

# 2009 REGISTERED BUILDER/REMODELER PROGRAM REQUIREMENTS



Effective April 1, 2009

## I. REGISTERED BUILDER/REMODELER MEMBERSHIP

- A. Upon approval by the Board of Directors, Applicants shall be designated as Registered Builders or Registered Remodelers and shall be entitled to the use of the Registered Builder or Remodeler insignia and privileges, upon submission of application, proof of Workers' Compensation and General Liability Insurance coverage and payment of required dues. Registered Builders may specialize in land development, modular home sales, residential and commercial construction. Registered Remodelers may specialize in residential or commercial remodeling.
- B. Applicants for admission to the Registered Builder/Remodeler Program must meet the following requirements to be eligible for membership:**
1. Must have acceptable credit references.
  2. Must have one (1) Registered Builder or Registered Remodeler reference who has personal knowledge of the Applicant's business integrity and construction activity.
  3. Registered Builder applicants must have controlled and supervised all phases of construction on each job. The Applicant must have built and sold a minimum of three (3) residential/commercial dwelling units in the Northern Kentucky area, in which he/she supervised all phases of construction, within the last two (2) years.
  4. A Registered Builder applicant's principal income must be derived from the building of new dwelling units and/or related real estate activities for a period of no less than two (2) years.
  5. A Registered Remodeler applicant must have been in the remodeling business for a period of two (2) years and supervised or participated in all phases, as well as completed a of a minimum of six (6) projects during the most recent two (2) year period.
  6. A Registered Remodeler applicant must have derived principal income from remodeling for two (2) years.
  7. Registered Builder/Remodelers applicants must submit names of a minimum of three (3) non-related owners/occupants (i.e. customers), in which the company conducted business, within a two (2) year period, for purposes of favorable references. At least three (3) of the customer references must be favorable. Must submit the names of a minimum of five (5) supplier references in which business was conducted, within a two (2) year period, for purposes of

- favorable references. A minimum of four (4) of the supplier references must be favorable. One of the references shall be from a financial institution. The committee reserves the right to request additional references to qualify an applicant's standing in the business community.
8. Registered Builder/Remodeler applicant's must agree to provide the addresses of two (2) projects, within the Northern Kentucky jurisdiction, for the purpose of onsite inspections to verify workmanship. Members of the committee will be appointed to conduct such inspections.
  9. Registered Builder/Remodeler applicant's must provide a copy of the written contract that they currently utilize or plan to utilize in their business transactions. The written contract shall contain the following provisions: a) names and addresses of parties to the contract; b) date of the contract execution; c) description of the work to be performed; d) simple and clear terms of payment. *Applicants may indicate that they plan to utilize the HBA's standard contracts to meet this requirement.*
  10. Registered Builders/Remodelers must agree to provide an express written warranty on the work performed, for a period of no less than one (1) year, which describes the scope and the extent of the warranty. Applicants may indicate that they plan to utilize the HBA's standard warranty to meet this requirement.
  11. Registered Builders/Remodelers must agree to abide by the construction standards stipulated in the most recent version of the *HBA of Northern Kentucky Performance Standards Manual*.
  12. Registered Builders/Remodelers must carry Kentucky Workers' Compensation Insurance, with a minimum of \$250,000 in liability insurance, and submit a valid written copy of effective policy to the HBA of Northern Kentucky in each calendar year.
  13. Registered Builders/Remodelers must agree to participate in the HBA's dispute conciliation process to resolve disagreements between the Registered Builder/Remodeler member and the customer. If conciliation fails, the Registered Builder/Remodeler member agrees to submit the dispute to binding arbitration.
  14. A principal owner or territory manager of a Registered Builder applicant company must appear before the Registered Builder/Remodeler Committee for a personal interview, prior to an Applicant's approval. All references, membership fees and onsite inspections shall be submitted to the HBA prior to the interview.
  15. If Applicant's business is operated by the same principals of an existing Registered Builder member, the length of the business operation and number of homes built or remodeling projects completed, may be waived.
  16. New Registered Builders/Remodelers must attend an Orientation Meeting within sixty (60) days of approval.
  17. The Registered Builder/Remodeler Committee reserves the right to recommend to the Board of Directors an Applicant based on previous experience and/or other factors that may indicate that the Applicant is qualified/not qualified to represent the Association in a professional manner as a Registered Builder or Registered Remodeler.
  18. Only Residential Registered Builders shall be permitted to participate in HBA home shows, with the exception of the Home and Remodeling Showcase. Only

Residential Registered Remodelers shall be permitted to participate in the HBA Tour of Remodeled Homes. All Registered Builders/Remodelers are permitted to participate in the Home and Remodeling Showcase.

