

CPE STAMP & SEAL PROGRAM



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American Society of
Professional Estimators

CERTIFICATION BOARD

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CPE STAMP AND SEAL PROGRAM

Dear Stamp and Seal Candidate:

Thank you for requesting a copy of ASPE CPE Stamp and Seal Program. Your active involvement in this program will benefit many sectors of ASPE: Marketing, Education, and the national organization. Only Society members may apply for the Stamp and Seal.

One of the requirements of obtaining the Stamp and/or Seal is participating in a self-administered workshop on the proper uses and restrictions of the stamp in our industry and the responsibilities of the candidate requesting the stamp. At the end of this packet is an acknowledgment page to be signed and returned with the application indicating you have read the enclosed material. No stamp or seal will be issued without your application and signed acknowledgement.

Please do not hesitate to contact the Society Business Office with any questions you may have.

Regards,
The National Certification Board

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INTRODUCTION TO THE CERTIFICATION PROGRAM

Professional evaluation through Certification is one of the many ways the American Society of Professional Estimators endeavors to promote the profession and benefit the construction industry.

The founders of the Society sought to include estimators of all types of construction in the membership of ASPE: residential, heavy, general, specialty trade and conceptual. This array of highly skilled professionals was the "melting pot" envisioned by the Charter Members of the American Society of Professional Estimators when they organized in 1956.

With such diversity of backgrounds, the development of programs for both education and certification of professional estimators has been a demanding and rewarding process. For all the varied disciplines or levels of detail, the fundamental principles of construction cost estimating remain universally applicable. Beyond these fundamentals, however, lie the realms of varied disciplines, which make construction estimating one of the most unique, challenging, and fulfilling professions an individual may pursue.

During the early years of the Society's existence, long-range programs were formulated to encourage university-level instruction in construction estimating, not only for the novice student, but for the experienced estimator as well. A system for evaluating the proficiency of estimators seeking certification was also envisioned.

ASPE Certification is the highest form of professional recognition an individual estimator can receive and is being sought by more construction estimators every year. Through its Certification Program, the American Society of Professional Estimators recognizes the estimating proficiency and ethical awareness of the Certified Professional Estimator (CPE).

The Certification Board with the help of Chapter Certification Committees and Regional Governors administers the Certification Program.

ASPE Certification may be defined as an educational process, which entails mandatory workshop attendance, submission of an acceptable Professional Evaluation Application and technical paper, successful completion of written examinations and participation in the Continuing Certification Program. Each CPE Candidate must earn an affirmative appraisal based on proven ability and practical experience in the profession.

The Society's efforts in the area of Certification became reality in August 1976 when the National Certification Committee met in Denver, Colorado, to evaluate the first phase of the Certification Program. The results were most gratifying. The Committee found a nucleus of competent estimators in nearly all of the construction disciplines. These professionals became the initial peer group against which applicants were measured. The peer group's expertise has since been drawn upon to establish a comprehensive examination system.

Today each estimator seeking certification must meet certain requirements before being permitted to take the written examinations. Occasionally, experienced estimators will request certification without examination. This is not permitted under the Society's program rules. Requiring each candidate to take the examinations ensures the integrity of the Society's program.

Once recognized as a CPE, you will be expected to keep abreast of current trends and improved practices in the construction industry. Your conformance with this requirement is measured under the provisions of the Continuing Certification Program. CPEs subject to recertification must document active participation in the areas of ASPE service: professional, educational and creative contributions to construction estimating. Among the elements of continuing certification are review of technical papers, and the contribution of questions and problems to the Certification Test Data Bank.

As a CPE, you may be requested to volunteer your expertise in advancing the art and science of estimating. For example, you may contribute new material for the Standard Estimating Practice manual (SEP). You could also present a Certification Workshop or proctor an examination. Or you may be called upon by the Education Board to develop programs to improve the quality of estimating instruction for students at colleges and universities.

HISTORY OF ASPE'S CERTIFICATION PROGRAM

Although the founders of ASPE and the first six chapters had previously discussed the concept of certification, it was not until 1974 that the Society embarked on this program. The first National Director was appointed, and he assigned responsibilities for developing tests in the various CSI disciplines. In addition, the National Board accepted a preliminary format for testing.

In 1975, the Society explored seeking outside help in the area of test development. Several firms, including Educational Testing Service (ETS) in Princeton, New Jersey, were contacted to submit proposals and fee schedules. During the year, a series of meetings were held to review examination procedures, test questions, and testing agency presentations. After considering the economic impact of hiring a consultant, the Society decided to involve all chapters to implement the exam process. The National Board approved ETS's recommendation to establish a peer group that would not undergo the planned testing procedure. This core group would create a staff to administer the evaluation of other candidates for certification. The final accomplishment of that year was the first draft of the Certification application.

1976 was a banner year for ASPE. The Society formed the Code of Ethics to supplement certification, introduced standards and rewrote the national bylaws to encompass the program. In May, the National Board officially adopted the tenants of certification including the Certification application, the Code of Ethics, and certified members of the Executive Committee as the initial peer group. Applications were then distributed to the entire membership. Over 300 Professional Evaluation Applications were processed in August, and 233 individuals were accepted for certification in 11 of the 16 CSI divisions.

The Long-Range Planning Task Force comprised of past National Presidents, asked the Society to develop a "generic" test in February 1984. This exam would be available to all members regardless of their specialty and/or the existence of a discipline test. In the ensuing four years, the Certification Test Development Committee authored, critiqued, and administered the first General Estimating Knowledge Exam in May 1988. In addition, the Society drew up plans for Continuing Certification to keep estimators abreast of new advances in their profession and to ensure continued educational and Society involvement.

Dedicated members have served in various capacities over the years to keep certification in the forefront as one of the six fundamental purposes of our organization. The program's future course will continue to be charted by a desire for excellence, to indicate the Society's level of professionalism in the industry, and to focus on the improvement of each estimator's skills.

