

HOW TO LEGALLY SAVE MONEY ON ARCHITECTURAL SERVICES IN COSTA RICA

THE ONE REPORT COSTA RICAN
ARCHITECTS DON'T WANT YOU TO
READ!

A special report brought to you by www.CRPlans.com

Fifth Edition

© David L. McDuffie, September, 2007

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Welcome!

The next several pages are packed with valuable tips and insights that will save you time, trouble and a great deal of money... guaranteed! What's even better is that we have made this information available to you absolutely FREE - no strings attached.

Not too long ago, my wife and I came to Costa Rica to build our own dream. It was our intention to build a custom home community for people who wanted a standard of professional integrity, innovative styling, solid construction and practical design. We were offering good old American know-how, in other words, in a tropical paradise.

But things don't always turn out as we expect them to...

The Facts of Life

It's a simple fact of life that architects and engineers of Costa Rica have created a Government regulated system that puts YOU at a distinct disadvantage in many ways. Additionally, the Architects and Engineers that we dealt with specialized in jerking people around for extra money and habitual delays. We found out the hard way but want you to learn from our mistakes and experience.

Our Solution:

In looking for a solution, we found it was right under our nose! We are real estate developers in Costa Rica. It didn't take long before we tired of paying outrageous costs for Architectural Designs, so decided to contract with one top quality firm and give 100% of our business to them in exchange for more favorable yet still legal prices. We also entered into agreements with other contracting professionals to receive and offer a suite of quality services at reasonable prices. Now we are transferring these savings we negotiated for ourselves to you.

If anything you read in this report can be taken in a negative manner remember two things: First – Those are only our opinions. Second: They are based on what happened to us when we started working with the "professional" community here in Costa Rica.

Sincerely,

Dave and Isabel McDuffie

The Architectural System in Costa Rica

This section explains why the Architectural Services are so expensive in relation to the cost of construction.

For the purposes of this report, only sections that apply to Architects and Engineers will be discussed. The terms "Architectural Services" and "Architect" will apply to the work commonly performed by independent Architects and Engineers.

CFIA – The Governing Body

Costa Rica has established a legal body that covers the Architectural, Engineering, Construction and Topographical professions. All Architectural Services are governed by the *Colegio Federado de Ingenieros y Arquitectos de Costa Rica* (CFIA). This legal body is responsible for:

- Determining the qualifications.
- Maintaining membership roles.
- Aiding in conflict resolution.
- Taking administrative action.
- Performing an occasional investigation.
- **Defining responsibilities.**
- **Establishing minimum fees.**

The last two items are bolded as these two responsibilities are the areas that can cause Architectural Services to consume 19.5% or more of your construction budget!

Who Runs CFIA?

You guessed it: the very same Architects and Engineers it supposedly oversees. This is where the conflict of interest begins and you will be amazed to see how this stacks the deck against YOU, the consumer footing the bill.

Responsibilities

As one would expect, the normal responsibilities of an Architect are to prepare plans for construction. This usually involves:

- A site visit and possibly some preliminary sketches.
- Conceptual designs.
- Construction plans and permits.
- Budgeting.

This collection of tasks is referred to as: "*PLANOS Y DOCUMENTOS*" translated to Plans and Documents.

Unfortunately Costa Rica does not have Planning Departments like the cities and counties of the United States. What they have done here is make the Architect who signs the construction plans responsible for performing the Building Inspections. CFIA refers to this as "*CONTROL Y EJECUTION*" or Control and Execution. CFIA has designated three different levels of this service being:

- Inspection.
- Technical direction.
- Administration.

Inspection is generally restricted to builders that team up with an Architect. It is very rare to find an Architect who will want to perform Inspection level work with a contractor who has not worked with the Architect previously.

Technical direction is the most commonly negotiated level of service. It is basically the same process as Inspection but includes more coordination with the builder.

Administration is what every Architect wants to claim is required. It is supposed to mean that they are responsible for seeing that the job is done exactly as they had in mind.

Other – The Architect is free to charge whatever he/she can negotiate for any additional services.

What are the Fees?

CFIA sets the legally required minimum prices for Architectural services as a percentage of the **Architect's estimated value** of the work.

That's right – The Architect gets to decide what the *value* of the project is regardless of what the owner or builder says.

Do you see how this built-in conflict of interest benefits the Architect?

To make matters worse, CFIA reviews all plans as part of the permit process. **They have the authority to raise the estimated cost, thus increasing the Architect's fees!** I have never heard of a situation where CFIA lowered the estimated cost which wouldn't be in line with the concept of price fixing and conflict of interest.

It's really the Architect's Decision!

First, the Architect will determine what **value** he thinks the house will have which can have several arbitrary factors. Next, he – not you – will decide what level of Control and Execution is required. Then they will take the CFIA percentages and apply them to the various tasks to arrive at their fees.

The CFIA Fee Schedule:

There are two visible and one hidden aspect to the fees. The visible parts are the valuation of the work and the legally mandated fees. Here the Architect has free reign to decide what the **value** is and he quotes a **value** in dollars per square meter.