19. All applications for admission to the Registered Builder/Remodeler Program shall be submitted for review and consideration by the Registered Builder/Remodeler Committee, including those applicants who plan to specialize in commercial and residential construction and modular home sales. Developers are not required to obtain Registered Builder status or complete continuing education requirements. Developers shall be required to adhere to the Registered Builder/Remodeler dues formula. All approved applicants (with the exception of Developers) are subject to the specific Registered Builder/Remodeler Program requirements, regardless of their area of specialization.

**20. All Registered Builders/Remodelers must meet the following requirements to maintain membership:**

- a) Earn six (6) continuing education hours each calendar year. Two (2) of these hours must be completed in an approved construction site safety training and four (4) of these hours must be completed in the business management and/or technical areas of the construction industry. Credit hours may only be applied to one (1) company representative per course. No company shall be credited with more than the number of hours approved per course, regardless of the number of company representatives in attendance. Registered Builders/Remodelers must complete ten (10) hours of continuing education in the first year of program membership and six (6) years thereafter during each calendar year.
- b) Applicant must sign an agreement to abide by the rules and regulations of the Registered Builder/Remodeler Program as contained herein or as subsequently modified; abide by the Code of Ethics, the Limited Warranty and Performance Standards of the Home Builders Association of Northern Kentucky (HBANKY) and the National Association of Home Builders (NAHB); and abide by the decisions of the Registered Builder/Remodeler Committee. Additionally, the Applicant must agree to abide by the current Kentucky Residential Building Code and the Kentucky Building Code, and to obtain the required permits, inspections and certificates of occupancy stipulated by the enforcement agency.
- c) If an Applicant does not meet the qualifications as stated above, he/she may be considered for application as an Associate Builder or Associate Remodeler member for a period of one (1) year. At the end of one (1) year, the Builder/Remodeler must submit an application for Registered Builder/Remodeler membership.

**II. ASSOCIATE BUILDER/REMODELER MEMBERSHIP**

**A. New applicants for Associate Builder/Remodeler membership must meet the following qualifications:**

1. Must have acceptable credit references.

2. Must have one (1) Registered Builder/Remodeler reference that has personal knowledge of the Applicant's business integrity and construction activity.
3. An Associate Builder/Remodeler has one (1) year preceding application and one (1) year after application to meet the qualifications stated in Section I-B. If a second filed application fails to meet the required Registered Builder/Remodeler qualifications, the Applicant is required to wait one (1) year before a third application will be accepted for consideration.
4. Associate Builders/Remodelers are not subject to the Registered Builder/Remodeler Program continuing education requirements.

#### **B. Associate Builder/Remodeler Member Benefits/Exclusions**

1. May attend membership meetings and educational programs; serve on committees, with exception of Registered Builder/Remodeler Committee; participate in other HBA member benefits and services.
2. May not use HBA contracts, forms, warranties, logos, decals or other products and services reserved exclusively for use by Registered Builders/Remodelers.
3. Associate Builders/Remodelers are prohibited from engaging in Registered Builder/Remodeler representations and advertisements to the public.
4. May not participate in HomeFest, Cavalcade of Homes, Home Products Expo, CiTiFEST, Tour of Remodeled Homes or other HBA-sponsored consumer shows.
5. No public complaints against an Associate Builder/Remodeler will be conciliated by the Registered Builder/Remodeler Committee, but may be used to determine eligibility for Registered Builder/Remodeler membership.
6. Associate Builders/Remodelers will not be listed on the HBA web site roster with Registered Builders/Remodelers.

### **III. REGISTERED BUILDER/REMODELER COMMITTEE (Ethics and Grievance Committee)**

- A. The Registered Builder/Remodeler Committee is composed of a minimum of seventeen (17) members – ten (10) of whom are Registered Builders and one (1) representing Commercial Builders, three (3) of whom shall be Associate members (one representing the mortgage lending industry, one (1) representing the mechanical trades and one (1) representing the building material suppliers), two (2) representing the Remodelers Issues Committee and one (1) representing the real estate industry serving two (2) year terms.
- B. Terms shall alternate with one (1) term for a minimum of five (5) Registered Builders, one (1) Commercial Builder, two (2) Associate Members and one (1) Registered Remodeler member; and five (5) Registered Builders, one (1) Commercial Builder and two (2) Associate Members and one (1) Registered Remodeler shall have another term. Members shall have terms of two (2) years. All appointments shall be made by

the HBANK President with the concurrence of the Executive Committee.

