

UNDERSTANDING CHANGE ORDERS

A Homeowner's Guide to Scope Changes, Added Costs, Credits and Schedule Impacts

CMP'S CORE RULE: A change order is not just 'extra work.' It is a modification to the project agreement. Before approving one, understand **WHAT is changing, WHY it is changing, HOW MUCH it changes the price, and WHAT it does to the schedule.**

1. WHAT IS A CHANGE ORDER?

In construction practice, a change order is a written modification to the agreed work. Industry-standard AIA guidance treats a change order as documenting three core things: the change in the work, the adjustment to the contract price (if any), and the adjustment to contract time (if any). A change can add work, delete work, substitute work, change materials, or alter time.

TYPE	PLAIN-ENGLISH EXAMPLE	POSSIBLE EFFECT
Additive	Add a second window that was not in the original scope.	Price and/or time may increase.
Deductive	Remove a portion of originally contracted work.	Price may decrease; time may change.
Substitution	Change from one material/product to another.	Price/time may increase, decrease or stay the same.
Unforeseen condition	Hidden damage or conditions are discovered after work begins.	Scope, price and/or time may change.
Owner-requested change	Homeowner changes layout, finish, quantity or design.	Usually affects scope; may affect price/time.
Code / permit / design issue	Required correction or revised detail becomes necessary.	Responsibility and cost depend on the contract and facts.

2. WHY CHANGE ORDERS HAPPEN

- [] Homeowner requests a different design, finish, quantity or feature.
- [] Existing conditions differ from what could reasonably be seen before work began.
- [] Plans/specifications need clarification or revision.
- [] Material availability, discontinued products or lead times require a substitution.
- [] Code, permit or inspection requirements affect the planned work.
- [] An error, omission or conflict is discovered in project information.
- [] Work is added, deleted or re-sequenced.
- [] Schedule conditions change and the parties agree to adjust contract time.

IMPORTANT: A change order is not automatically evidence of poor planning or wrongdoing. Changes can be legitimate. The homeowner's protection comes from understanding the reason, responsibility, cost and time impact before approval.

3. THE 4 QUESTIONS TO ASK EVERY TIME

WHAT is changing?

Get a precise description of the added, deleted, substituted or revised work.

WHY is it changing?

Identify the cause: owner request, concealed condition, design clarification, material issue, code/permit issue, correction, or another reason.

HOW MUCH does it change the price?

Look for an increase, decrease/credit, or no net price change. Ask for enough cost detail to understand the amount.

WHAT happens to the schedule?

The change should address added days, reduced days, revised completion expectations, or clearly state no change in time.

4. READ THE SCOPE FIRST - AGAIN

Do not begin with the dollar amount. Compare the proposed change against the original contract, estimate, drawings, selections or prior change orders. Determine exactly what is new and what original work is being replaced or removed.

- ☐ Original requirement / scope being changed is identifiable.
- ☐ New or revised work is described clearly.
- ☐ Quantities, locations and important dimensions are understandable.
- ☐ Materials/products/finishes are identified where important.
- ☐ Deleted work and credits are identified.
- ☐ Related repair, demolition, cleanup or finishing work is addressed.
- ☐ Supporting sketch, photo, drawing, proposal or specification is attached when useful.

5. UNDERSTAND THE COST - INCLUDING CREDITS

A change order may increase or decrease the contract amount. If original work is being removed, ask whether an appropriate credit is included. For added work, ask for enough detail to understand the basis of the price, particularly on larger or complex changes.

COST QUESTION	HOMEOWNER CHECK
Added labor	What additional labor is required?
Materials	What new materials/products are being purchased?
Equipment / delivery	Are special equipment, freight, disposal or delivery costs added?
Subcontractors	Is another trade being added or changed?
Overhead / profit / markup	Does the agreement allow it, and is the basis understandable?
Tax / fees	Are applicable taxes, permit fees or other charges included?
Credit for deleted work	What original cost is being removed?
Net change	What is the final increase or decrease to the contract amount?

CMP TIP: For a material change, do not look only at the new item's price. Ask whether the change creates added demolition, labor, delivery, installation, finishing, disposal, subcontractor or schedule costs - and whether removed work creates a credit.

6. DO NOT IGNORE THE SCHEDULE

A change can affect sequencing, inspections, subcontractor availability, material lead times and completion. Industry change-order guidance treats contract time as a core part of the change, not an afterthought.

