida makes contracts unenforceable by unlicensed contractors — but that protection leaves the owner holding an unfinished building. Confirming the license before the handshake is cheaper.

PART TWO · HIRING THE BUILDER

07 The bid process, done right

Two bids are almost never for the same building. Leveling is how you find out which one is real.

Competitive bidding only works when the bidders are pricing the same thing. Most owners send drawings to three contractors, receive three numbers, and compare them. What they have actually received is three different interpretations of the scope, each with its own exclusions, allowances, and assumptions.

Before the bids go out

- Prequalify the bidders: license, insurance, bonding capacity if relevant, references on projects of similar type and size, and the names of the team they would assign.
- Issue a bid package, not just drawings: the specifications, a bid form that forces the same line items from everyone, a list of required alternates, and a deadline for questions so every bidder hears the same answers.
- Set the allowances yourself, at realistic values, so no bidder can win by setting them low. Chapter 16 explains why this matters.

When the bids come back

- Level them line by line against the schedule of values you asked for. A bid that is 15% lower with three items excluded is not lower.
- Interrogate the assumptions: what each bidder assumed about site conditions, permits, schedule, and working hours.
- Check the references — and ask each one the seventh question from the previous chapter.
- Interview the finalists' project teams, not their principals. The superintendent decides your daily experience.

3	Three qualified bidders is usually the right number. Fewer, and you lack a comparison; many more, and the serious contractors stop investing effort in a bid they are unlikely to win. Quality of the shortlist matters more than its length.

THE QUESTION THAT ENDS MOST BID DISPUTES

"Is this bid for the same building the others are pricing?" If you cannot answer it from the documents in front of you, the bids are not ready to compare.

PART TWO · HIRING THE BUILDER

08 Contract types in plain English

The contract structure decides who carries the risk of the unknown. None is universally best; each fits a level of drawing completeness.

There are three basic ways to price a construction contract, and the differences are not academic — they decide who pays when the ground is worse than expected or the finish schedule slips.

Structure	How it works	Best when	Watch for
Lump sum (fixed price)	One price for a defined scope. Overruns are the contractor’s problem; savings are the contractor’s gain.	Drawings are complete and the scope is stable.	Aggressive change-order pricing — the fixed price only covers what is drawn.
Cost-plus	You pay actual costs plus a fee. Full transparency, no ceiling.	Scope is genuinely evolving and you can audit costs.	No natural brake on spending; requires rigorous owner-side review of every invoice.
Cost-plus with GMP	Cost-plus with a guaranteed maximum price. Overruns above the cap are the contractor’s.	You want transparency and a ceiling.	How savings below the cap are split, and what the cap actually includes.

Two clauses that matter more than the structure

First, the change-order pricing formula: agree the markup percentages for labor, materials, and subcontractor work now, while you still have leverage. Second, in any cost-plus arrangement, the definition of “cost”: whose trucks, whose insurance, whose office overhead, whose supervision. Your attorney should read every word; your job is to make sure these two clauses exist before the signing dinner.

A FLORIDA DETAIL WORTH KNOWING

Florida requires residential construction contracts above a low statutory threshold to carry a specific lien-law warning, in bold capitals, alerting the owner that unpaid subcontractors and suppliers may lien the property. If your contract does not have it, ask why — and read Chapter 17 before you sign anything.

PART TWO · HIRING THE BUILDER

09 Ten contract red flags

A construction contract is hundreds of decisions wearing a staple. These ten are the ones that cost owners real money.

None of them makes a contractor dishonest. Standard forms simply favor whoever drafted them, and it is rarely you. Each of these is negotiable before signing and expensive to fix after.

- **1. No itemized schedule of values.** Without a line-item cost breakdown, you cannot verify a single pay application all project long.
- **2. Retainage missing or released early.** Holding a percentage of each payment — commonly five to ten percent on private projects — until completion is your main performance lever. If it phases out at 50% completion, the finish line loses its funding.
- **3. Change orders allowed by verbal or email approval.** Require signed, priced change orders before the work proceeds — no exceptions, including yours.
- **4. Vague allowances.** "Allowance: $40,000 — flooring" is not a price; it is a placeholder for a future argument.
- **5. No liquidated damages or completion incentive.** If the schedule has no financial consequences, it is a suggestion.
- **6. Pay-when-paid language flowing up to you.** Watch for clauses that make your obligations start before your protections do.
- **7. Broad "concealed conditions" language.** Unknowns deserve fair treatment, but the clause should require prompt written notice and pricing, not open-ended recovery.
- **8. The contractor controls the contingency.** Contingency spent without owner sign-off is not contingency; it is margin. See Chapter 12.
- **9. No audit rights on cost-plus work.** If you are paying costs, you are entitled to see them — invoices, subcontracts, timesheets.
- **10. Final payment without final lien releases.** The last check should only move when the lien file is complete. Florida gives this one teeth; see Chapters 17 and 18.