CONTINUING CERTIFICATION PROGRAM

The construction industry changes continually and the Professional Estimator must be aware of these changes and be able to evaluate their impact upon his trade.

The title "Certified Professional Estimator" (CPE) is coming into increased use. The architect/owner is increasingly aware of the importance of the CPE designation. We, as a Society, must show the industry and the public that the construction estimator is a highly trained professional who is responsible for the very survival of the company for which he works. The method by which the Society has chosen to do this is the Certification program.

This program alone, however, is not enough. As "CPE" is a meaningful professional title, we must be able to show other industry professionals that the CPE is an educated and motivated person who maintains his level of knowledge through continued education and interaction with other people in the industry. The method by which the Society has chosen to do this is the Continuing Certification Program.

The Continuing Certification Program also encourages our members to remain active in the Society and the construction industry. ASPE's strength comes from its active members. To have a stronger voice in the future of the construction industry, we must have a large, active membership. Encouraging our members to become CPE's and having a program, which rewards them for participating in the Society's activities, can help achieve these goals.

Eligibility

The member must have been previously certified and have maintained his membership in the Society with all dues and fees paid for the three years prior to submitting his/her Continuing Certification Application. Non-members must also participate in the Continuing Certification Program.

Continuing Certification Procedure

The CPE will complete a Continuing Certification Application, and submit the application to the Society Business Office as explained in the application.

Implementation

Each current participating CPE must apply for renewal of certification every three years. All members who become subject to this program will have three years from the issue date of their Certificate to accumulate the 30 points required for continuing certification.

POINTS MUST BE EARNED FROM AT LEAST THREE (3) OF THE SCHEDULED LEVELS.

The applicant is responsible for accumulating all documentation for the point total and transmitting it to the Society Business Office. Accumulate verifications annually to avoid problems resulting from changing administrations. It is the responsibility of the CPE to obtain a guarantee of delivery. It is recommended that the documentation be sent with a return receipt requested to the Society Business Office.

Requirements for Continuing Certification may be modified from time to time. These

modifications may include additional categories and requirements. The Continuing Certification applicant, however, will be granted points based upon the point schedule in effect at the beginning of the applicant's Continuing Certification term.

CONTINUING CERTIFICATION PROCEDURES

Your first cycle and first year (Year 1) in the Continuing Certification Program begins August 1 following notification of obtaining your CPE status. Your certificate states that your CPE status will terminate July 31 of Year 4. The *accumulation of points* begins August 1 of Year 1 and ends three years later on July 31 of Year 3. This period runs concurrently with the ASPE fiscal year for record keeping purposes.

The Business Office will notify you before July 31 of Year 3 that your Certification will expire on July 31 of Year 4. The Continuing Certification application and the processing fee shall be submitted to the Society Business Office prior to October 1 of Year 4.

The Continuing Certification Applicant is solely responsible for obtaining all signatures and documentation supporting the application. Your Continuing Certification application should first be submitted to your Chapter Certification Chair for review. Then the completed application must be submitted to the Society Business Office (SBO) along with the appropriate fee. The SBO will verify the application is complete and send it to your regional representative on the National Certification Board for review. You will be notified by February 1 of Year 4 of any deficiencies or its' acceptance. You will have until July 1 of Year 4 to correct any deficiencies. A new certificate will be issued prior to the expiration date and will cover the next three years. (July 31 of Year 7)

The second cycle would actually begin with the *accumulation of points* in Year 4. The *accumulation of points* begins August 1 of year 4 and ends three years later on July 31 of Year 6.

All terms and conditions of Continuing Certification, as listed above, will apply to each successive three-year cycle.

LIFETIME CPE STATUS: (Not Available To Non-Members)

After submitting renewals for four consecutive Continuing Certification cycles, CPEs may apply for Lifetime Status. The necessary criteria, as set forth by the Certification Board, is as follows:

A Certified Professional Estimator (CPE) may apply for the status of Lifetime CPE after having been certified for at least fifteen (15) consecutive years AND a continuous member in good standing.

An application for Lifetime CPE Status and the appropriate fee must be forwarded on to the Society Business Office (SBO) for verification. The Application will then be submitted to the National Certification Board for its approval.

A Lifetime CPE must continue to remain a member in good standing in the Society in order to maintain the status of Lifetime CPE.

NOTE: *Only* those CPEs in the Continuing Certification Program are eligible for the Lifetime CPE Status.

CODE OF PROFESSIONAL PRACTICE OF THE AMERICAN SOCIETY OF PROFESSIONAL ESTIMATORS

1. GOVERNS CPES AND THEIR SUBORDINATES

This Code sets forth certain standards for the intended purpose of governing the professional practice of all individuals who have accepted the credentials of a Certified Professional Estimator (CPE), are ASPE members in good standing, and intend to utilize the Stamp and/or Seal as issued by ASPE. ASPE knows of no reason why it should not be entitled to claim exclusive authority to bestow the CPE credentials upon qualified individuals, and ASPE shall vigorously pursue all reasonable means to preserve its right to establish and publish this and related standards both now and in the future. Therefore, all who represent themselves as a CPE to their clients or employers by using the Stamp and/or Seal shall adhere to this Code. Those who do not wish to give their consent nor be so governed shall not be granted the use of the Stamp and/or Seal issued by the Society until such time as they are willing to comply. In addition, it shall be the responsibility of a CPE to insure that the acts of employees or staff under their responsible supervision conform to the professional standards contained herein, or such acts may subject the supervising CPE to a professional review and possible loss of credentials. [Use of the words "he, him, his, etc." in this Code, shall be interpreted as signifying both genders. The terms "client" and "employer" shall be considered interchangeable for the purpose of interpreting this Code.]

2. STANDARD ESTIMATING PRACTICE (SEP)

All CPEs requesting the Stamp and/or Seal should be familiar with ASPE's publication, Standard Estimating Practice (SEP). SEP should be a part of your reference library. It clearly defines the Society's vision of proper estimating techniques, formats, etc. Part One, Section One, Basic Standards, Part One, Section Two, Levels of the Estimate, and Part One, Section Three, Scope of the Estimate, are included with this workshop. Please review carefully.