- ☐ Does this add or subtract days?
- ☐ Does it change the expected completion date?
- ☐ Does a special-order item create a lead-time delay?
- ☐ Will another trade need to return or be rescheduled?
- ☐ Does the change affect an inspection or permit?
- ☐ Can unaffected work continue while the change is resolved?

7. APPROVE BEFORE WORK PROCEEDS - WHEN PRACTICABLE

The safest routine is to resolve the scope, price and time impact in writing before the changed work begins. Texas Attorney General consumer guidance warns homeowners that contractors may charge for changing a work order and says this should be covered by the contract. Industry guidance likewise favors formal agreement before changed work begins. Emergencies and certain contract mechanisms can be different, so always check the actual contract.

AVOID THE VERBAL CHANGE: 'While you're here, can you also...' can create a real contractual and financial issue. If it changes scope, price or time, document it.

8. WHAT A STRONG CHANGE ORDER SHOULD SHOW

- ☐ Change order number and date.
- ☐ Reference to the project and original agreement.
- ☐ Clear description of the change.
- ☐ Reason for the change.
- ☐ Supporting drawings/photos/specifications/proposals where useful.

- [] Price before the change, amount of this change, and updated contract amount where applicable.
- [] Credit for deleted/replaced work where applicable.
- [] Adjustment to contract time or clear statement of no time change.
- [] Effect on allowances, selections, permits, warranties or related work when applicable.
- [] Required approvals/signatures consistent with the contract.
- [] Copy retained by the homeowner.

9. CHANGE ORDER RED FLAGS

- ☐ Changed work begins before price/scope is discussed, without an emergency or contract basis.
- ☐ Description is vague: 'extra work,' 'miscellaneous,' 'additional labor,' etc.
- ☐ Price is shown but no explanation of what changed.
- ☐ No credit is considered for deleted/replaced original work.
- ☐ Schedule impact is left blank or ignored.
- ☐ Contractor says the change is required but cannot explain why.
- ☐ Large cost is presented only after the work is completed.
- ☐ Homeowner is pressured to approve immediately without reasonable explanation.
- ☐ Change order conflicts with the original documents but does not identify what it supersedes.
- ☐ Multiple small verbal changes accumulate without a running updated contract total.

10. CMP CHANGE ORDER REVIEW WORKSHEET

CHANGE ORDER #	_____	DATE	_____
Requested by	☐ Owner ☐ Contractor ☐ Designer/Other	Reason	_____
Original contract amount	\$ _____	Prior approved changes	\$ _____
This change	☐ Add \$ _____ ☐ Credit \$ _____ ☐ \$0	New contract amount	\$ _____
Time impact	☐ + ____ days ☐ - ____ days ☐ No change	New target date	_____

- ☐ I can clearly explain what is changing.
- ☐ I understand why the change is needed/requested.
- ☐ I compared the change to the original scope.
- ☐ I understand added costs AND any credits.
- ☐ I understand markup/overhead/profit if applicable.
- ☐ I understand the schedule impact.
- ☐ I reviewed supporting documents.
- ☐ I know whether permits/inspections/selections are affected.
- ☐ I have resolved material questions before approval.
- ☐ I will keep a copy with the project records.

GREEN - READY TO CONSIDER

Scope, reason, price/credit and time impact are understandable and documented.

YELLOW - CLARIFY

One or more material details, costs, credits, schedule effects or responsibilities need explanation.

RED - STOP & REVIEW

The change is vague, undocumented, already performed without clear authority, materially disputed, or carries significant legal/financial risk.

NEED HELP UNDERSTANDING A CHANGE?

CMP helps homeowners organize project information, identify scope/cost questions, compare changes to the original agreement, and understand what should be clarified before a project decision.

Ask the CMP Project Advocate | Talk to a Real Person: (214) 609-7523 | sales@cmppartnersllc.org

Educational Resource Notice: This CMP-owned guide provides general educational information only. It is not legal, architectural, engineering, insurance, code, permitting, inspection, accounting or contract advice, and it does not determine whether a particular change order is valid or enforceable. Contract requirements and legal rights vary by agreement, project and jurisdiction.

Research basis: CMP developed this original homeowner framework after reviewing Texas Office of the Attorney General consumer guidance on home-improvement contracts and work-order changes; AIA Contract Documents guidance on change orders, including the core scope / contract-sum / contract-time framework; American Bar Association construction guidance on additive and deductive changes; and TxDOT change-order administration guidance concerning scope definition, cost support and time impacts. CMP condensed these concepts into the homeowner-focused WHAT - WHY - COST - TIME review method.