48h	Give yourself at least forty-eight hours between receiving a final contract and signing it, with your attorney's comments in hand. The contractors worth hiring will not object. The ones who push for a same-day signature have told you something.

PART TWO · HIRING THE BUILDER

10 Licenses, insurance, and bonds

Three stacks of paper that are dull right up until the day they are the only thing that matters.

Before anyone mobilizes, these deserve an hour of your attention. Each one is a document you can ask for and verify yourself; none requires you to take anyone's word.

Licenses

Verify the contractor's Florida license on the state portal, and confirm that the license class matches the work — a residential license does not cover commercial construction. Unlicensed contracting is a crime in Florida, and it strips the owner of ordinary protections: permits may be voided, insurance may not respond, and the person you are dealing with has already shown you how they handle rules.

Insurance

- Require certificates of insurance before mobilization: general liability, workers' compensation (Florida requires it for construction businesses with even one employee), auto, and umbrella at limits your attorney and insurance advisor size to the project.
- Be named as additional insured on the contractor's liability policy, and require the same of major subcontractors.
- Builder's risk insurance covers the work itself during construction. Decide deliberately, with your advisor, whether owner or contractor carries it, and check the wind and named-storm deductibles. In Florida, that deductible is not fine print; it is the policy.

HOW TO READ A CERTIFICATE OF INSURANCE

A certificate is a snapshot, not a contract. Check four things: the policy dates cover your project, the limits match what you required, you are named as certificate holder and additional insured, and the insurer is admitted in Florida. Then calendar the expiration dates — a certificate that lapses mid-project leaves you exposed on the day you least expect it.

Bonds

Payment and performance bonds cost a small percentage of contract value and guarantee that the project gets finished and the subcontractors get paid even if the contractor fails. Not every project needs them; every owner should make the decision consciously rather than discover it was never discussed.

PART THREE

Money and time

Budgets, contingency, schedules, pay applications, change orders, and allowances — the six places where a project's money either stays under your control or quietly stops being yours.

PART THREE · MONEY AND TIME

11 A budget that survives contact with reality

Most budget overruns were never overruns. The project cost what it always cost; the budget just refused to say so.

A survivable budget has four layers, and the construction contract is only one of them. The most common budget failure we see is not a bad estimate — it is a budget that only ever had one layer.

Layer	What lives here	Commonly missed
Hard costs	The construction contract: labor, materials, general conditions, contractor fee.	Site work, demolition, utility connections, temporary power.
Soft costs	Design fees, engineering, permits, legal, insurance, testing, financing costs, construction administration.	Impact fees, plan revisions, threshold and special inspections, surveys.
Owner costs	Furniture, fixtures, equipment, technology, security, signage, move-in, commissioning.	Everything in this row — it is the most-forgotten layer in construction.
Contingency	Owner-controlled reserve for the unknown.	Existing at all. See the next chapter.

Build the budget top-down from all four layers before pricing anything, then hold bids against it. If the numbers do not fit, the honest moves are to change the scope, change the money, or change the timeline. The dishonest move — the one that produces most of the disasters we get called into — is to keep the scope and simply stop believing the math.

25–35 %

On many commercial projects, soft costs and owner costs together add a quarter to a third on top of the construction contract. A budget that equals the contractor's bid is not a budget; it is the first of four layers. The worksheet in the Toolkit walks through all four.

PART THREE · MONEY AND TIME

12 Contingency: how much, and who controls it

Contingency is not padding and it is not pessimism. It is the honest price of the unknown.

Projects without contingency do not avoid surprises; they just meet them unfunded. The two questions are how much to hold and — far more important — who may spend it.

How much

- New construction with complete drawings: owners commonly carry a mid-single-digit percentage of hard costs.
- Renovation and additions: more — existing buildings hide their history in the walls.
- Early-stage budgets with incomplete design: more still, stepping down as the drawings firm up.

Who controls it

Owner contingency belongs in the owner's ledger, spent only by written owner approval, with a running log of every draw against it. A contractor may also carry a construction contingency inside a guaranteed maximum price — that is fine, but the contract should say what it may be used for, require notice when it is tapped, and state who keeps whatever remains at the end.

> **THE MONTHLY QUESTION**
>
> At every pay application, ask one question: how much contingency is left, and what percentage of the project is left? If contingency is being spent faster than the building is being built, you have an early warning that most owners only receive at the end.

PART THREE · MONEY AND TIME

13 Schedule realism in South Florida

A schedule is a chain of promises, and it is only as honest as its slowest link.

Before you believe a completion date, check whether the schedule respects five realities that South Florida imposes on every project.

- **Permitting time.** Municipal review cycles vary widely across Palm Beach County jurisdictions and with workload. A schedule that assumes first-round approval is a wish. Chapter 19 covers the private-provider option that can help.

