



**CERTIFIED PROFESSIONAL HOME BUILDER** <sup>SM</sup>

**P O L I C I E S  
A N D  
P R O C E D U R E S**

Our mission is to provide a vehicle for the home building industry to recognize, enhance, and promote the professionalism of home builders.

# CERTIFIED PROFESSIONAL HOME BUILDER POLICIES AND PROCEDURES

The following policies and procedures have been adopted by the Board of Directors of The Housing Institute, Inc. for use in connection with the Certified Professional Home Builder Program<sup>SM</sup> (CPHB)<sup>SM</sup>.

## I. Mission Statements

### A. The Housing Institute, Inc.'s Mission Statement:

"To promote the highest standards of professionalism between the residential building industry and the community."

### B. The CPHB<sup>SM</sup> Program's Mission Statement:

"Our mission is to provide a vehicle for the home building industry to recognize, enhance and promote the professionalism of home builders."

## II. Definitions

The following definitions apply to terms used in this document:

"Advertising Rules" mean those rules adopted by the Institute, as the same from time to time may be amended, regarding advertising by a CPHB<sup>SM</sup> Builder, including, without limitation, the identification of a home builder as a "CPHB<sup>SM</sup> Builder," "Certified Professional Home Builder," or any similar phrase, and the use of the Institute's or any of its logo(s), trade names, or service marks. A copy of the Advertising Rules are attached hereto as Exhibit "A."

"Applicant" means the person or entity applying for initial certification or renewal certification as a CPHB<sup>SM</sup> Builder.

"Application" means the application in the form established by the Institute that is submitted for certification for the first time to the Institute.

"Board" means the Board of Directors of the Institute.

"Certificate" means the certificate issued to an Applicant upon the determination that such Applicant complies with the criteria herein. Such certificate shall designate that the Applicant is entitled to all the rights and privileges, and subject to all obligations, of a CPHB<sup>SM</sup> Builder hereunder.

"Certification Committee" means the Certification Committee of the Institute.

"CPHB<sup>SM</sup> Builder" means a home builder who holds a current Certificate.

"CPHB<sup>SM</sup> Program" means the program established by the Policies and Procedures

"Customer Service Warranty Procedures" means the document by such title, which is a form offered for use by the Greater Atlanta Home Builders Association, Inc. as it may from time to time hereafter be amended.

"Dispute Resolution Committee" means the Dispute Resolution Committee of the Institute.

"HBA" means a local home builders association affiliated with the Home Builders Association of Georgia and the National Association of Home Builders. The term includes, but is not limited to, the Greater Atlanta Home Builders Association, Inc.

"Homeowner" means person(s) buying or who have bought a Residence as well as person(s) for whom a Residence is or has been constructed or remodeled.

"Homeowner Handbook" means the document by such title, which is a publication of the Greater Atlanta Home Builders Association, Inc., as it may from time to time hereafter be amended.

"Inspection Guidelines" means those set forth in subpart I of Section III.A.1.

"Institute" means The Housing Institute, Inc., a non-profit Georgia corporation.

"Limited Warranty" means the document by such title, which is a form provided by the Greater Atlanta Home Builders Association, Inc., as it may from time to time hereafter be amended.

"Policies and Procedures" mean this document as it may be amended by the Board.

"Primary Company" means the initial CPHB<sup>SM</sup> Builder entity of the Principal(s), unless the identity of that entity is changed with the permission of the Institute.

"Principal" means a president or vice-president of the Applicant with an ownership interest in the Applicant when the Applicant is a corporation; a member (or a managing member, if there be such) of the Applicant when the Applicant is a limited liability company; a general partner in the Applicant when the Applicant is a general or limited partnership; and the sole proprietor when the Applicant is a sole proprietorship. When the Applicant is a corporation with operations outside of Georgia, as well as in Georgia, which has no president or vice president with an ownership interest in the corporation who resides in Georgia, each of the three highest-level management representatives residing in Georgia qualifies as a "Principal." An Applicant may have more than one Principal when otherwise allowed by this definition, but no more than three Principals without the permission of the Board. When there are multiple Principals, the Applicant shall be required to designate one of the Principals as the contact person for Institute purposes.

"Renewal Application" means an application in the form established by the Institute submitted for renewal of certification hereunder.

"Residence(s)" means single family residence(s), whether detached or attached.

"Sub-Company" means an additional entity controlled by the Principal(s) of the Primary Company.