3. CODE OF ETHICS

All members of ASPE are bound to abide by the Society's Code of Ethics, which serves as a general reference for an estimator's professional conduct. A complete copy can be located in Part Four of Standard Estimating Practice. This Code of Professional Practice reinforces the Code of Ethics, and the principle that professional skills alone are not sufficient to demonstrate professionalism. Consequently, violations of the standards of professional conduct as presented in the Code of Ethics and this Code of Professional Practice could subject a CPE to disciplinary action and possible loss of the right to continued use of the professional credentials granted by the Society.

4. ETHICAL CONDUCT

A CPE shall treat all fellow CPEs, and all members of allied professions, with fairness and respect and shall not commit any malicious act, or make any false or unjust accusation, which shall directly or indirectly injure another's personal or professional reputation. This does not relieve a CPE of the moral obligation to expose illegal or unethical conduct in a manner appropriate for the offense.

5. REVIEW OF ANOTHER'S WORK

Whenever a client or an employer asks a CPE to review or comment on the work performed by another, extreme care shall be taken in order to render a proper opinion. Casual and improperly researched conclusions are not within the realm of professional conduct to be expected of a CPE. If appropriate, the reviewing CPE shall discuss the issues of import with the other person whose work is being reviewed prior to releasing a written report or expressing an oral opinion. This paragraph places no restriction on the preparation of a completely independent estimate or work product which a client or employer may choose to use as the basis for their own comparison.

6. PROFESSIONAL QUALIFICATIONS

No CPE shall misrepresent their professional qualifications or attempt to practice beyond the limits of their field of expertise. If called upon to do so, a CPE shall identify the Construction Estimating Discipline(s) (CEDs) in which they can demonstrate that they have acquired sufficient experience to be qualified to practice. Those CPEs that have expertise in several fields other than the ones in which they were initially certified, shall be permitted to enlarge their practice to include the additional disciplines, provided they have conducted sufficient research and study of the unique aspects of the new field to enable them to render sound judgment in their practice.

7. DEFINING THE SCOPE OF SERVICES

It shall be the responsibility of a CPE to maintain effective communication with each client or employer, with regard to the scope of services to be rendered, including the level of detail required, the form of the work product, and the date, or approximate date, by which the defined services will be completed. A sample contract for professional estimating services between estimator and client is enclosed with this workshop. It is from the Standard Estimating Practice Manual, Part One. During the course of a time and expenses engagement, at the earliest moment that a CPE has reason to believe that the scope of services originally agreed upon will be insufficient to produce the desired results in a professional manner, or that any estimate of hours involved in performing an assignment will be inadequate, the client or employer should be advised. A CPE shall pursue all reasonable means to mitigate expenses by periodically seeking clarification of the client's or employer's expectations regarding the continuation of the work and by advising the client or employer of the remaining level of effort necessary to complete a given assignment in a professional manner.

8. CONFLICTS OF INTEREST

No CPE shall:

- A. Accept an engagement or assignment that may result in the compromising of professional ethics, or the minimum standards of excellence recommended by the Society.
- B. Accept an engagement or assignment to perform work for more than one client on any particular project without the consent of all parties concerned.
- C. Accept an engagement or assignment to perform professional services or render a professional opinion on a project or issue in dispute, if the CPE has had access

to information which may prejudice the work or opinion, or constitute a conflict of interest detrimental to the client, unless such circumstances and relevant facts have been properly disclosed in writing and accepted by the client.

- D. Incorporate the work of another CPE, contractor, or client, into a professional work product without proper reference, or the express permission of the party or parties that performed the original work.

9. FINANCIAL INTERESTS

A CPE shall not accept an engagement or assignment for a client if there is a possibility the professional services to be performed may involve dealings with an organization in which the CPE, another client, or the CPE's employer has a significant financial interest, without having disclosed such interest to the client prior to performing any services.

10. REMUNERATION FOR PROFESSIONAL WORK

A CPE may be remunerated for his professional work by means of hourly professional fees, by payment of a lump sum fee for a specific scope of service, by payment of a bonus or other compensation on the basis of performance or valuable contribution to the successful completion of a construction project, or by compensation paid by his employer. No CPE shall testify as an expert witness in a case where compensation for professional services is based on a percentage of the judgment or settlement amount. A CPE shall be permitted to render professional services in exchange for an ownership interest in a project provided no other conflicts of interest exist.

11. INFLUENCE OF OTHERS

No CPE shall seek or accept any commission or other valuable consideration for the purpose of improperly influencing the decision of others.

12. SOLICITATION OF WORK

No CPE shall obtain or attempt to obtain professional work by offering or paying monetary or other valuable consideration to any person or persons involved in the process of selecting a CPE for an assignment, or by any other improper means. Referral service commissions are permissible provided they do not violate any laws governing such transactions.

13. COMPARISONS

No CPE shall obtain or attempt to obtain professional work by making an unfounded comparison with another with regard to the speed, efficiency, or competency of the other person to perform the work. A CPE may provide verbal or written details of the services believed to be required in the performance of an engagement and may make comparisons with the approaches to the accomplishment of the work proposed by another, provided such comparisons are not slanderous nor detrimental to the public reputation of the other person's professional practice.

14. ACCURACY OF QUANTITIES AND PRICES

Guarantees of the accuracy of the quantities, or prices used in the preparation of a

professional estimate shall be given at the discretion of the responsible CPE. A CPE may choose to limit the representation of the accuracy of the services performed by indicating that they have been or will be performed in accordance with "generally accepted professional estimating practices." Such representation shall not be interpreted as a guarantee of accuracy, but rather as an assurance that a reasonable amount of care has been, or will be exercised in the preparation of the estimate work product. This is because many factors can be involved in the professional interpretation of the scope of the construction work being quantified or priced, and because various methods and techniques for surveying or deriving estimate quantities have varying degrees of accuracy associated with them. Therefore, a CPE's obligations under this Code relative to the adequacy or accuracy of a professional estimate shall be based on a determination of what is reasonable under the circumstances of the engagement. Essentially, a CPE shall make every reasonable effort to include all items shown in the related project documents, and shall price all items utilizing appropriate quotations and published or authorized proprietary reference sources as tempered by experience and professional judgment.