- **Long-lead procurement.** Switchgear, elevators, custom windows and doors, specialty equipment — some items must be ordered months before they are needed. The schedule should show order dates, not just install dates.
- **Weather.** The rainy season is real and hurricane season runs June 1 through November 30. A credible schedule carries explicit weather days, and site work planned for the wet months deserves skepticism.
- **Inspection cadence.** Every inspection is a gate. Failed inspections repeat the cycle.
- **The finish trades.** The last ten percent — finishes, punch list, commissioning — routinely takes longer than the schedule admits, because it is where every earlier delay finally lands.

Baseline, then variance

Insist on a baseline schedule at contract signing, then a monthly update measured against that baseline — not against last month's revised story. "On schedule" should always mean "on the original schedule, or here is the explained variance." A schedule that is re-baselined every month so the variance disappears is one of the early warning signs in Chapter 23.

THREE QUESTIONS FOR EVERY SCHEDULE UPDATE

- "What is on the critical path this month, and what moved it?"
- "Which long-lead items have been ordered, and when do they land?"
- "How many weather days have been used against how many were carried?"

PART THREE · MONEY AND TIME

14 How to read a pay application

Once a month, the contractor sends a document asking you to release a large amount of money. Here is the fifteen-minute version of doing it properly.

Most owners approve pay applications in the time it takes to find a pen. The standard forms — the industry's G702 summary and G703 continuation sheet, or their equivalents — are designed to be verifiable. Fifteen minutes a month with them is the highest-value habit an owner can keep.

The anatomy of a pay application

Line	What it says	What you check
Scheduled value	The contract price for each line item, from the schedule of values.	Matches the contract; no new or reshuffled lines without a change order.
Work completed to date	The dollar value of work claimed complete on each line, usually as a percentage.	Someone who walked the site this week agrees with the percentage.
Stored materials	Materials purchased but not yet installed.	Invoices, insurance, and photographs of your materials, labeled, somewhere real.
Retainage	The percentage withheld from each line until completion.	The math matches the contract on every line, every month.
Current payment due	This month's request: completed plus stored, less retainage, less previous payments.	The arithmetic, and that lien releases for the previous payment are in hand.

A worked example

Suppose the drywall line has a scheduled value of $200,000 and the pay application claims 80% complete: $160,000 of work. With 10% retainage, $16,000 is withheld, and $144,000 less previous payments on that line is due. Your only real question is whether the drywall is 80% done. If the site walk says 60%, the application is asking you to finance $40,000 of work not yet performed — the classic front-loading move that finances the job with your money and leaves too little value in the back half to finish on.

> **THE HABIT THAT PAYS FOR ITSELF**
>
> Approve pay applications on a fixed monthly rhythm, after a site walk, against the schedule of values, with releases in hand. Contractors bring their best paperwork to owners who read it.

PART THREE · MONEY AND TIME

15 Change orders without the fights

Change orders are not a moral failure. The goal is not zero change orders; it is zero unpriced, unwritten, disputed-later change orders.

Scopes evolve, ground surprises, codes update, and owners change their minds. A change order is simply the mechanism for adjusting the contract. Handled well, it keeps the peace. Handled loosely, it is how a budget quietly grows by a third.

The rules that keep peace

- **Written and priced before the work.** The moment work proceeds on a handshake, you have agreed to pay an unknown amount. Hold the line even when the schedule pressure is real — especially then.
- **Pre-agreed markups.** The contract should already say what overhead and profit apply to changes. If it doesn't, every change order is two negotiations.
- **Backup attached.** Subcontractor quotes, material invoices, labor hours. "Lump sum — miscellaneous" is not backup.
- **Schedule impact stated.** Every change order should say, in days, what it does to the completion date — including zero. Silence today becomes a delay claim later.
- **A running log.** One list, updated monthly: number, description, amount, days, status. The cumulative total is a number you should be able to recite. There is a blank log in the Toolkit.

Change directive versus change order

When time genuinely does not allow pricing before work — a concealed condition that stops the site — many contracts allow a construction change directive: written authorization to proceed, with the price settled afterward under the contract's formula. It is a legitimate tool. It should be rare, always in writing, and always followed by a priced change order within days, not months.

The pattern to watch

A steady drip of small change orders can move a budget as far as one large one, with none of the scrutiny. Review the log's total against original contract value at every pay application. When the percentage starts climbing, the right response is a conversation about root cause — drawings, coordination, or pricing — not just another signature.

PART THREE · MONEY AND TIME

16 Allowances and the finish-line squeeze

An allowance is a placeholder price for something not yet selected. Used carelessly, it is how a bid understates the real price of your building.

Flooring, lighting, hardware, plumbing fixtures, landscaping — allowances keep a project moving while decisions catch up. They also concentrate risk at the exact moment you can least afford it.