### III. Certification

#### A. Initial Certification:

1. **Criteria:** In order for an Applicant to be certified as a CPHB<sup>SM</sup> Builder, the Applicant must meet each of the following criteria:
  - a. **Licensed Builder:** The Applicant must be licensed in accordance with Georgia state law.
  - b. **Experience:** At least one of the Principals of the Applicant must have three (3) years or more of managerial experience in the construction of Residences: (i) in a company in which that Principal has an ownership interest or, (ii) if the Applicant is a corporation with operations outside of Georgia, as well as in Georgia, in a corporation which has no president or vice president with an ownership interest in the corporation who resides in Georgia and in which that Principal is one of the three highest-level management representatives residing in Georgia.
  - c. **Code Certification:** All Applicants, whether for initial certification or renewal, must have obtained certification in the ICC Residential Building Contractor C Exam or its equivalent. Certification must be obtained by a Principal of the Company or one superintendent, construction manager, or other employee in charge of construction management for every five million dollars of home sales or fraction thereof.
  - d. **Income:** The primary business of the Applicant at the time of the Application must be the construction/remodeling of Residences, meaning that more than 50% of the Applicant's income for the immediately preceding one-year period must be from the construction/remodeling of Residences.
  - e. **Building Volume:** During the twelve (12) months immediately preceding the date of the Application, the Applicant must have either:
    - (1) Obtained five (5) building permits for the construction/remodeling of Residences; or
    - (2) Entered into or closed sales or construction/remodeling transactions for Residences with a cumulative dollar amount of at least \$750,000.
  - f. **References:** The Institute has received satisfactory recommendations on approved forms sent by the Institute from each of the following categories:
    - (1) One (1) financial institution with which the Applicant currently transacts business;
    - (2) Five (5) Homeowners of five (5) different Residences constructed/remodeled by the Applicant, two (2) of which were closed during the period from twelve (12) months to twenty-four (24) months immediately before the date of the Application, and three (3) of which were closed twenty-four (24) months or more before the date of the Application;

- (3) Three (3) trade-contractors from the following categories of trade contractors who have been used by the Applicant on Residences constructed/remodeled by the Applicant: cabinets, carpentry/framing, electrical, flooring, heating/air, and plumbing;
  - (4) Three (3) material suppliers from the following categories who have been used by the Applicant on Residences constructed/remodeled by the Applicant: appliances, brick, concrete, flooring, lighting, lumber, and windows/trim;
  - (5) Two (2) CPHB<sup>SM</sup> Builders (at least one of which is not a Principal of the Applicant) that are in good standing and have been members of the program for at least one year. If the Applicant is unable to provide either or both of these references, the Applicant may, as an alternative, interview with a Board member, who will then complete a review form, which will be part of the information for consideration by the Board when it considers an Applicant.
- g. **Insurance Requirements:** The Applicant must have the following coverages:
- (1) General liability coverage in the minimum amount of \$500,000;
  - (2) Builder's risk in an amount sufficient to cover the current construction of the Applicant, except to the extent that the Homeowner provides such insurance;
  - (3) Worker's compensation as required by law; and
  - (4) Any other insurance required by the State of Georgia.
- (The Applicant agrees to maintain these insurance coverages during the term of its certification as a CPHB<sup>SM</sup> Builder.)
- h. **Building Performance Standards:** The Applicant agrees to construct/remodel Residences in compliance with mandatory codes and either:
- (1) Approved standards as contained in the current version of the Homeowner Handbook; or
  - (2) Other written standards that the Applicant represents in the Application to be substantially equivalent to those contained in the Homeowner Handbook.
- i. **Limited Warranty:** The Applicant agrees to provide to each Homeowner at the time of contracting the sale or construction/remodeling of a Residence either:
- (1) The approved Limited Warranty; or
  - (2) Another written limited warranty that the Applicant represents as providing coverage to the Homeowner that is substantially equivalent to that contained in the approved Limited Warranty.
- j. **Customer Service Warranty Procedures:** The Applicant agrees to provide to each Homeowner, at the time of contracting, the sale or construction/remodeling of a Residence either:
- (1) The approved Customer Service Warranty Procedures contained in the Homeowner Handbook; or
  - (2) Another written set of customer service warranty procedures, which the Company hereby represents as providing customer service warranty procedures to the Homeowner substantially equivalent to those contained in the approved Customer Service Warranty Procedures.
- k. **Contract Addendum:** The Applicant agrees that, at the time of executing a contract for the sale or construction/remodeling of a Residence, it will have the Homeowner execute the Institute's then current contract addendum that, among other matters, explains the role of the Institute to the Homeowner.
- l. **Home Inspections:** The Applicant agrees to include a provision in each sale or construction contract with a Homeowner allowing the Homeowner to use a private home inspector to inspect the Residence, subject to the following terms, which shall be set forth in the contract or exhibit thereto:

- (1) The inspector must meet the following criteria:
    - (i) Have general liability insurance in an amount of at least \$500,000, and Workers Compensation coverage, if and as required by law; and
    - (ii) Be a certified One & Two Family Dwelling Inspector under the state-adopted one and two family dwelling building code or ICC Residential Combination Inspector.
  - (2) The Homeowner shall provide proof to the CPHB<sup>SM</sup> Builder prior to the inspection that the inspector currently meets these criteria.
  - (3) All such inspections shall be paid for solely by the Homeowner.
  - (4) The house shall be inspected solely in accordance with the applicable contract construction standards and requirements and applicable codes in effect on the date of issuance of the permit.
  - (5) Any alleged code violations noted by the inspector shall be communicated in writing with as precise as possible a reference to the applicable code and parts thereof.
- m. **Code of Ethics:** The Applicant agrees to abide by the Code of Ethics as promulgated by the National Association of Home Builders.
  - n. **Orientation Session:** A Principal or a representative of the Applicant must attend an orientation session presented by the Institute regarding certification as a CPHB<sup>SM</sup> Builder, including the rights, privileges, and duties of such status.
  - o. **Mandatory Binding Arbitration:** The Applicant agrees to include a mandatory binding arbitration clause in all contracts with Homeowners, unless the Applicant is prevented from doing so due to the unwillingness of the Homeowner to agree to such a clause.
  - p. **Reputation:** A determination, which need only be made in good faith, must be made by the Institute that the reputation of the Applicant will not likely cause damage to the reputation of the Institute, the HBA, or the CPHB<sup>SM</sup> Program.
  - q. **Unresolved Homeowner Complaint(s):** An Applicant may, in the discretion of the Board, be denied a Certificate if there are any known, unresolved Homeowner complaints about the Applicant at the time of the Application or during the application process. As a condition to certification, the Board may, in its discretion, request the Applicant to pursue dispute resolution as provided for in the Policies and Procedures to the extent they are applicable.
  - r. **Better Business Bureau Rating:** An Applicant does not have an unsatisfactory rating with the Better Business Bureau of Metropolitan Atlanta or, if the Applicant is outside its jurisdiction, the applicable Better Business Bureau.
  - s. **Advertising Rules:** The Applicant agrees that it will represent and advertise itself as a CPHB<sup>SM</sup> Builder and will use logos and marketing materials relating to the certification and the Institute only in strict accordance with the Advertising Rules, and only when and for as long as it is a CPHB<sup>SM</sup> Builder. The Applicant agrees that it will not use any logos or advertising substantially similar to those of the Institute. If the Applicant's certification is terminated or if the Applicant does not renew its certification as a CPHB<sup>SM</sup> Builder, it agrees that it will immediately cease representing and advertising itself as a CPHB<sup>SM</sup> Builder, discontinue the use of logos, marketing and other materials relating to this program or the Institute, and return such logos and materials to the Institute. The Applicant agrees that it shall not in any manner represent that it has any ownership interest in any logo of the Institute or any registration thereof, and the Applicant acknowledges that the use of such logos, and any other trademark and any name or trade name of the Institute, shall not create in the Applicant's favor any right, title, or interest in or to the same, but all uses of such logos, trademarks, names and trade names by the Applicant, including all goodwill associated therewith, shall inure to the benefit of the Institute.
  - t. **Inspections by Institute:** The Applicant agrees that, either before or after it becomes a CPHB<sup>SM</sup> Builder, it will permit the Institute at its option and expense to have its employee or agent, selected by the Institute and to whom the Applicant has no reasonable objection, examine the Applicant's relevant records and files, and inspect homes under construction, during regular business hours and upon reasonable notice to the Applicant to such extent as may be reasonably necessary to enable such employee or agent to verify and determine compliance by the Applicant with its representations, warranties and agreements herein. Such employee or agent shall not disclose to the Institute or any of its members any information relating to the business or affairs of the Applicant other than such information as properly pertains to the matter of such compliance. The rights of the Institute to examine and inspect shall not impose any obligation on the Institute or its agents to exercise such rights and they shall have no liability for failing or declining to exercise such rights.

- u. **Indemnification by Applicant:** The Applicant agrees to indemnify, defend and hold harmless the HBA, the Greater Atlanta Home Builders Association, Inc., the Institute and any of their officers, directors, agents, committees and employees from any liability, claims, costs, damages or expenses, including reasonable attorneys fees, arising from or relating to inaccurate or incomplete information provided by the Applicant to the Institute or from the Applicant's failure to abide by the Policies and Procedures.
- v. **Compliance with Policies and Procedures:** The Applicant agrees to comply with the Policies and Procedures and to immediately notify the Institute should it cease or fail to do so.

(Several of the above criteria require that the Applicant agree to certain terms. By submitting an Application, the Applicant acknowledges its agreement to those terms.)

2. **Procedures for Initial Certification:** The following procedures will be followed in the initial application process:

- a. **Orientation:** Persons interested in becoming a CPHB<sup>SM</sup> Builder must attend an orientation session.
- b. **Application Form and Material:** The Application shall be completed and signed under oath by a Principal of the Applicant in the presence of a notary public on the form provided by the Institute and submitted to the Institute along with:
- c. **Fees and first year dues:** In amounts as adopted by the Board (these are nonrefundable);
- d. **Certificate of insurance:** In the name of the Applicant or otherwise clearly covering the Applicant demonstrating compliance with the insurance criteria for certification as a CPHB<sup>SM</sup> Builder;
- e. **Building Performance Standards:** A copy of any written building performance standards (which are in addition to mandatory codes) that the Applicant represents as substantially equivalent to those contained in the Homeowner Handbook, unless the Applicant has agreed in the Application to build to the standards contained in the Homeowner Handbook (and mandatory codes);
- f. **Limited Warranty:** A copy of any written limited warranty that the Applicant represents as providing coverage to the Homeowner that is substantially equivalent to that contained in the approved Limited Warranty, unless the Applicant has agreed in the Application to provide to the Homeowner the approved Limited Warranty;
- g. **Customer Service Warranty Procedures:** A copy of any customer service warranty procedures that the Applicant represents as containing customer service warranty procedures that are substantially equivalent to those contained in the approved Customer Service Warranty Procedures, unless the Applicant has agreed in the Application to provide to the Homeowner the approved Customer Service Warranty Procedures; and
- h. **Inspection Guidelines:** A copy of any inspection guidelines that the Applicant represents as being no more demanding than the approved Inspection Guidelines, unless the Applicant has agreed in the Application to provide to the Homeowner the approved Inspection Guidelines.
- i. **Completeness of Application:** The Institute will review the Application for completeness. If the Application is incomplete, the Institute may return it to the Applicant or request the missing information.
- j. **References:** The Institute will send the applicable reference forms to the persons or entities listed by the Applicant as references along with a self-addressed stamped envelope for returning the forms to the Institute. If a facsimile number has been provided to the Institute for any reference, it may send the reference form by facsimile. Otherwise, the Institute is not responsible for attempting to obtain responses to the reference forms from the listed references or other potential references. If the Institute does not receive responses from one or more references, the Applicant may directly contact those references in an effort to obtain the references and/or may also supply substitute references from the same category to the Institute. The Institute will not accept verbal

references. If an unsatisfactory homeowner reference is provided, the Institute may require the Applicant to comply with the Dispute Resolution Obligations of a CPHB<sup>SM</sup> Builder set forth below. If an unsatisfactory reference is provided by someone other than a homeowner, the Institute may require the Applicant to attempt to resolve any dispute with the reference upon which the unsatisfactory reference is based and to report the results of that effort to the Institute.

k. **Consideration by Board:** Using the criteria set forth above, the Board shall consider and either approve, disapprove, or condition the approval of each Applicant.

l. **Certificate:** Once approved by the Board, the Applicant will be given the Certificate designating that the Applicant is a CPHB<sup>SM</sup> Builder.

m. **Appeal:** If the Applicant is not approved or is conditionally approved as a CPHB<sup>SM</sup> Builder, it will be notified of such decision and the reasons for that decision. If the Applicant disagrees with that decision, it may appeal the denial to the Board in accordance with Section VII.

3. **Term of Certification:** Initial certification shall be for one (1) year from the date as set forth in the Certificate. A Sub-Company reverts to its Primary Company anniversary date, but it shall not be considered a CPHB<sup>SM</sup> Builder before receiving a Certificate. Afterwards, certification shall be determined in accordance with the renewal criteria and procedures set forth below.

B. **Renewal of Certification:** A CPHB<sup>SM</sup> Builder may renew its certification for successive one (1) year periods subject to the following criteria and procedures:

1. **Criteria:** The criteria for renewal of certification are the following:

a. **General Criteria for Renewal of Primary Companies:** The Applicant must meet all of the criteria for initial certification except that the Applicant is not required to provide references or to attend the orientation session; and

b. **General Criteria for Renewal of Sub Companies:** At the first year renewal, the Applicant must meet all of the criteria that it was required to meet for certification other than attending an orientation session, complying with the building volume criteria that Primary Companies are required to meet for the initial certification, and providing references from two (2) Homeowners of two (2) different Residences constructed/remodeled by the Applicant that were closed during the period from twelve (12) months to twenty-four (24) months immediately before the date of the Application. At the second year renewal, the Applicant must meet all of the criteria required for the initial certification, other than attending an orientation session, complying with the building volume criteria that Primary Companies are required to meet for certification, and providing references from three (3) Homeowners of three (3) different Residences constructed/remodeled by the Applicant that were closed more than twenty-four (24) months immediately before the date of the Application. After the second year renewal, the Applicant must meet all of the criteria for initial certification except that the Applicant is not required to provide references or to attend the orientation session.

c. **Continuing Education:** During the one-year period beginning with the date as set forth in the last Certificate issued to the Applicant, the Applicant must have completed at least sixteen (16) hours of Institute-approved programs (which are set forth in the CPHB<sup>SM</sup> Education Policies and Procedures and can be found on the CPHB<sup>SM</sup> Web Site.) Each Principal is required to attend eight (8) of the sixteen (16) required hours. Attendance at such programs by any designated employee of the Applicant will count toward the remaining eight (8) required hours.

d. **Reputation:** A determination, which need only be made in good faith, must be made by the Board that the reputation of the CPHB<sup>SM</sup> Builder will not likely cause damage to the reputation of the Institute, the HBA, or the CPHB<sup>SM</sup> Program.