15. PROFESSIONAL ESTIMATING PRACTICES

Whenever a CPE utilizes the phrase "prepared in accordance with generally accepted professional estimating practices," this shall be interpreted to mean that the CPE has utilized a systematic method of surveying the quantities, has applied prices to each estimate line item, and has summarized the major divisions of work in a format suitable for the level of detail agreed upon by the client and CPE. As the volume of technical material, either published or recognized by the Society increases, specific elements of the estimating process will become more standardized and commonly understood. Presently, there are a number of books and estimating standards, which set forth various estimating systems and methods. A CPE who employs one or more of these published systems may utilize the phrase "prepared in accordance with generally accepted professional estimating practices" in the manner, described in paragraph 18, below.

16. CONFIDENTIAL INFORMATION

No CPE shall divulge without authority, or use improperly, any information received in the course of any assignment or engagement.

17. ADVERTISEMENTS AND PROMOTION

A CPE in professional practice may advertise and promote his professional services provided such marketing efforts do not detract from the dignity of the profession, and that they do not violate any other provision of this Code.

18. PROFESSIONAL WORK PRODUCTS IDENTIFIED

Reports, estimates, and other documents emanating from a CPE's professional

practice, should be identified as the work of that practice. A cover letter or a narrative on the estimate scope, bound within a report is one of the optional methods of advising the reader of the type of report or estimate, which has been prepared. It also provides the opportunity to state that the estimate has been "prepared in accordance with generally accepted professional estimating practices." This type of letter or narrative may also be used to advise the reader of any professional reservations or limitations on the scope or completeness of the work product. Documents prepared for or in association with other consultants should show the names of both or all CPEs, individuals, and firms as appropriate.

19. USE OF THE STAMP AND/OR SEAL

RECOMMENDED USES:

1. The Certified Professional Estimator shall use the personalized Stamp and/or Seal to mark completed estimates that they have fully prepared within their task or discipline.
2. The Certified Professional Estimator shall clearly identify the level of the estimate he is preparing prior to placing his stamp or seal on the finished product.
3. The Stamp and/or Seal shall be used only on items referring to estimating. They shall not be used on a report that does not reflect or affect an estimate.
4. The use of the Stamp and/or Seal on an estimate prepared by others indicates the CPE using the stamp or seal has fully reviewed the estimate and concurs with the contents therein.

20. PROFESSIONAL REVIEW

Cases involving charges of unprofessional conduct against a CPE, whether specially defined by this Code or not, shall be dealt with as the circumstances dictate by an impartial panel of no fewer than three (3) Certified Members, one to be appointed by the CPE under review, one to be appointed by the President of the Society, and the third to be selected by the other two. The CPE under review shall be entitled to the rights of "due process" including, but not limited to, the rights to hear all the evidence, cross-examination, et cetera. The decision of the panel shall be written, and shall state the basis for action. The decision may be appealed to the National Board of Trustees, which shall not review any new evidence in the matter, but shall determine whether appropriate procedures were followed and whether the matter warrants another hearing by the same or a new panel of Certified Members. Should the CPE under review disagree with the final decision, the matter shall be submitted to binding arbitration in accordance with the rules of the American Arbitration Association.

CONTRIBUTORS

The enclosed material was extracted from the following:

Robert C. Pratt, FCPE - Code of Professional Practice - 1985 Convention Draft

Standard Estimating Practice - 5th Edition (REVISED) October 1998

Certification Program Guide - November 2003 Edition

We thank the following for their review and comment:

Professional Recognition Committee:

Charles Munroe, CPE, Chair*

Joseph P. Majewski, FCPE*

*Each has served on and off of the Professional Recognition Committee since 1992.

Certification Board:

Paulette R. Rutlen, CPE, Chair

Bruce M. Morris, CPE

Don L. Short, II, FCPE

William H. Spradlin, FCPE

Francis J. Pelland, Esq., former Legal Council

ACKNOWLEDGEMENT

I _____ have read the enclosed material and do agree to abide by the information provided herein as relating to the use of the CPE Stamp and/or Seal.

Signature

Certification Number

APPLICATION FOR CERTIFIED PROFESSIONAL ESTIMATOR STAMP AND/OR SEAL

Name: _____

Company Name: _____

Preferred Mailing Address: _____

E-mail Address _____

Certification Number: _____

Expiration Date: (if applicable) _____

Member in Good Standing of Chapter: _____

(Select one)		
Application Fee & Seal	\$195.00	Renewal \$ 95.00
Application Fee & Stamp	\$185.00	\$ 95.00
Application Fee with both Seal & Stamp	\$220.00	\$120.00
Total Amount Submitted	\$ _____	\$ _____

Check ONE: Business Check Personal Check Money Order
Make checks payable to: American Society Of Professional Estimators

Credit Card Payment Check ONE: Visa MasterCard AMEX

Card No. _____ Exp. Date _____

Name Printed On Card _____
Signature _____

The following User's Agreement is provided, in duplicate, and will be kept on file at the Society Business Office (SBO). Please sign where indicated and return one (1) copy with the completed application and funds. Please allow 4 to 6 weeks for delivery.

The stamp will be issued with an expiration date of three years, corresponding to the qualified applicants certification renewal dates. The Stamp and Seal will not be offered to non-members.

Please mail completed application and agreement to ASPE, 11141 Georgia Avenue, Suite #412, Wheaton, Maryland 20902. Phone – 301-929-8848, Fax – 301-929-0231, www.aspenational.org.

