

HOW TO COMPARE TWO ESTIMATES

A Homeowner's Side-by-Side Guide to Scope, Materials, Price, Risk and Value

CMP'S CORE RULE: Do not compare only the bottom-line price. First make the two estimates describe the **same project**. Then compare scope, materials, allowances, exclusions, schedule, payment terms, change-order rules and risk.

1. FIRST: MAKE SURE YOU ARE COMPARING THE SAME JOB

The FTC and Texas Attorney General both recommend getting more than one written estimate and warn homeowners not to automatically choose the lowest bidder. The most useful comparison begins by checking whether each contractor priced the same work and materials.

- ☐ Both estimates describe the same rooms, areas or project limits.
- ☐ Both include the same demolition/removal responsibilities.
- ☐ Both include the same repair, preparation and finishing work.
- ☐ Both price the same major quantities or measurements.
- ☐ Both address the same permits/inspection responsibilities where applicable.
- ☐ Both address cleanup, haul-off and disposal.
- ☐ Both reflect the same owner-supplied vs. contractor-supplied items.

IF THE SCOPES ARE DIFFERENT, THE PRICES ARE NOT YET COMPARABLE. Ask each contractor to clarify or revise major differences before deciding.

2. COMPARE THE SCOPE LINE BY LINE

Texas consumer guidance recommends written bids with detail about exactly what will be done. Create a simple scope matrix and mark whether each major task is included, excluded or unclear.

SCOPE ITEM	ESTIMATE A	ESTIMATE B	REFERENCE QUESTION
Demolition / removal			
Site protection / preparation			
Framing / structural work			
Electrical			
Plumbing / gas			
HVAC / ventilation			
Drywall / patching			
Painting / finish work			
Flooring / tile			
Fixtures / appliances			
Permits / inspections			
Cleanup / haul-off			
Warranty / closeout			

3. COMPARE MATERIALS - NOT JUST THE WORD 'MATERIALS'

Material grade, brand, model, thickness, quantity and finish can materially affect price and performance. Texas Attorney General guidance specifically encourages homeowners to look for detail about the kinds, grades or thicknesses of materials where relevant.

- ☐ Are major products or material standards identified?

- ☐ Are quantities reasonably clear?
- ☐ Are brands/models/grades comparable?
- ☐ Is one contractor pricing a premium product while the other uses a basic product?
- ☐ Are delivery, tax, installation materials and disposal treated the same way?
- ☐ Are owner selections still undecided?

4. COMPARE ALLOWANCES CAREFULLY

An allowance is a budget placeholder for an item not fully selected. Texas Law Help recommends that contracts identify who selects the item and how much is budgeted. A low allowance can make one estimate appear cheaper even though the homeowner may later pay more.

ALLOWANCE	ESTIMATE A	ESTIMATE B	WHAT DOES IT COVER?
Cabinets			
Countertops			
Tile / flooring			
Plumbing fixtures			
Lighting / electrical fixtures			
Appliances			
Other			

CMP QUESTION: Does the allowance include only the purchase price of the item, or also tax, delivery, setting materials, labor, equipment and contractor markup?

5. FIND THE EXCLUSIONS

Two contractors can quote the same project but assign different responsibilities to the homeowner. Review what each estimate specifically excludes.

- ☐ Permits / fees
- ☐ Engineering / architectural plans
- ☐ Utility work
- ☐ Painting / touch-up
- ☐ Wall/floor repair after trade work
- ☐ Dumpster / haul-off
- ☐ Appliances / fixtures
- ☐ Landscaping / exterior restoration
- ☐ Unexpected concealed conditions
- ☐ Cleaning / final protection

6. COMPARE THE PRICING METHOD

Before comparing totals, know how each estimate is priced. A fixed/lump-sum proposal is not directly comparable to cost-plus or time-and-materials without understanding the assumptions, fees and risk allocation.

METHOD	WHAT TO CONSIDER
Fixed / Lump Sum	Included scope, assumptions, exclusions and what can change the price.
Cost Plus	Reimbursable costs, contractor fee/markup, documentation and any budget controls.
Time & Materials	Labor rates, material charges/markups, estimated hours and cost controls.