(Several of the criteria require that the Applicant agree to certain terms. By submitting a Renewal Application, the Applicant acknowledges its agreement to those terms.)

2. **Procedures for Renewal of Certification:** The following procedures will be followed in the renewal process:
  - a. **Timing:** A Renewal Application on a form provided by the Institute will be sent to the Applicant approximately six (6) weeks prior to the expiration of the Applicant's current year's certification as a CPHB<sup>SM</sup> Builder.
  - b. **Renewal Application Form:** The Renewal Application must be completed, signed, and returned to the Institute along with the following items at least two (2) weeks prior to the expiration of the current year's certification as a CPHB<sup>SM</sup> Builder:
    - (1) The renewal fees and dues as established by the Institute;
    - (2) Certificates of insurance demonstrating compliance at that time with the then current insurance criteria for certification as a CPHB<sup>SM</sup> Builder;
    - (3) If the Applicant has changed its written building performance standards that supplement mandatory codes since the time of its last application for certification as a CPHB<sup>SM</sup> Builder, a copy of those new standards that the Applicant represents as substantially equivalent to those contained in the then current Homeowner Handbook, unless the Applicant has agreed in the Renewal Application to build to standards contained in the Homeowner Handbook as a supplement to mandatory codes;
    - (4) If the Applicant has changed its written limited warranty since the time of its last application for certification as a CPHB<sup>SM</sup> Builder, a copy of the new limited warranty that the Applicant represents as providing coverage substantially equivalent to that contained in the approved Limited Warranty, unless the Applicant has agreed in the Renewal Application to provide to the Homeowner the then current approved Limited Warranty;
    - (5) If the Applicant has changed its written customer warranty procedures since the time of its last application for certification as a CPHB<sup>SM</sup> Builder, a copy of the new customer service warranty procedures that the Applicant represents as providing customer service warranty procedures substantially equivalent to those contained in the approved Customer Service Warranty Procedures, unless the Applicant has agreed in the Renewal Application to provide to the Homeowner the then current approved Customer Service Warranty Procedures;
    - (6) Certificates or other similar documentary evidence of the compliance by the Applicant with the educational requirements for renewal of its certification as a CPHB<sup>SM</sup> Builder (such documentation shall include the name of the seminar, name of attendee, the date of the seminar, and the number of hours attended).
  - c. **Completeness of Application:** The Institute will review the Renewal Application for completeness. Applications that are missing information or otherwise do not meet renewal criteria may, in the discretion of the Institute, be held open instead of simply denying them, if special circumstances exist and a written plan of action to address the deficiencies is submitted with the Application. Applications held open past the anniversary date will be assessed a \$25.00 per month processing fee.
  - d. **Certificate:** If the Applicant meets the criteria for renewal of its certification as a CPHB<sup>SM</sup> Builder, it will be sent an updated Certificate for a one (1) year renewal period.
  - e. **Access to Company Information:** The Company understands and agrees that information provided to Institute by the Applicant or obtained by Institute from references may, upon request, be disclosed to members of the public, except for Company dollar volume or as otherwise expressly prohibited by the Policies and Procedures.



- f. **Unresolved Homeowner Complaint(s):** If, during the immediately preceding one-year period, the Institute has received written complaints from Homeowners representing more than three (3%) percent of the number of the Applicant's annual permits (as reported by the Applicant), the Application may be reviewed by the Dispute Resolution Committee, which shall have the authority to review files of the Applicant relating to such complaints. The Dispute Resolution Committee may make such recommendation regarding the Application to the Board as it deems appropriate.
  - g. **Appeal:** If the Applicant is denied renewal and disagrees with that decision, it may appeal the denial to the Board in accordance with Section VII. If the Applicant is denied renewal, the renewal fee shall be returned to the Applicant.
- C. **Criteria Exemptions:** If an Applicant fails to comply with a criterion, but nevertheless complies with the intent of that criterion, the Certification Committee may, in its discretion, waive strict compliance with that criterion and specify conditions to that waiver.