CERTIFICATION STAMP USER AGREEMENT

(Send this copy to the SBO)

In consideration of being issued the official Certified Professional Estimator stamp by the American Society of Professional Estimators, the undersigned hereby agrees as follows:

- (1) The stamp will be used solely by the undersigned to reflect his or her personal certification that the estimate to which the stamp is affixed has been prepared or thoroughly reviewed by the undersigned.
- (2) Use of the stamp by anyone other than the undersigned, duplication of the stamp by the undersigned or any other use of the stamp inconsistent with the terms of this Agreement will be cause for immediate recall of the stamp by the Society, the forfeiture of any further use thereof by the undersigned and the loss of the undersigned's security deposit.
- (3) The stamp is issued for a term of three (3) years. If the undersigned fails to obtain or meet the requirements of the continuing certification program, the stamp will not be re-issued.
- (4) In the event the undersigned commits any violation in the use of the stamp as described above will also be cause for termination of his or her membership and discipline from the Society.
- (5) All renewals will be subject to the rules in place at the time of re-application.

The Society gives no assurances and makes no representations as to the quality of any estimate to which the stamp may be affixed.

Applicant's Signature *Date*

Subscribed and Sworn before me this ____ day of _____, 20__.

Notary Signature My Commission Expires: _____

For SBO Use Only:

Candidate Name & Chapter: _____

Approved—Certification Board: _____
Name & Title

Stamp Issue Date: _____

Expiration Date: _____

Certification No.: _____

Attitude

Approach each estimate with a professional attitude and examine in detail all areas of the work. Set aside specific times each day for entry of estimate quantities and data without interruption. Total mental concentration is basic when preparing accurate estimates.

Thoroughness

Allow enough time to research and become familiar with the details of the project and then promptly complete the quantity survey. Review the various aspects of the project with others involved. The estimator with the most knowledge of a project has the competitive advantage.

Awareness

Review the project scope and determine if the company has sufficient financial resources, staff, and plant to complete the project. Consider the time allotted for construction of the project. Examine the general conditions of the contract and determine the effect these requirements have on indirect costs. Consider alternate methods of construction for the project. Conduct an examination of the special conditions that may alter the intent of the general condition. Review all division specifications to gain a better perspective of the total project scope. Estimate the general and special conditions similar to all other divisions of the specifications. Review the deadline for submitting the estimate and determine if there is enough time to prepare the estimate. Review all sections of the plans and find out the degree of coordination between architectural and engineering drawings.

Uniformity

Develop a good system of estimating forms and procedures that exactly meet the requirements of the company. This system should provide the ability to define material, labor hour and equipment hour quantities required for the project. Material, labor and equipment unit costs are then applied to the quantities as developed in the quantity survey. Apply amounts for overhead and profit in the final summaries.

Consistency

Use methods for quantity surveys that are in logical order and consistent with the CSI numbering system. These methods also must meet the specific need of the company or client. Use of consistent methods allows several estimators to complete various parts of the quantity survey. Combine these surveys into the final account summaries. These methods also permit a second estimator to continue the quantity survey from any point where the first estimator stopped.

Verification

The methods and logic employed in the quantity survey must be in a form which can provide a method of proof of the accuracy of any portion of the survey.

Documentation

Document all portions of the estimate in a logical, consistent, and legible manner. Estimators and other personnel may need to review the original estimate when the specific details are vague. The documentation must be clear and logical or it will be of little value to the reader. Such instances may occur in change order preparation, settlement of claims, and review of past estimates as preparation for new estimates on similar projects.

Evaluation

When the estimate involves the use of bids from subcontractors, check the bids for scope and responsiveness to the project. Investigate the past performance records of subcontractors submitting bids. Determine the level of competence and quality of performance.

Labor Hours

The detailed application of labor hours to a quantity survey is primary in governing the accuracy and sufficiency of an estimate. The accuracy of project schedules and work force requirements are dependent on the definition of many hours. The combined costs for worker's compensation, unemployment insurance and social security taxes are significant factors in project costs. The most accurate method for including these costs is to define labor hours and wage rates, then apply percentages to the labor costs.

Value Engineering

Structure the estimate to aid in researching and developing alternative construction methods resulting in cost optimization. Using the same levels of detail in value engineering as in the base estimate is important. This provides a more precise comparison of costs for proposed alternate methods.

Final Summaries

Provide methods for listing and calculating indirect costs. Project scope governs the costs of overhead items such as insurance, home office plant, and administrative personnel. Determine these costs in a manner consistent with quantity survey applications. Consider company work in progress that may have a bearing on projected overhead costs. Each bidder must determine amounts for performance bonding, profits, reserve funds, and shareholder returns.

Analysis

Develop methods for analyzing completed estimates to find out if they are reasonable. When the estimate is beyond the normal range of costs for similar projects, research the detail and determine causes or possible errors. Develop methods of analysis of post-bid estimates to find the reasons for the lack of success in the bidding process. Calculate the variation of the estimate from the low bid and low average bids, Determine from outside sources if there were subcontract or material bids provided only to other bidders. Determine if the low bidder may have made an omission in the estimate. Properly document this information for future use and guidance.

Conversion

Show estimating procedures that allow conversion of the estimate to field cost systems where management can monitor and control field activities. These procedures include methods of reporting field costs for problem areas. Make reports daily or weekly rather than at some point in time after the project is complete. Field cost reporting, when consistent with estimating procedures, enables estimators to apply the knowledge gained from these historical costs to future estimates. Help train field personnel in labor hour and cost reporting that provide the level of accuracy required.

Change Orders

Apply the highest level of detail from information provided or available to the estimator. State quantities and costs for all material, labor, equipment and subcontract items of work. Define amount for overhead, profit, taxes, and bond. Specific itemization of change order proposals is essential in allowing the client to determine acceptability. Upon approval, use the estimate detail as the definition of the scope of the change order.

Section 2 - Levels of the Estimate

Introduction

Prepare all levels of estimates according to the Scope of the Estimate. Refer to Part One, Section Three of this Manual. A sample Level 1 Order of Magnitude estimate is included at the end of this section.