Why allowances bite

- They are set low. A bid with thin allowances looks cheaper than a bid with honest ones, and the difference arrives later as "upgrades."
- They are vague about what is included. Does the flooring allowance cover installation, demolition, subfloor preparation — or just material?

- They concentrate at the end. Selections happen late, so allowance overruns land in the final months, exactly when your leverage and your contingency are thinnest. That is the finish-line squeeze.

How to defuse them

- Benchmark every allowance against real prices for the quality level you actually intend, before signing. Your design team can do this in an afternoon.
- Make each allowance state what it includes: material, labor, delivery, preparation, tax.
- Track allowance reconciliation on its own line in the monthly report — selected versus allowed, with the running over-or-under.
- Make selections early. Every early selection converts a placeholder into a price and removes one surprise from the final act.

2×

It is common for a finish allowance set by a bidder to be half of what the owner ends up selecting. Multiply every allowance in a bid by two and ask whether the budget still holds. If it does not, set the allowances yourself before the bids go out.

PART FOUR

Florida’s rules

Lien law, the Notice of Commencement, permits, inspections, the building code, and hurricane season. Florida is generous to owners who use the paperwork and unforgiving to owners who ignore it.

PART FOUR · FLORIDA'S RULES

17 Lien law: the 45-day letter that isn't junk mail

The chapter most likely to save you from paying for your building twice.

The core surprise of Florida's Construction Lien Law: subcontractors and suppliers you never hired and never met can, if unpaid, record a lien against your property — even if you paid your general contractor in full. The law gives owners strong protections, but only to owners who use the paperwork. The deadlines below are the general rules; your attorney confirms how they apply to your project.

The documents that run the system

- **Notice to Owner (NTO).** Subcontractors and suppliers protect their lien rights by serving you a formal notice, generally within 45 days of first providing labor or materials. It looks like legal junk mail. It is not. Keep every one — it is your map of who can lien your property and therefore whose releases you must collect.
- **Claim of lien.** An unpaid lienor generally must record its lien within 90 days of its last work, and then has a limited window — generally one year — to enforce it in court. Florida also lets an owner shorten that window by recording a notice of contest of lien; ask your attorney.
- **Lien waivers and releases.** The antidote. Partial releases exchanged with every progress payment; final releases from the general contractor and every noticed lienor before final payment. Florida's statute provides standard forms.
- **Contractor's final payment affidavit.** Before final payment, Florida law provides for a sworn affidavit from the contractor listing anyone still unpaid. No affidavit, no final check.

45 / 90	Forty-five days for a Notice to Owner after first furnishing; ninety days after last furnishing to record a claim of lien. Two numbers every Florida owner should know by heart — and confirm with counsel for their own project, because the details depend on the facts.

THE OWNER'S SIMPLE SYSTEM

1. Keep a log of every Notice to Owner received. There is one in the Toolkit.
2. Release no progress payment without releases covering the previous payment.
3. Release no final payment without the contractor's final affidavit and final releases from everyone on the NTO log.

Have a Florida construction attorney set up the forms once; the routine then costs minutes a month.

PART FOUR · FLORIDA'S RULES

18 The Notice of Commencement and paying safely

A one-page document with outsized consequences, recorded before the work begins.

Before work begins on virtually any real project, Florida requires the owner to record a Notice of Commencement in the county records and post a copy at the job site. It identifies the property, the owner, the contractor, and the lender, and it starts the framework the entire lien process runs on.

Why it matters to you

- It anchors the lien process — the notice deadlines in the previous chapter key off it — and it tells every subcontractor and supplier where to send their Notice to Owner.
- Paying before it is properly recorded, or letting it expire mid-project, can strip you of the law's "proper payments" protections: the rules that, followed correctly, protect an owner who pays the right people in the right order from paying twice.
- A Notice of Commencement expires one year after recording unless it states a different date. On a project longer than a year, an expired notice is a common and avoidable mistake.
- Your lender and your building department each have requirements about its timing; sequencing it wrong can complicate both the loan and the permit.

Practical rules

- Record and post the Notice of Commencement before work starts, with your attorney or title company handling the form. If you have a lender, they will usually insist on recording it after their mortgage.
- Check its expiration against your schedule; extend it before it lapses on a long project.
- Never make the final payment before the final affidavit and releases are in hand — the Notice of Commencement is what makes that discipline legally powerful rather than merely prudent.

None of this is exotic. It is a one-time setup and a monthly habit. The owners who get hurt by Florida lien law are almost never the ones who knew about it.

PART FOUR · FLORIDA'S RULES

19 Permits, inspections, and the Florida Building Code

Florida's building code is among the strictest in the country, for good reason. The permit process is where it meets your schedule.