#### IV. Termination of Certification or Sanctions

- A. **Non-Renewal:** If a CPHB<sup>SM</sup> Builder does not submit a Renewal Application or does not comply with the requirements for renewal, the Institute shall send written notice of such failure to the CPHB<sup>SM</sup> Builder. Unless those omissions have been addressed within ten (10) days thereafter, the Certificate shall be deemed to have been terminated.
- B. **Grounds for Early Termination:** Certification as a CPHB<sup>SM</sup> Builder may be terminated prior to the end of the current year's certification upon the occurrence of one or more of the following events:
  - 1. **Failure to Meet Criteria:** The CPHB<sup>SM</sup> Builder fails to meet any of the criteria of the CPHB<sup>SM</sup> Program.
  - 2. **Failure to Comply with Policies and Procedures:** The CPHB<sup>SM</sup> Builder fails to comply with any provisions of the Policies and Procedures or to meet any of its agreements in them.
  - 3. **Misrepresentation:** The discovery by the Institute of a misrepresentation by the CPHB<sup>SM</sup> Builder on the Application or Renewal Application.
  - 4. **Bankruptcy:** The filing of a bankruptcy petition by or against the CPHB<sup>SM</sup> Builder, unless the termination of Certification for such reason is prohibited by law.
  - 5. **Reputation:** A determination, which need only be made in good faith, by the Board that the reputation of the CPHB<sup>SM</sup> Builder will likely cause damage to the reputation of the Institute, the HBA, or the CPHB<sup>SM</sup> Program.
- C. **Procedures for Early Termination or Sanction:** In order to terminate the certification of a CPHB<sup>SM</sup> Builder or sanction a CPHB Builder without termination, the following procedures shall be followed:
  - a. **Investigation:** The Dispute Resolution Committee shall conduct an investigation of the alleged or potential grounds for termination or sanction, which investigation shall include an attempt to discuss the matter with the CPHB<sup>SM</sup> Builder.
  - b. **Notice of Termination or Sanction:** If, after such investigation, the Dispute Resolution Committee believes that grounds exist for the termination of certification of a CPHB<sup>SM</sup> Builder or for other sanction, such as reprimand, written notice shall be sent by the Dispute Resolution Committee to the CPHB<sup>SM</sup> Builder at least twenty (20) days prior to the proposed date of termination or other sanctions setting forth the intention of the Dispute Resolution Committee to terminate certification or impose other sanctions and each ground on which the proposed termination or other sanctions are based. If the Dispute Resolution Committee determines that the act or omission of the CPHB<sup>SM</sup> Builder establishing grounds for termination or sanction was inadvertent and does not represent a pattern or practice by the CPHB<sup>SM</sup> Builder, it may reprimand the CPHB<sup>SM</sup> Builder. The Dispute Resolution Committee will determine the form of and forum for any reprimand.
  - c. **Effective Date of Termination or Sanction:** If the CPHB<sup>SM</sup> Builder does not appeal within said twenty (20) day period, the decision to terminate certification as a CPHB<sup>SM</sup> Builder or impose other sanctions, such as termination or reprimand, will become effective at the end of said twenty (20) day period. If there is an appeal, the disciplinary action, if any, shall be effective upon the decision of the Board on appeal or as otherwise provided for in the Board's decision.
  - d. **Appeal:** At any time prior to the expiration of said twenty (20) day period, the CPHB<sup>SM</sup> Builder may appeal the decision to terminate or impose other sanctions in accordance with Section VII. During the pendency of such appeal, the CPHB<sup>SM</sup> Builder may continue holding itself out to the public as a CPHB<sup>SM</sup> Builder certified by the Institute.

## V. Reapplication

An Applicant who has been denied a Certificate as well as a CPHB<sup>SM</sup> Builder who has been terminated must wait at least six (6) months to reapply for a Certificate as a CPHB<sup>SM</sup> Builder. Upon reapplication, the Applicant or former CPHB<sup>SM</sup> Builder must comply with the requirements for initial certification and must be approved by the Dispute Resolution Committee before its Application is submitted to the Board for a decision on the Application.

## VI. Inactive Status

- A. **Requirements for Inactive Status:** If a CPHB<sup>SM</sup> Builder is no longer building homes but desires to retain the status of CPHB<sup>SM</sup> Builder, it may be placed on "Inactive Status." In order to be placed on inactive status, the CPHB<sup>SM</sup> Builder must do the following:
1. Submit a written request for Inactive Status to the Institute;
  2. Remain a member of the HBA in good standing;
  3. Pay annual renewal dues of \$100.00;
  4. Not build;
  5. Continue to meet the educational requirements for renewal of certification as set forth in the Policies and Procedures and require that its Principals do likewise; and
  6. Agree to follow the dispute resolution provisions of the Policies and Procedures
- B. **Period of Inactive Status:** The CPHB<sup>SM</sup> Builder may maintain Inactive Status for full-year periods not to exceed three (3) years. At the end of that period, the Certificate of the CPHB Builder will terminate unless the CPHB Builder has submitted a written request for continuation of Inactive Status to the Institute and the Board, upon review of the request, agrees to the continuation of Inactive Status or the CPHB<sup>SM</sup> Builder elects to again become an active CPHB<sup>SM</sup> Builder.
- C. **Rights and Privileges of Inactive Status:** While on Inactive Status, the CPHB<sup>SM</sup> Builder will not have all of the rights and privileges of a CPHB<sup>SM</sup> Builder, and will no longer be listed as a CPHB<sup>SM</sup> Builder on the HBA and CPHB<sup>SM</sup> Web sites, the directory of CPHB<sup>SM</sup> Builders maintained by the Institute, or in other membership lists from which the Institute believes it should be excluded in light of its Inactive Status.