All levels of estimates shall consider the project quality, whether material or assurance. The estimator, when appropriate, and acting in the best interest of the company, client, or owner should apply value engineering techniques. Value engineering is the reduction of costs using equivalent systems, materials or methods.

Estimate levels for various sections (structural, mechanical, electrical) of a project in development may not be equal. State the variation of section levels in the status evaluation portion of the estimate narrative. Refer to estimate narrative requirements in Part One, Section Three, Scope of the Estimate of these Standards.

The term defined area or system is the equivalent of terminology such as work breakdown structure, owner's special division of specified work, or syntax area. Prepare all levels of estimates, when required, by assigning defined areas or systems and state the costs for those defined areas or systems. Maintain the integrity of the Construction Specification Institute numbering system within each of the defined areas or systems.

Demolition means the disassembly of plant or process area for disposal. Salvage values or reconstruction is not a consideration.

Dismantle means the careful disassembly of plant or process area for salvage value. This may include relocation and reconstruction at other sites.

The term plant means the overall project, including construction and renovation. Maintenance, dismantling or demolition of structures or building is also included. Plants can be above or below ground, marine, or extraterrestrial. The term plant means the total project as opposed to specific areas and systems within the overall project.

Product processing or manufacturing equipment installations define the term process area. This term may include the entire plant in its scope.

Level One (1) Order of Magnitude

Prepare this level of estimate with information derived from an outline of the proposed plant. The outline should provide the following information:

- ✓ General description
- ✓ Geographic location
- ✓ Quality
- ✓ Layout
- ✓ Size
- ✓ Intended use

For process areas include the following information:

- ✓ Product capacity
- ✓ Handling requirements
- ✓ Materials
- ✓ Services requirements
- ✓ Raw materials
- ✓ Process layout
- ✓ Utility requirements
- ✓ Storage required
- ✓ Flow diagrams

The purpose of this estimate level is for budgetary and feasibility determinations.

Level Two (2) Schematic Design/Concept/Preliminary

Prepare this level estimate from Level One information plus outline design criteria with descriptions of the following items:

- ✓ Soil conditions
- ✓ Labor hours by section
- ✓ Foundation requirements
- ✓ Rough sketches
- ✓ Rough utility quantities
- ✓ Construction type/size

For process areas provide the following information:

- ✓ Outline design criteria
- ✓ Electrical one line drawings
- ✓ General arrangement drawings
- ✓ Preliminary motor list/sizes
- ✓ Process identification drawings
- ✓ Preliminary flow sheets/specifications

The purpose of this estimate level is to provide a better defined estimate for budgetary and feasibility determinations.

Level Three (3) Design Development/Budget Appropriation

Prepare this level estimate from not less than twenty-five percent complete preliminary design drawings and draft specifications. Information provided should include:

- ✓ General site description
- ✓ Preliminary structural design
- ✓ Site dimensions
- ✓ Elevations
- ✓ Roads
- ✓ Preliminary building equipment plans
- ✓ Impounds & fences
- ✓ Soil bearing condition
- ✓ General arrangements
- ✓ Preliminary plumbing drawings
- ✓ Foundation sketches
- ✓ Preliminary mechanical drawings
- ✓ Architectural construction
- ✓ Preliminary electrical drawings

Use the following preliminary information for the process area estimate.

- ✓ Piping flow sheet
- ✓ Instrument list
- ✓ Equipment list
- ✓ Utility heat balance & flow
- ✓ Insulation requirements
- ✓ Electric substation specifications

The plant and the process area estimate also depends on information provided in the Level One and Level Two estimates.

The purpose of this estimate is to establish probable costs within the range of available information. Continue defining labor hours in this level.

Level Four (4) Project Control

Prepare this level estimate from design drawings and specifications that are at least seventy five percent complete. Except outline design criteria, outline specifications, and preliminary drawings, use the information from previous levels. To this, add the following well-developed criteria:

- ✓ Site plans
- ✓ Detail drawings
- ✓ Topographical maps
- ✓ Engineering building equipment
- ✓ Engineered soils report
- ✓ Engineered structural design
- ✓ Mechanical drawings
- ✓ General arrangements
- ✓ Electrical drawings
- ✓ Elevations

The process area estimate includes information provided in the plant estimate plus the following engineered requirements.

- ✓ Process flow sheet
- ✓ Insulation specifications
- ✓ Equipment specifications
- ✓ Instrumentation list & flow sheet
- ✓ Vessel sheets
- ✓ Heat balance sheets & flow sheets
- ✓ Electrical list/sizes
- ✓ Piping flow sheets
- ✓ Preliminary control wiring specifications
- ✓ Equipment/piping insulation
- ✓ Electrical single line drawings

This estimate provides a greater amount of accuracy possible with better definition and detail. Use this level for value engineering applications before the completion of specifications and design drawings.

Level Five (5) Construction Documents/Contract Drawings/Definitive

Prepare this level estimate from not less than ninety percent complete design drawings and specifications. Use criteria provided for lower estimates with the exception of:

- ✓ Outline design
- ✓ Draft specifications
- ✓ Outline specifications
- ✓ Partial design drawings
- ✓ Preliminary design drawings

Additionally, use the following fully developed and engineered data:

- ✓ Site plans
- ✓ Detail drawings
- ✓ Topographical maps
- ✓ Building equipment
- ✓ Plumbing/mechanical/electrical drawings
- ✓ General arrangements
- ✓ Elevations
- ✓ Soil bearing reports

The process area estimate includes the information provided in the plant estimate and the following fully developed and engineered data:

- ✓ Equipment list
- ✓ Piping layout & schedules
- ✓ Electrical distribution specifications
- ✓ Insulation drawings
- ✓ Utility requirements
- ✓ Electrical drawings

Also use Level Four requirements where possible. Define the plant and the process area labor hours by craft or section. Also state supervision and general condition labor hours.

This level shows the probable project cost. Also use this level for value engineering

applications before publication of the project for lump sum quotations.