Permitting in Palm Beach County runs through each municipality's building department under the Florida Building Code. Two owner-level rules apply everywhere: the permit timeline belongs in the project schedule as real, estimated line items, not as a footnote; and never let anyone start "just the demo" before the permit is in hand.

The code edition question

The Florida Building Code is updated on a three-year cycle, and the edition in force on the date your permit application is filed generally governs your project. With a new edition scheduled to take effect at the end of 2026, a project filed on either side of that date may be designed to different requirements. Ask your design team which edition applies — it affects wind design, energy provisions, and cost.

Inspections

Every phase gates through inspection — foundation, framing, mechanical, electrical, plumbing, final. Ask for the inspection log in the monthly report: passed, failed, rescheduled. A pattern of failed inspections is a quality signal you can read without leaving your office. Certain larger buildings — generally those over three stories or fifty feet, or large assembly occupancies — also require threshold inspections by a specially licensed inspector; your design team will flag whether yours qualifies.

The private-provider option

Florida law allows owners to use licensed private firms for plan review and inspections instead of the building department, at the owner's cost. On projects where every review cycle is a month of carrying costs, it can be the fastest money on the schedule. The building department still issues the permit and can audit the work; the private provider does the reviewing and inspecting.

> **UNPERMITTED WORK IS NOT A SHORTCUT**
>
> Work done without a permit can void insurance, stall a sale or refinance, and cost far more to legalize than to do right. When a buyer's inspector or a lender finds it years later, it is your problem, not the contractor's.

PART FOUR · FLORIDA'S RULES

20 Hurricane season and your project

Six months of the year, a project in Palm Beach County is a project in a hurricane zone. Plan for it in the contract, not in the forecast.

Hurricane season runs June 1 through November 30. A project that spans it needs three things settled before the first named storm: a written site plan, the right insurance, and a contract that says who carries the delay.

Before the season

- A written hurricane preparedness plan from the contractor: securing materials and equipment, cranes and scaffolding, dewatering, protecting open structure, and a demobilization and remobilization sequence with the hours each takes.
- Builder's risk insurance with the wind and named-storm deductible understood in dollars, not percentages — and a decision about who pays it.
- The contract's force majeure clause read closely: does a named storm excuse time only, or time and money? Who bears the cost of securing the site and of remobilizing?
- Weather days carried explicitly in the schedule. A schedule with zero weather impact from June to November is telling you something about all its other assumptions.

When a storm is in the cone

- Confirm the site shutdown sequence in writing and the hour it begins.
- Photograph baseline conditions — every elevation, every open area, dated. If damage follows, this record is the difference between a clean claim and an argument.
- Know where your policy documents and your contractor's certificates are.

After a storm

Document before anyone cleans up. Photographs of every elevation and every room, dated; moisture readings if you can get them; damaged materials kept until recorded. Your insurer, your lender, and any repair contractor will all need that record, and it is the one thing that cannot be recreated later. Repair scopes written in a week deserve a second set of eyes before you sign them.

> **A BOUNDARY WORTH RESPECTING**
>
> Insurance claims are their own discipline. Public adjusters and coverage counsel are licensed for it; construction professionals are not. Use each for what they do.

PART FIVE

Finishing strong

The end of a project is a controlled exchange: the contractor wants the final payment; you want a complete building and a complete file. How to close out properly, what your rights look like after move-in, the warning signs to watch for all along, and what to do when something goes wrong.

PART FIVE · FINISHING STRONG

21 Substantial completion, punch lists, and closeout

Both sides want something reasonable at the end. The discipline is refusing to let the first happen before the second.

The contractor wants the final payment and the retainage; you want a complete building and a complete file. Closeout is the process of exchanging one for the other, in the right order.

Substantial completion

The milestone at which the building can be used for its intended purpose — usually marked by the certificate of occupancy and the architect's certification. It starts the warranty clock on most contracts and often triggers a partial release of retainage. It is not the same as done. The punch list is what stands between substantial and actually finished.

The punch list

Walk the building with the contractor and your design team, and write down everything incomplete, damaged, or not matching the documents — room by room, item by item, with dates for correction. Retainage exists precisely to fund this phase; release it when the list is cleared, not when the schedule says so.

The closeout file

- ❑ Certificate of occupancy (or completion) from the building department
- ❑ Final pay application with retainage reconciliation
- ❑ Contractor's final payment affidavit (Florida requirement — see Chapter 17)
- ❑ Final lien releases from the general contractor and every noticed lienor
- ❑ As-built drawings reflecting what was actually constructed
- ❑ Warranties — roof, equipment, systems — with start dates and contacts
- ❑ Operations and maintenance manuals, and training for whoever runs the building
- ❑ Permit card closed out; all inspections passed and documented
- ❑ Commissioning reports for mechanical, electrical, and control systems
- ❑ Keys, codes, access credentials, and equipment spares

This file is worth real money: at a sale, a refinance, an insurance claim, or a warranty dispute, it is the evidence. Keep it in one place, in two forms, forever.