## VII. Appeals

- A. **Appeals to Board:** Any appeal authorized by the Policies and Procedures shall be to the Board.
- B. **Appeals Process:**
1. **Notice of Appeal:** Any appeal shall be in writing, shall be delivered in a timely manner to the President of the Board, and shall set forth in detail the decision or matter being appealed and each of the grounds for the appeal.
  2. **Hearing:** The procedure for such hearing shall be as follows:
    - a. **Notice of Hearing:** A hearing before the Board shall be held on every appeal filed in a timely manner. The appealing party will be notified in writing at least ten (10) days in advance (unless such notice is waived by the appealing party) of the date, time, and location of the hearing on the appeal.
    - b. **Right of Counsel:** The appealing party shall be entitled to appear in person and with counsel at the hearing.
    - c. **Evidence:** The appealing party, the Institute, and the Dispute Resolution Committee shall be entitled to present evidence at the hearing in the form of witnesses and documents. Formal rules of evidence will not be applied to or govern the hearing, and the Board may determine what evidence may be presented.
    - d. **Default:** If the appealing party fails to appear at the hearing, the appeal shall be deemed withdrawn.

## VIII. Dispute Resolution

### A. Dispute Resolution Obligations of CPHB Builder

1. **CPHB<sup>SM</sup> Dispute Resolution Program:** The Institute is not required to become involved in disputes between CPHB<sup>SM</sup> Builders and Homeowners or others in the home building industry (such as realtors, subcontractors, suppliers, inspectors, lenders, and employees.) However, it is the voluntary practice of the Institute to accept written complaints from Homeowners and others in the home building industry relating to CPHB<sup>SM</sup> Builders or their Residences and to provide a copy of any such complaint to the CPHB<sup>SM</sup> Builder. Upon the receipt of any such complaint, the Institute will forward it to the CPHB<sup>SM</sup> Builder. Within thirty (30) days from the CPHB<sup>SM</sup> Builder's receipt of the complaint, it must send a response to the complainant and the Institute

2. **Notice and Right to Repair Law:** In addition to its obligations under the CPHB<sup>SM</sup> Dispute Resolution Program set forth above, CPHB<sup>SM</sup> Builders must comply in good faith with their obligations under the Notice and Right to Repair Law set forth in O.C.G.A. §§ 8-2-35 through 8-2-43.
  3. **Arbitration:** If a Homeowner files a demand for arbitration, the CPHB<sup>SM</sup> Builder must participate in the arbitration in good faith and comply with any order or award of the arbitrator(s). However, this obligation shall not prohibit the CPHB<sup>SM</sup> Builder from asserting any appropriate defense, position, objection or challenge to the demand for arbitration, order or award.
  4. **Review by Dispute Resolution Committee:** If, during any one-year period, the Institute has received written complaints from Homeowners representing more than three (3%) percent of the number of the Applicant's annual permits (as reported by the Applicant), the Application may be reviewed by the Dispute Resolution Committee, which shall have the authority to review files of the Applicant relating to such complaints. The Dispute Resolution Committee may make such recommendation regarding the Application to the Board as it deems appropriate.
  5. **Mediation:** While the Institute does not require CPHB<sup>SM</sup> Builders to mediate unresolved disputes, it recognizes mediation as a useful forum for the potential resolution of disputes between CPHB<sup>SM</sup> Builders and Homeowners. In order to assist CPHB<sup>SM</sup> Builders and Homeowners, the Institute maintains a list of mediation services that CPHB<sup>SM</sup> Builders or Homeowners may wish to contact.
- B. **Arbitration:** If a Homeowner was unwilling to agree to arbitration at the time of contracting with a CPHB<sup>SM</sup> Builder, but the Homeowner subsequently wishes to arbitrate before the arbitration service identified (but not checked) in the contract between the CPHB<sup>SM</sup> Builder and Homeowner, the CPHB<sup>SM</sup> Builder must agree to arbitration. If the parties wish to consider another arbitration service, either may contact the Institute for a list of arbitration services that handle residential construction disputes.