Level Six (6) Bid

Prepare this level estimate for both plant and process area from complete design drawings, specifications, and bid documents.

The purpose of this level estimate is to show probable costs in the preparation and submittal of bids for contracts with an owner.

Various types of contracts are:

- ✓ Stipulated sum
- ✓ Lump sum unit price
- ✓ Cost plus a fee
- ✓ Turn key
- ✓ Design - build
- ✓ Cost plus a fee with a guaranteed maximum price

The transfer of estimate information to field cost control systems provides management the opportunity to closely monitor and control construction costs as they occur. Computer estimating and cost control programs, whether industry specific or general spreadsheet type, are especially valuable for rapid and efficient generation of both the estimate and actual construction cost information.

Section 3 - Scope of Estimate

Prepare all estimates in an expert and adept manner. This is consistent with standards normally expected of the estimating community.

Estimators are responsible for the quality, accuracy, and timely completion of their product.

PART 1

Estimators shall follow the Code of Ethics of this Society. Private information given to the estimator shall remain private.

Prepare all estimates with the Construction Specification Institute Numbering System. When estimating defined areas, use the CSI Format in each area. Defined areas are specific areas of the project needing their own estimate. System estimate, work breakdown structure, or special division of work are other names for defined area.

Base estimates on the highest level of detail available from design information. Whenever possible, create estimates on a “quantity times material, labor hours, and equipment cost” format. Use square foot costs or cubic foot costs only when design information is not sufficient to provide a detailed estimate.

Estimators shall provide a narrative of the level and scope of the estimate. Define the level of the estimate according to Part One, Section Two of this manual. Separately, specify sections of work with different levels of design development. This explains the relative percentages of the data available and is valuable for calculating the range of accuracy or estimate contingency.

The narrative should include the following information:

- | | |
|-----------------------------------|---------------------------|
| ✓ Plans & specifications received | ✓ Owner name & address |
| ✓ Project type | ✓ Estimate assumptions |
| ✓ Project address | ✓ Estimate due date/time |
| ✓ Addenda issued | ✓ Project quality & size |
| ✓ Legal description | ✓ Designer name & address |
| ✓ Project description | ✓ Project labor type |

This information helps in the development of historical cost estimate systems.

Prepare estimates in a form that other involved parties can readily understand. The quantity times material and labor hour costs format should contain the following components (read from left to right):

Work breakdown structure	CSI number	Description
Unit measure	Quantity	Material unit
Material costs	Labor hours	Cost per hour
Labor costs	Equipment hours	Cost per hour
Equipment costs	Subcontract	Total

Assemble the information in this form, from the quantity takeoff and extension detail.

Direct labor burden is the combined cost for:

- ✓ Workers' compensation insurance
- ✓ Employer's liability insurance
- ✓ Company fringe benefits
- ✓ Union fringe benefits
- ✓ State/federal unemployment insurance
- ✓ Employer-paid social security tax
- ✓ Subsistence

Show labor burden as a separate direct field cost in each estimate. Calculate using the following method: Convert hourly costs for benefits or subsistence to a percentage. Add this to the other direct labor costs and determine the total percentage. This applies to each construction craft or trade, recognizing the variation in Worker's Compensation, fringe benefits, and subsistence. Apply this percentage to the labor cost for each division (section) of work. The percentage applied should reflect expected escalation.

General and supplemental conditions are the expected costs for:

- ✓ Construction/physical plant
- ✓ Miscellaneous expenditures
- ✓ Construction equipment
- ✓ Permits, fees
- ✓ Supervision
- ✓ Licenses, testing
- ✓ Supervision service equipment
- ✓ Field engineering
- ✓ Hot/Cold weather protection
- ✓ Other miscellaneous costs
- ✓ Small/hand power tools

Show the cost for general conditions as a separate direct field cost in estimate levels three through six. Define each item of general conditions and its cost.

Apply a percentage, based on historical data, of the direct costs for general conditions. This is a judgment based on prior detailed estimates. Show general conditions as a percentage in estimate levels one and two only.

Overhead is the expected contract cost for all items classified other than direct field costs. The overhead cost may include:

- | | |
|----------------------------------|---|
| ✓ Home office plant capital cost | ✓ Home office plant services |
| ✓ Project management | ✓ General liability & comprehensive insurance |
| ✓ Home office leasing cost | ✓ Finance expenses |
| ✓ Clerical | ✓ Support & pro-rata salaries |
| ✓ Accounting | ✓ Outside services |

Show the expected cost for overhead separately in each estimate. Calculate these using either of the following methods:

- a) Define each item that applies to overhead and the expected cost.
- b) Apply a percentage based on historical information and adjusted to reflect contract size and duration.
- c) Adjust the percentage for company total contract volume and expected costs for additional staff requirements for a specific project.

Separately show all mark-up amounts assumed for overheads and profits. Also include profits, fees, taxes, contingencies, inflation, escalations, etc.

Total Estimated Contract (construction) Cost (TECC) is the combined total amount for:

- | | |
|-----------------------|-----------------------|
| ✓ Direct costs | ✓ Contingency amounts |
| ✓ Performance bonding | ✓ Overhead & profit |
| ✓ General conditions | ✓ Applicable taxes |
| ✓ Escalation | ✓ Fixed fees |
| ✓ Other costs | ✓ Permits |

Total Estimated Project Cost (TEPC) is the combined total amount for:

- | | |
|--|-----------------------------|
| • Construction management | • Surveys |
| • Design professional costs | • Testing |
| • Inspection | • Move-in costs |
| • Movable furniture, fixtures, equipment | • Planning/in-house support |
| • Telecommunication equipment | • Other reimbursables |

Add these to the Total Estimated Contract Cost. Include these costs in the estimate at the discretion of and in the owner's format. The estimator should state the nature of the estimate as either Total Estimated Contract (construction) Cost or Total Estimated Project Cost.