PART FIVE · FINISHING STRONG

22 After move-in: warranties and your rights

The building will have been through a full Florida summer before its first birthday. Let it tell you what it learned while the repairs are still someone else's cost.

Most construction contracts carry a one-year correction period, during which the contractor must fix defective work at their own cost. Individual systems — roofing, equipment, windows — carry longer manufacturer warranties, each with its own start date and its own conditions.

The eleven-month walkthrough

Schedule a full inspection of the building at eleven months, before the one-year period typically expires, with your design team or an independent professional. Water intrusion, settlement cracks, systems that never balanced, doors that no longer close — the building will show you. Put every item in writing to the contractor before the anniversary, and keep the delivery receipt.

Warranties are documents, not promises

A warranty you cannot find is a warranty you do not have. Register the ones that require registration. Keep the start dates on a single sheet. Note which warranties are voided by unlicensed repairs or by failing to maintain the system — a common surprise with roofing and mechanical equipment.

Your rights have a clock

Florida law limits how long an owner has to bring a claim for defective construction. In 2023 the state shortened those limits, and the outer deadline is now generally seven years from the milestones the statute names. Latent defects — the ones that hide inside walls and under slabs — are exactly the ones that surface late. This is not a reason for alarm; it is a reason to keep the closeout file, act promptly on anything you find, and talk to a Florida construction attorney early rather than late if something looks wrong.

BEFORE THE ONE-YEAR MARK

- Has every warranty been registered, and is there one sheet listing all start dates?
- Has the eleven-month walkthrough been scheduled with someone independent of the contractor?
- Have all items from that walk been sent to the contractor in writing, with a delivery record?
- Does anyone maintaining the building know which actions void which warranties?

PART FIVE · FINISHING STRONG

23 Nine early warning signs

Troubled projects announce themselves early, in small administrative symptoms.

Any one of these is a question to ask this week; three or more is a pattern that deserves an outside set of eyes. Most have innocent explanations — and asking early is how you find out while the fix is still cheap.

- **1.** Pay applications arrive late, unformatted, or resist itemization.
- **2.** The schedule is re-baselined instead of updated — the story changes so the variance disappears.
- **3.** The superintendent you hired stops being the superintendent you see.
- **4.** Site headcount thins while percent-complete keeps climbing.
- **5.** Subcontractors or suppliers contact you directly about payment — in Florida, treat this as a lien-law smoke alarm.
- **6.** Change orders arrive after the work is done, priced as accomplished facts.
- **7.** Contingency is being consumed faster than the building is being built.
- **8.** Answers to simple questions require "checking with the office" and never come back.
- **9.** Meeting minutes stop, or stop matching your memory of the meetings.

> **WHAT TO DO WITH A WARNING SIGN**
>
> Ask in writing, keep the answer, and escalate on facts rather than feelings. The next chapter is the ladder to climb when the answers do not come.

PART FIVE · FINISHING STRONG

24 When something goes wrong: the escalation ladder

Most construction disputes are won or lost on the record, not in the room. Build the record from the first conversation.

Problems on a project rarely arrive as a single event. They accumulate, and the owner who handles them well climbs a ladder one deliberate rung at a time, documenting each. The owner who handles them badly skips straight to the top rung, angry, without a file.

Rung one: the conversation

Raise it directly, in person or by phone, with the person responsible. Most issues end here. Follow the conversation with a short email summarizing what was agreed and by when — not as a threat, but because memory is unreliable and email is not.

Rung two: written notice

If the agreed fix does not happen, send formal written notice under the contract's notice clause — to the address and by the method the contract specifies. Most contracts require notice within a stated number of days for a claim to be preserved. Late notice can forfeit a legitimate claim.

Rung three: an independent review

Before positions harden, have someone independent of both parties look at the documents: the schedule against the baseline, the pay applications against work in place, the change order log against the contract. An outside view often resolves what an argument cannot, because it replaces two opinions with one set of facts.

Rung four: the contract's dispute clause

Most contracts specify a sequence — negotiation between principals, then mediation, then arbitration or litigation. Follow it in order; skipping steps can cost you the right to the later ones. Your attorney leads from here.

TWO THINGS TO DO AT EVERY RUNG

Keep paying for work that is genuinely complete and properly documented — withholding everything usually makes an owner the party in breach. And keep the project moving where you can; a stopped site bleeds money for everyone, and the party who stopped it rarely comes out ahead.

PART SIX

The owner’s toolkit

Six pages meant to be copied, printed, and written on. Two checklists, a budget worksheet, and three logs. Together they are the working system the rest of this book describes.

TOOLKIT A

Before you break ground

Every box unchecked below is a risk you are choosing to carry into construction. Some may be acceptable choices. Make them on purpose.