- C. This Committee is responsible for reviewing builder/remodeler applications and making appropriate recommendations to the Board of Directors for final action.
- D. The Committee is responsible for recommending to the Board of Directors any action to be taken against a Registered Builder/Remodeler who fails to adhere to the provisions of the Registered Builder/Remodeler Program or who refuses to abide by a decision of the Committee. The Registered Builder/Remodeler will have the right to address the Committee regarding its decision.
- E. In the event the Registered Builder/Remodeler feels aggrieved by a decision of the Committee, such Registered Builder/Remodeler shall have the right to take his/her case to the Board of Directors. The Board may, by a majority vote, take such action, including reprimand, suspension or expulsion as it may deem to be in the best interest of the Association. The decision of the Board of Directors shall be final.
- F. Should a Registered Builder/Remodeler have a disproportionate ratio of complaints to volume, the Committee shall review the Registered Builder's/Remodeler's status as a Registered Builder/Remodeler.
- G. The Committee shall review Registered Builder/Remodeler memberships annually, at least thirty (30) days in advance of their dues expiration. A notice of the Continuing Education (CE) deadline will be mailed to Registered Builders on September 1 and December 1 each calendar year for completion.
- H. The Committee is responsible for periodic review and oversight of the Cooperative Sales Agreement between the HBANK and the Northern Kentucky Association of REALTORS®, including the arbitration of signatory commission disputes, if warranted.

#### **IV. COMPLAINT – PROCESSING PROCEDURES**

##### ***Complaints Qualifying for HBANK/Registered Builder/Remodeler Committee Processing:***

- A. Filed by a home owner who has purchased a home or contracted for a remodeling project from a Registered Builder/Remodeler member of the Association, and is still within the first-year warranty period.
- B. Requested by Registered Builder/Remodeler member of the Association who wishes to utilize the processing of a complaint from a home owner who has purchased one of his/her homes or contracted for a remodeling project, with concurrence of owner.
- C. HBANK - member supplier, subcontractor and/or Associate Member who has provided materials or services to a Registered Builder/Remodeler.

***Steps in processing Public Complaints filed through the Home Builders Association of Northern Kentucky:***

*This time schedule for processing complaints shall be adhered to unless superseded by time schedules provided in the Limited Warranty issued to the home owner.*

1. Home owner submits complaint in writing to the HBANK office. Complainant is asked to wait fourteen (14) days to see if Registered Builder/Remodeler will act without a formal complaint being issued. Complaints must be submitted within the one (1) year warranty period to be considered for conciliation.
2. Registered Builder/Remodeler is immediately notified of complaint by mail.
3. No formal complaint is accepted until second call or letter is received from home owner after fourteen (14) day waiting period.
4. When home owner calls or writes the second time, he/she is sent a *Request for Conciliation/Complaint Form*. The complaint form provides space for the home owner to list all pertinent information relative to the home or project and the specific nature of the complaint, referencing the *Performance Standards Manual*. HBA staff shall advise home owner of the *Performance Standards Manual* that is available on the HBA web site to be referenced in the filing of a written complaint.

The home owner must sign the *Conciliation Agreement* which states he will accept the decisions of the Committee.\*\*

*\*One of the requirements of the Registered Builder/Remodeler Program is that if any monies are owed to the Registered Builder/Remodeler, said monies must be placed in the HBANK Escrow Account prior to the case being conciliated by the Registered Builder/Remodeler Committee. Disbursement of such monies to the Registered Builder/Remodeler is made by the Registered Builder/Remodeler Committee after its determination of the Registered Builder's/Remodeler's compliance to the decisions rendered by the Committee.*

**\*\*The Registered Builder/Remodeler member has agreed to abide by the decisions of the Committee, upon submission of application for membership.**

5. Upon receipt of the completed and signed complaint forms, the *Conciliation Agreement*, a copy of the Limited Warranty issued by the Registered Builder/Remodeler to the homeowner and a \$100 processing fee from the home owner, two (2) members of the Registered Builder/Remodeler Committee are assigned to investigate the complaint. The HBANK staff person shall contact the home owner and the Registered Builder/Remodeler to arrange a convenient time to have all parties meet at the residence.
6. At this meeting, the two inspectors will investigate all alleged defects listed by the

home owner, hearing from the Registered Builder/Remodeler as to his/her performance or nonperformance in correcting the alleged defects.