The hidden part is that in Costa Rica, the Architect determines the square meters by including anything that has a foundation, is covered or otherwise improved. Thus your car port, driveway and pool deck are **valued** the same as the main living structure.

The legally mandated rates are broken into two parts, one for each phase. For the Plans and Documents phase, the fees are cumulative. They are:

Description of Work	Fee	Cumulative
Preliminary studies	0.5%	0.5%
Conceptual design	1.0% – 1.5%	2.0%
Construction plans	4.0%	6.0%
Budgeting	0.5% - 1.0%	7.0%
Selecting a builder	0.5%	7.5%

For the Control and Execution phase, the Architect will select one of these options:

Description of Work	Fee
Inspection	3.0%
Technical direction	5.0%
Administration	12.0%
Other fees	Open

Your total cost will be the product of their **value** per square meter times the total square meters times the total percentage for the applicable fees: **Value/sq meter x Total sq. meters x Total % of Fees = Total Cost.**

An Example:

You want a 2,500 sf home with an infinity edge pool taking advantage of your ocean view. The house will be a high quality home built to US standards and you want an attached 3 car garage, patio cover and pool deck of about 900 square feet.

First, calculate the total area:

Description	Area
House sf	2,500
Garage sf	800
Deck & patio cover sf	900
Total square feet	4,200

CRPlans.com

Apdo: 261-4200, Naranjo
Tele: +011 (506) 837-45-96
e-mail: dave@crplans.com

Alajuela, Costa Rica
Alt: +011 (506) 893-83-05
www.crplans.com

Next, the Architect will tell you that that type of house with an ocean view, quality construction, including standard amenities like hot water, air conditioning, dishwasher, garbage disposal, alarm system, garage door openers etc. view will have a **value** of \$110 per square foot (\$1,180 per m2) – Minimum! The operative word is **value**, not cost.

So the **value** of this project becomes: \$462,000 plus \$60,000 for the large infinity edge pool and Jacuzzi. Total estimated **value**: \$522,000! It doesn't matter that your builder may only charge you \$275,000 to build everything.

Of course, a house this special with an ocean view will require more attention so the Architect insists on the Administration level for Control

Apply the fees and here is what you get:

Description of Cost	Rate	Fee
Preliminary studies	0.5%	\$ 2,610
Conceptual Designs	1.5%	7,830
Construction Plans	4.0%	20,880
Budgeting	1.0%	5,220
Selecting a builder	0.5%	2,610
Administration	12.0%	62,640
Total Architectural Fees	19.5%	\$ 101,790
CFIA fees	0.3%	1,566
Building Permits	1.0%	5,220
Construction Insurance	2.0%	10,440
Total Architectural, Permits and Fees	22.8%	\$119,016

Notice that the CFIA fees, Building Permits and mandatory insurance are based on the same **value** the architect assigns.

That works out to a price of almost \$48 per livable square foot or \$512 per livable square meter before you even break ground!

There are other applicable costs such as the fees charged by various agencies. If you choose to build in a protected area (Maritime zone, park, reserve etc.) you should be prepared to pay additional fees

including studies by environmental consultants and other specialists in some highly protected areas.

What can you do to lower the fees?

Try the following negotiation tactics:

- Ask that the preliminary studies be waived as they should be part of the Conceptual designs. This saves you \$2,600.
- Tell the Architect that you will select the builder and that the builder will prepare a budget. That saves over \$7,800.
- Demand that the Control and Execution be Technical Direction instead of Administration. If you have absolute faith in the builder you can try to talk him down to Inspection which will save considerably more.
- Try to convince the Architect that garages, driveways, patios and decks don't cost as much as the house construction.
- Try to convince the Architect that the value will not be \$1,180 per square meter.
- Use [CR Plans.com](http://CRPlans.com)!

Why CR Plans.Com?

Simply put, at CR Plans.com we guarantee world class quality at the most reasonable prices legally available in Costa Rica.

Who are we?

CR Plans is a natural outgrowth from our real estate development work and our professional relationships in Costa Rica. The Senior Architects, Engineers, Topographers and other specialists are all properly licensed and come to us with the highest recommendations. They all adhere to rigorous standards of professional ethics imposed by the international associations they belong to, as well as the industries they serve. We bring more than 25 years of architectural design and engineering experience to the table. Our team of experts has been trained at the top schools, not only in Costa Rica but around the world: designing homes, hotels, condos, commercial buildings and mixed use mini-sky scrapers. Once we have evaluated your project, we will assemble a unique team of top professionals best suited to serve you.

Is discounting legal?

YES! We can legally charge lower prices because we do a high volume of work with one firm. We believe in the concept of fair competition and abhor monopolies and price fixing. Our design fees, while based on the minimum percentages required by CFIA, are also based on the true cost of preparing your customized plans.

We are Fast!