- ❑ Scope documents complete: drawings at pricing level, specifications named, exclusions listed in writing
- ❑ Survey and geotechnical report in hand; existing conditions documented
- ❑ Full four-layer budget built: hard costs, soft costs, owner costs, owner-controlled contingency
- ❑ Contract structure chosen deliberately (lump sum / cost-plus / GMP) to match drawing completeness
- ❑ Change-order markups and the definition of "cost" pre-agreed in the contract
- ❑ Schedule of values itemized; retainage terms set through completion
- ❑ Contractor's Florida license verified on the state portal and matched to the work; references called, including the hard one
- ❑ Certificates of insurance received; additional-insured status confirmed; builder's risk placed with the wind deductible understood
- ❑ Payment and performance bonds considered and decided
- ❑ Architect's construction administration scope settled: site visits, RFI turnaround, pay application certification
- ❑ Baseline schedule attached to the contract, with permits, long-lead orders, and weather days shown
- ❑ Notice of Commencement prepared for recording and posting before work begins; expiration date noted
- ❑ Lien-release forms and NTO log set up with your attorney
- ❑ Hurricane plan and force majeure terms settled if the project spans June through November
- ❑ Contract reviewed by a Florida construction attorney — in full — with 48 hours between comments and signature

TOOLKIT B

The owner's monthly ritual

Forty-five minutes, once a month, on a fixed date. This single habit prevents more construction losses than any clause in any contract.

- ❑ Walk the site (or receive a dated photo or video walk) before approving anything
- ❑ Pay application checked line by line against the schedule of values
- ❑ Percent-complete claims compared to what the walk actually showed
- ❑ Stored materials verified with invoices, insurance, and photographs
- ❑ Retainage math confirmed on every line
- ❑ Lien releases collected covering the prior payment; NTO log updated
- ❑ Change-order log reviewed: new items priced and signed before work; cumulative total versus contract noted
- ❑ Allowance reconciliation reviewed: selected versus allowed, running over-or-under
- ❑ Schedule update measured against the original baseline, variances explained in writing
- ❑ Contingency remaining versus percent of project remaining — the one-line health check
- ❑ Inspection log reviewed: passes, failures, reinspections
- ❑ Certificates of insurance still in force; nothing expiring in the next sixty days
- ❑ Open questions from last month answered in writing — or escalated

If this ritual sounds like a part-time job, that is because it is one. It is the job an owner's representative does on the owner's behalf — along with everything upstream of it in this book.

TOOLKIT C

The four-layer budget worksheet

Fill it in before pricing anything. Then hold every bid against it.

HARD COSTS

Line item	Estimate	Source / notes
Construction contract (from the schedule of values)		
Site work, demolition, temporary utilities (if excluded)		
Owner-directed alternates and upgrades		

SOFT COSTS

Line item	Estimate	Source / notes
Architecture and engineering, including construction administration		
Permits, impact fees, plan review		
Legal, title, recording		
Insurance (builder’s risk, liability)		
Surveys, geotechnical, testing, special and threshold inspections		
Financing costs and lender fees		
Owner’s representative		

OWNER COSTS

Line item	Estimate	Source / notes
Furniture, fixtures, and equipment		
Technology, low-voltage, security		
Signage and branding		
Move-in, commissioning, training		
Operating reserve for the first months		

CONTINGENCY

Line item	Estimate	Source / notes

Owner contingency (percent of hard costs: ________)		
TOTAL PROJECT BUDGET (all four layers)		

TOOLKIT D

Change order log

One list, updated at every pay application. The cumulative total is a number you should be able to recite.

#	Date	Description	Amount	Days	Status	Cum. total

TOOLKIT E

Notice to Owner and lien release log

Every Notice to Owner you receive goes on this list. Nobody on it gets forgotten at final payment.

Date rec'd	Lienor (sub / supplier)	Trade / what furnished	Partial releases rec'd (dates)	Final release

TOOLKIT F

Pay application review checklist

Fifteen minutes, in this order, before you sign.

- ❏ Application number, period, and contract sum match the last one plus any signed change orders
- ❏ Every line traces to the schedule of values; no new or reshuffled lines
- ❏ Percent complete on each significant line agrees with this week's site walk
- ❏ Stored materials supported by invoices, insurance, and dated photographs
- ❏ Retainage calculated at the contract rate on every line, cumulative retainage correct
- ❏ Previous payments deducted correctly; arithmetic checks
- ❏ Architect's certification signed (if the agreement provides for it)
- ❏ Conditional lien releases received for this payment; unconditional releases received for the last
- ❏ Change-order log, allowance reconciliation, and contingency balance reviewed alongside
- ❏ Approval recorded in writing with the date paid

PART SEVEN

The owner's glossary

Fifty terms you will hear from your builder, your architect, your lender, and your attorney — defined in one line each, in plain English.