Submit cost estimates with back-up material that shows the basis for calculating the estimated cost. The cost estimates prepared under these guidelines are based on the estimator's best judgment using information provided. This is independent of other budgets or estimates furnished for information purposes.

Contract for Professional Estimating Services between Estimator and Client

This document has important legal consequences. Consultation with an attorney is encouraged with respect to its completion or modification.

This agreement, made and entered into as of _____, 19_____, by and between _____ whose address is _____, hereinafter called "estimator", and _____ whose address is _____, hereinafter called "client".

Witnesseth:

whereas, client desires certain professional construction estimating services in respect to projects within it's domain.

Whereas, estimator desires to perform such services for client.

Now, therefore, in consideration of the promises and mutual covenants contained herein, the parties do hereby agree as follows:

1. Term:

The term of this agreement shall commence on _____, 19_____, and shall continue for _____ unless terminated as hereinafter provided.

PART 3

Upon expiration, this agreement may be renewed or extended on a month-to-month basis by mutual written agreement and consent of both estimator and client.

2. Scope:

Commencing with the effective date hereof, estimator agrees to render professional estimating services as defined in Appendix A, in a timely manner and consistent with the Code of Ethics and Standard Estimating Practice as defined by the American Society of Professional Estimators.

3. Compensation:

Client shall pay estimator for the work performed pursuant to this agreement, a fee or hourly personnel rate as defined in the attached Appendix B. This fee or hourly personnel rate includes all allowances for salaries and wages, direct labor burden (i.e. payroll taxes, insurance, vacation, sick leave, holidays, excused absences, fringe benefits, etc.), overheads, local travel costs, insurance, profits, fees, and all costs and expenses of whatever kind, except as otherwise specifically set forth in

this agreement. Specific travel expenses for business trips made by estimator and other unusual expenses required by client and incurred by estimator will be reimbursed by client upon receipt of itemized application for payment.

4. Application and payment:

Estimator shall submit to client an application for payment on a periodic basis, as stated in Appendix B, for compensation earned hereunder and for expenses, detailing the nature of the services and the nature of the expenses. Estimator will furnish client supporting documentation of specific travel expenses and/or other unusual expenses. Client shall pay estimator within 10 calendar days following estimator's application for payment. There shall be no retainage on any of the amounts or withholding of funds for any reason. Late payment shall be subject to the legal rate of interest.

5. Conflict of interest:

During the term of this agreement, estimator shall not perform any services on behalf of any enterprise or any organization in direct competition with client nor engage in any business or activity in direct competition or direct conflict with client's best interest.

6. Confidentiality:

Recognizing the relationship of trust and confidence established between client and estimator by this agreement, both parties hereby agree not to use or disclose to others during or subsequent to the performance of the work (except as is necessary to perform the work and then only on a confidential basis satisfactory to both parties) any information (including any technical information, cost estimating data, operating experience or data) regarding estimator's and/or client's plans, programs, processes, products, costs, equipment, operations or customers which may come within the knowledge of, or which may be developed by, estimator or client in the performance of, or in connection with the work, without, in each instance, securing the prior written approval of both parties.

7. Exceptions:

Provisions of paragraph six above, however, shall not prevent estimator or client from disclosing to others or using in any manner information which estimator or client can show:

A. has been published or has become a part of the public domain other than by act or omission of estimator or client;

B. has been furnished or made known to estimator or client by third parties (other than those acting directly or indirectly for or on behalf of estimator or client) as a matter of right and without restriction on disclosure or use; or

C. was in estimator's or client's possession at the time it entered into this agreement and was not acquired by estimator or client directly or indirectly from either party or its employees. For these purposes, no information obtained by estimator from client and client from estimator shall be deemed to be public domain or in the prior possession of estimator or client merely because it is embraced by more general information in the public domain or by more general information in the prior possession of estimator or client.

8. Ownership of materials:

All materials and information developed by estimator pursuant to this contract shall become and remain the exclusive property of estimator.

9. Indemnification:

Client hereby indemnifies and agrees to save estimator, its directors, officers, and employees harmless from and against all claims, suits, demands, losses, costs and expenses brought by any person, firm or corporation for injuries to or the death of any person, or damage to or loss of property alleged to have arisen out of or in connection with estimator's services hereunder.

10. Taxes:

Estimator shall, where applicable, separately itemize and include in the application for payment, all valid use or sales taxes for services to be provided hereunder. This tax shall be in addition to the fee or hourly personnel rate specified in the attached Appendix B.

11. Independent Contractor:

The parties hereto agree that services rendered by estimator in the fulfillment of the terms and obligations of this contract shall be as an independent contractor and not as an employee, agent, or partner of client.

12. Notices:

All notices required or permitted by the terms hereof shall be sent to the following addresses:

Estimator

Client

13. Termination:

Estimator may terminate this agreement upon 15 days' written notice to client. In the event of any such termination by estimator, estimator shall be paid for services performed and expenses incurred to the date of termination for which estimator had not there to fore been paid by client. Client may terminate this agreement upon 15 days' written notice to estimator. In the event of any such termination by client, estimator shall be paid the outstanding balance of the fee, plus expenses incurred but not paid, at the time of termination.

14. Entirety:

This contract constitutes the entire agreement between the parties, and there are no oral promises, agreements, or warranties affecting it, and shall not be modified or rescinded except as herein provided.

This agreement shall be governed by the laws of the state of _____ and exclusive jurisdiction of any legal proceedings brought by either party to enforce this agreement shall rest with the _____ court.

15. Remedy:

The sole and exclusive remedies for estimator errors and/or omissions shall be (a) for estimator to correct his (her) errors and/or omissions without additional compensation from client, or (b) for client to have the errors and/or omissions corrected by others at estimator's expense.

16. Miscellaneous:

This agreement shall be binding on the heirs, successors and assignees of each of the parties hereto consistent with the terms and conditions of this agreement.

In witness whereof,

The parties hereto have executed this agreement as of the day and year first above written.

Estimator

Client

by

by

Title

Title

Attest

Attest