Our normal turn-around time for Conceptual Designs is 5 working days for the first draft. Once the preliminary design has been finalized, the first draft of the construction plans normally takes about 4 to 6 weeks depending on the size and complexity.

We offer the Highest Quality!

Just because we charge less does not mean you receive an inferior product. Our team has designed every type of house from a simple cabina to multi-million dollar mansions and condominiums.

You will receive a set of plans that any builder can use to prepare a quote and build your house. Many "discount" Architects take shortcuts and deliver only 4 or 5 pages of plans. Our normal set is 8 or more pages down to the finest detail. You will never hear any builder say "I can't prepare a quote off of these plans because they are incomplete!"

[Click here](#) to our free online instant price quote and cost comparison.

What other services do we offer?

Costa Rica Plans offers you the complete suite of professional design services. We offer:

- SETENA permits for condominiums and urbanizations.
- Solar Heating and Electricity Designs.
- Condos, Hotels & Commercial Building Designs.
- Land Use / Subdivision Analysis and Design.
- Site Evaluations and Soils Analysis.
- Topographical and Survey Services.

- Interior Design.
- Landscape Design.
- Artistic Renditions.
- Video Walkthrough Presentations.

What is our price for that same example?

Well, it certainly is significantly less:

Description	Standard Price	Our Price	Your Savings!
Conceptual Design	\$ 10,040	\$ 3,100	\$ 6,940
Construction Plans & CFIA	27,610	13,380	15,240
Inspections & Management	60,240	11,639	52,540
Permits, Fees & Insurance	17,226	8,418	8,808
Totals	\$ 119,016	\$ 35,088	\$ 83,928

You not only save on Architectural services with us but on fees and permits. Notice that that you save over \$8,800 in permits and insurance fees. This occurs because our Architect uses **realistic estimated values** rather than **inflated values** thus saving you money at every step.

Notes:

1. The Costa Rica example presented above uses the highest end of the range for legally required fees. Some Architects may charge less.
2. We do not charge for "Administration" because we only work with quality builders that do not need to be told how to do their job. Our price is based upon inspection only.
3. This is an example only. You will receive an actual quote once we have reviewed your exact specifications.

By using our free [Plans Calculator](#), you can play around with various combinations of factors and compare the potential cost savings.

Are there cheaper Architects?

Of course there are architects that charge even less than us. We have used some of them and learned our lessons! First, their plans do not have all of the details a builder needs in order to prepare a quote or build the project. Normally a quality builder will no-bid or bid on a Cost Plus basis to protect himself from the inevitable differences of opinions that will arise. That doesn't mean all inexpensive architects

are bad. You have to do your own research, look at the plans, ask your builders for their opinions etc.

What about Remodeling Jobs?

Remodeling a house in Costa Rica is a challenge at best. The typical problems one encounters in a remodeling situation are that:

- The original plans may not be available.
- The house usually was not built exactly according to the original plans.
- Foundations may be weaker than the plans state.
- Electrical systems are usually inadequate for additions.
- Plumbing systems are undersized and often not built according to the original plans.
- Septic systems and drain fields often are woefully inadequate for the existing house much less an addition.

What does all of this mean? Remodeling jobs cost more. Civil engineers need to inspect the existing structure to ascertain the condition of each of the above points and other considerations that may not be apparent until he or she visits the site.

We quote remodeling work on a case by case basis and do not accept all jobs. We do charge an initial inspection fee of \$350 plus expenses. If you have a remodeling job please write us at dave@crplans.com to see if we can help.

Our Guarantees

CR Plans will take your project specifications and create your dream home plans. If, after 2 full revisions on the preliminary design phase of a project, you do not believe we can meet your needs, you will not be charged for the balance of the work. We require a 75% deposit (based on the Preliminary Design fees) that is nonrefundable. This deposit will be retained by CR Plans but you may retain all of the work that has been performed up to that point, including the CAD files.

A Few Words in Closing

A Personal Journey

It was originally our dream to build a custom home community in Costa Rica. We saw an opportunity to stake a claim on a small piece of paradise and help other people realize their dreams.

After 6 months of frustration, we had learned the following lessons about Architects and Engineers we first tried to work with in Costa Rica:

- They never adhered to deadlines.
- Meetings were often cancelled without any prior notice.
- They frequently come back asking for more money than the original agreement.
- Their work was often performed by a low paid draftsman so it is incumbent on **us** to constantly review their work in detail.
- They conveniently would “forget” to tell us that we also need to hire an electrical engineer!

Well, armed with our knowledge and mistakes, we hope that your building adventures will not be as “exciting” as what we have seen.

What next? That is up to you. We do have a few suggestions:

- Try out our [Plan Calculator](http://www.crplans.com) at www.crplans.com.
- Better yet, why not write us at dave@crplans.com and let us prepare a custom quote for your designs!

Isabel and I look forward to helping you make your dream come true!

Many thanks,

Dave & Isabel McDuffie

All opinions expressed in this article are based on our personal experiences with the “professionals” with whom we have done business with.