GLOSSARY

The owner's glossary

Addendum	A change to the drawings or specifications issued during bidding, before the contract is signed.
Allowance	A placeholder price in a bid for something not yet selected. See Chapter 16.
As-builts	Drawings updated to show what was actually constructed, delivered at closeout.
ASI	Architect's supplemental instruction — a minor clarification during construction, usually without cost.
Baseline schedule	The schedule attached to the contract, against which every update should be measured.
Bid leveling	Adjusting several bids so they compare the same scope, exclusions, and allowances.
Builder's risk	Insurance covering the work itself during construction. Check the wind deductible.
Certificate of occupancy	The building department's approval to occupy the building.
Change directive	Written authorization to proceed with changed work before its price is settled.
Change order	A written, priced change to the contract. See Chapter 15.
Claim of lien	The recorded document by which an unpaid contractor, sub, or supplier claims an interest in the property.
Closeout	The end of the project: punch list, warranties, manuals, as-builts, releases, final payment.
Commissioning	Testing that building systems actually perform as designed before handover.
Conditional / unconditional release	A lien release effective on payment clearing (conditional) or with no conditions (unconditional).
Construction administration	The design team's role during construction: RFIs, submittals, site visits, pay app certification.
Contingency	A reserve for the unknown. The question is always who controls it. See Chapter 12.
Cost-plus	A contract where the owner pays actual costs plus a fee.
Critical path	The chain of tasks that determines the completion date.
Draw	A lender's release of loan funds, usually against a pay application.
Exclusions	What a bid or contract does not include. Compare these before comparing prices.
Final payment affidavit	The contractor's sworn statement, provided for by Florida law, listing anyone still unpaid.
Force majeure	Contract language excusing delay for events outside anyone's control. Read it for hurricanes.
G702 / G703	The industry-standard pay application summary and continuation sheet.
General conditions	The contractor's project-level costs: supervision, temporary facilities, safety, cleanup.

GMP	Guaranteed maximum price — cost-plus with a ceiling.
Hard costs / soft costs	Construction itself, versus design, permits, legal, insurance, and financing.
Impact fees	Fees charged by local government for the project's demand on public infrastructure.
Liquidated damages	A pre-agreed daily amount the contractor owes for finishing late.
Long-lead items	Materials or equipment that must be ordered months ahead of installation.
Lump sum	One fixed price for a defined scope.
Mobilization	The contractor setting up on site to begin work.
Notice of Commencement	The document recorded before work begins that anchors Florida's lien process. See Chapter 18.
Notice of contest of lien	A recorded notice by which an owner can shorten the time a lienor has to sue.
Notice to Owner	A sub or supplier's formal notice preserving lien rights. See Chapter 17.
Owner's representative	A construction professional working only for the owner. See Chapter 3.
Pay application	The contractor's monthly request for payment. See Chapter 14.
Private provider	A licensed private firm performing plan review and inspections in place of the building department.
Punch list	Items to be completed or corrected before final payment.
Retainage	A percentage withheld from each payment until completion.
RFI	Request for information — the contractor's formal question about unclear documents.
Schedule of values	The itemized breakdown of the contract price that pay applications are checked against.
Scope	The written definition of what is being bought. See Chapter 4.
Specifications	The written companion to the drawings, naming materials and standards.
Statute of repose	The outer deadline after which a construction-defect claim can no longer be brought.
Stored materials	Materials purchased and on site or in bonded storage but not yet installed.
Submittal / shop drawings	What subcontractors produce for review before fabricating or installing.
Substantial completion	The point at which the building can be used for its purpose.
Superintendent	The contractor's on-site manager — the person who decides your daily experience.
Threshold inspection	Florida's special structural inspection requirement for certain larger buildings.
Value engineering	Reducing cost by changing materials or methods. Done well it protects the design.
Warranty period	The window after completion in which the contractor must correct defective work.

A LAST WORD

You now know more than most owners who build

Everything in this book is usable without us. That is the point. An informed owner gets better bids, cleaner contracts, calmer projects, and a stronger relationship with a good contractor — because good contractors prefer owners who read the paperwork.

If you would rather have all of this done for you — the scope discipline, the pay application reviews, the lien file, the monthly ritual — that is the job we do. PE-RE serves as a dedicated owner’s representative on commercial, luxury residential, and equestrian projects across Palm Beach County, and beyond it when the project warrants. We are the one party at the table whose only loyalty is to you.

A useful first step, with no obligation: the Complimentary Protection Review — thirty minutes, ten diagnostic questions about your project, and an honest read on where your risks sit. No pitch. If a deeper look is warranted, our Pre-Build Risk Audit examines your contract, plans, budget, schedule, insurance, and permits before you sign anything.

Scan to book your Complimentary Protection Review

PE·RE — Construction Project Management & Owner’s Representation

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