METHOD	WHAT TO COMPARE
Unit Price	Unit rate, assumed quantity and how final quantities will be measured.

7. COMPARE PAYMENT TERMS - NOT ONLY THE TOTAL

The Texas Attorney General advises homeowners to understand partial-payment schedules and inspect work before progress payments. Compare deposits, milestone triggers, retainage/final payment terms if any, and whether payments correspond to actual progress.

- ☐ Deposit / initial payment amount.
- ☐ What triggers each progress payment.
- ☐ Whether payment is tied to completed work, materials or dates.
- ☐ Whether one estimate front-loads significantly more money.
- ☐ What must happen before final payment.
- ☐ Accepted payment method and any financing charges.

8. COMPARE SCHEDULE AND PROJECT CONTROL

A lower price may not be the better value if the schedule, supervision or project controls are materially weaker. NAHB emphasizes clear written proposals, scheduling expectations, cleanup and written change-order procedures.

- ☐ Expected start date.
- ☐ Estimated duration / completion date.
- ☐ Material lead-time assumptions.
- ☐ Who supervises day to day.
- ☐ How often the homeowner receives updates.
- ☐ How delays are communicated.
- ☐ How change orders are documented and approved.
- ☐ How cleanup and property protection are handled.

9. ASK WHY THE PRICES ARE DIFFERENT

The FTC specifically recommends asking for an explanation when estimates differ significantly. Do not automatically assume the higher estimate is overpriced or the lower estimate is a bargain. A real difference may come from scope, material quality, labor, supervision, overhead, warranty, permits, risk, or an error/omission.

CMP'S BEST QUESTION: 'Your price differs materially from the other estimate. Can you walk me through the scope, material, labor, allowance and responsibility differences that explain the gap?'

10. THE CMP APPLES-TO-APPLES WORKSHEET

Category	ESTIMATE A	ESTIMATE B	NOTES / COMMENTS
Total price	\$ _____	\$ _____	_____
Scope completeness	_____	_____	_____
Materials / specifications	_____	_____	_____
Allowances	_____	_____	_____
Exclusions	_____	_____	_____
Permit responsibility	_____	_____	_____
Payment schedule	_____	_____	_____
Start / duration	_____	_____	_____

CATEGORY	ESTIMATE A	ESTIMATE B	BETTER / CLEARER
Supervision / communication	_____	_____	_____
Change-order process	_____	_____	_____
Warranty / closeout	_____	_____	_____
Insurance / documentation	_____	_____	_____

11. CMP FINAL DECISION CHECK

- ☐ I am comparing the same scope of work.
- ☐ I understand the important material/specification differences.
- ☐ I understand all major allowances.
- ☐ I know what each estimate excludes.
- ☐ I understand the pricing method.
- ☐ I understand the deposit and payment schedule.
- ☐ I understand the expected schedule and supervision.
- ☐ I understand the change-order process.
- ☐ I have asked about major price differences.
- ☐ I checked contractor references and applicable licensing/insurance separately.
- ☐ I am choosing based on overall fit, clarity, risk and value - not price alone.

GREEN - FAIRLY COMPARABLE

The scopes are aligned, major assumptions are clear, and price differences can be explained.

YELLOW - CLARIFY FIRST

Scope, materials, allowances, exclusions or payment/schedule terms still differ materially.

RED - NOT COMPARABLE YET

One or both estimates are too vague, materially incomplete, or the price gap cannot be reasonably explained.

NEED HELP COMPARING ESTIMATES?

CMP helps homeowners identify scope differences, unclear allowances, exclusions, cost gaps and project questions so they can make a better-informed decision before hiring.

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, engineering, architectural, accounting, insurance, code, permitting, inspection, pricing or contract advice, and it does not certify, rank or approve any contractor or estimate.

Research basis: CMP developed this original comparison framework after reviewing Federal Trade Commission guidance on multiple written estimates and significant price differences; Texas Office of the Attorney General guidance on detailed written bids, material quality, low-ball bids and payment schedules; Texas Law Help guidance on materials, allowances, exclusions and change orders; and National Association of Home Builders consumer/contract guidance on written proposals, project details and change-order procedures. CMP condensed these principles into an apples-to-apples homeowner decision tool.