#### IX. Miscellaneous

- A. **No Third-Party Beneficiary:** The reasons for the creation of this program by the Institute are reflected in the Mission Statement. Nothing in the Policies and Procedures or in the implementation of the Policies and Procedures, including, but not limited to, the certification of a builder as a CPHB<sup>SM</sup> Builder, is intended to create third-party beneficiary rights or other rights in Homeowners or others against the Greater Atlanta Home Builders Association, Inc., the Institute, or any board, committee, officer, director, employee, or agent of either of these entities.
- B. **Georgia Law:** The Policies and Procedures shall be governed by the laws of the State of Georgia.
- C. **Notices and Communication:** Unless otherwise specifically stated herein, any notice required by the Policies and Procedures may be sent by regular United States mail, postage prepaid, certified mail return receipt requested, facsimile, hand delivery, or electronic mail. The notice shall be deemed given at the time it is sent. If the notice is to a CPHB<sup>SM</sup> Builder, it shall be sent to the address or facsimile number on the Application or the latest Renewal Application. If the notice is to the Institute or the Board, it shall be sent to the attention of the President of the Board at Post Office Box 450791 Atlanta, GA 31145. All Applicants and CPHB<sup>SM</sup> Builders authorize the Institute to provide any required notice to them by facsimile and to otherwise communicate with them by facsimile or e-mail. If the Company does not wish to receive e-mail or fax messages, the Company must notify The Housing Institute, Inc. by sending an e-mail to [cphb1@atlantahomebuilders.com](mailto:cphb1@atlantahomebuilders.com). Please include your name with the e-mail and/or fax number to be removed in the body of the e-mail. You may also send a fax to The Housing Institute, Inc. at 770-934-8363.
- D. **Amendments:** The Policies and Procedures can be amended by the Board in its sole discretion. While it is expected that the certification program provided for herein shall continue indefinitely, the Institute may at any time terminate or suspend this program.
- E. **Staff Operating Procedures:** The Board recognizes that it is impractical for the Policies and Procedures to set forth every practice and procedure that will necessarily be employed by staff of the Institute in implementing them. Therefore, subject to the Board's ultimate right to establish practices and procedures, the Board authorizes the staff of the Institute to employ such practices and procedures as are reasonable and necessary in the implementation of the Policies and Procedures and not inconsistent with the letter or spirit of them.
- F. **Customer Satisfaction Surveys:** By submitting this application, the CPHB<sup>SM</sup> Builder authorizes the Institute to conduct Customer Service Surveys through hired third party services or otherwise, and to obtain and review the results of such surveys.

- G. **Name Change:** If a CPHB<sup>SM</sup> Builder wishes to merely change its name, without creation of a new replacement legal entity, it must notify the Institute of that change, provide evidence to the Institute of that change from the Georgia Secretary of State's office, provide evidence to the Institute that the new entity has the same federal tax identification number, and cease using its former name in connection with the CPHB<sup>SM</sup> logo or its operations as a CPHB<sup>SM</sup> Builder.
- H. **Sub-Companies:** The following criteria must be met and the following procedures followed in order for a Sub-Company to become a CPHB<sup>SM</sup> Builder:
1. **Criteria:**
    - A. **Criteria for Initial Certification:** A Sub-Company must meet all of the requirements for initial certification set forth in III.A.1. except that as follows:
      - (1) **Income:** If the Sub-Company has been in existence for less than one year, then the primary business of the Sub-Company must be the construction/remodeling of Residences, but the Sub-Company is excused from establishing that 50% of its income for the immediately preceding one-year period is from the construction/remodeling of Residences.
      - (2) **Building Volume:** If the Sub-Company has been in existence for less than one year, then it is excused from complying with the building volume criteria at the time of its initial certification.
      - (3) **Homeowner References:** The Sub-Company is excused from providing Homeowner references only for those periods of time that it cannot provide such references because it has not been in existence a sufficient length of time.
    - B. **Criteria for Renewal Certification:** A Sub-Company must meet all of the requirements for renewal certification set forth in III.B.1, plus it must provide such additional Homeowner references as it can provide at the time of the renewal application(s) until it has provided the five Homeowner references. A Sub-Company can meet the educational requirements for renewal by completing eight (8) hours of Institute-approved programs. Attendance at such programs by any designated employee of the Sub-Company will count toward those eight (8) hours.
  2. **Procedures:** The same procedures applicable to the Application or Renewal Application of a Primary Company shall apply to the Application or Renewal Application of a Sub-Company.
- I. **Creation of New Entity:** If a CPHB<sup>SM</sup> Builder wishes to create a new legal entity that will replace the CPHB<sup>SM</sup> Builder entity, the following criteria must be met and the following procedures followed.
1. **Criteria:**
    - A. **Criteria for Initial Certification:** The criteria for initial certification of an Applicant set forth in III.A.1. must be met by the new entity, except as follows:
      - (1) **Income:** The primary business of the new entity must be the construction/remodeling of Residences, although, since that entity will be new, it is not required to have met the 50% income requirement set forth under the income criteria for initial certification.
      - (2) **Building Volume:** Since the entity will be new, the building volume requirement for initial certification will not apply during the first year that the new entity is a CPHB<sup>SM</sup> Builder.
      - (3) **References:** The new entity will be asked to provide references under each category included in the Application. If the new entity cannot provide Homeowner references because of its recent creation, references for the former entity may be provided.
      - (4) **Orientation Session:** The new entity is not required to attend another orientation session.
      - (5) **Additional Criteria:**
        - (A) **Good Standing as CPHB<sup>SM</sup> Builder:** The former entity must be in good standing with the Institute at the time of the change in entities.
        - (B) **Use of CPHB<sup>SM</sup> Logo:** The former entity must no longer use the CPHB<sup>SM</sup> Logo or otherwise advertise or represent itself as a continuing CPHB<sup>SM</sup> Builder.
    - B. **Criteria for Renewal Certification:** The new entity must meet all of the requirements for renewal certification set forth in III.B.1.
  2. **Procedures:** The same procedures normally applicable to the Application or Renewal Application shall apply.