7. Upon completion of the inspectors' investigation, conferring with both home owner and Registered Builder/Remodeler, the inspectors complete a *Conciliation Agreement* which lists the alleged defects and the actions to be taken or not taken by the Registered Builder/Remodeler to repair as outlined in the *Performance Standards Manual*. The home owner and Registered Builder/Remodeler sign a formal written Agreement.
8. If there still exists a dispute pertaining to the Registered Builder's/Remodeler's responsibility in an instance of a listed complaint(s), the inspectors will notify the HBANK office to have the case placed on the agenda of the next scheduled Registered Builder/Remodeler Committee meeting, for conciliation of the disputed items (Steps a-c).

(a) The inspectors report their findings to the Committee at the next closed scheduled meeting. After discussion, the Committee notifies the Registered Builder/Remodeler in writing stating the work to be performed, itemizing individually each decision from the original complaint list. In this decision letter, the Registered Builder/Remodeler is advised that if he/she finds any decision he disagrees with, he/she has ten (10) days from the date of the decision letter to call the HBANK office to schedule an appeal at the next Registered Builder/Remodeler Committee meeting.

(b) If the Registered Builder/Remodeler requests, he/she is asked to appear before the Committee at its next meeting. The Committee hears the Registered Builder's/Remodeler's appeal and reviews the original decision made. After reviewing the decision in light of the Registered Builder's/Remodeler's appeal, the Committee advises the Registered Builder/Remodeler as to the decision on items in dispute.

(c) If the ten (10) day period lapses and the HBANK office does not hear from the Registered Builder/Remodeler and/or after the appeal appearance before the Committee by the Registered Builder/Remodelers, the Committee advises the home owner as to the resolution the Registered Builder/Remodeler has agreed to, itemizing individually each decision from the original complaint list.

9. Whether an Agreement is reached at the initial inspection or the case is conciliated by the full Registered Builder/Remodeler Committee, the Registered Builder/Remodeler Program provides that compliance by the Registered Builder/Remodeler be within sixty (60) days from the date of the agreement and/or decision letter. Non-compliance to the Agreement or decision letter subjects the Registered Builder/Remodeler member either to suspension or expulsion from the Association. Prior to recommendation for expulsion to the Board of Directors, the Committee is required to make an attempt to interview the Registered

Builder/Remodeler. The Registered Builder/Remodeler Committee's recommendation regarding suspension or expulsion must be considered by the HBANK Board of Directors and may be appealed by the Registered Builder/Remodeler member. The Registered Builder/Remodeler must request an appeal within thirty (30) days of notification of the Board's decision. The Board shall hear the appeal within sixty (60) days.

***Steps in processing complaints from a HBANK - member supplier, subcontractor and/or Associate Member who has provided materials or services to a Registered Builder/Remodeler.***

1. Must be a written complaint filed against an HBA Registered Builder or Remodeler (Respondent).
2. The Respondent will be notified of the complaint within ten (10) days of receipt of the written complaint. Complainants do not have to be member of the HBA of Northern Kentucky.
3. The value of the claim must be in excess of \$1,500.
4. Complaints for non-payment may not be filed prior to ninety (90) days from the agreed upon payment terms. In absence of a written agreement of the payment terms a complaint may be filed after ninety (90) days from date of initial invoice.
5. A credit report on the company shall be secured upon receiving three (3) written complaints against any Registered Builder/Remodeler within a six (6) month period.
6. The Registered Builder/Remodeler Committee will be notified after three (3) written complaints from different companies within six (6) months or four (4) written complaints from different companies within a twelve (12) month period filed against any Registered Builder/Remodeler to determine the appropriate action to be taken.
7. The Respondent shall be provided an opportunity to personally address the Registered Builder/Remodeler Committee regarding the allegations.
8. The Respondent shall be provided the opportunity to appeal the committee's final recommendations to the Board of Directors.
9. The Board of Directors must obtain a 2/3rds vote of support for the committee's recommendations prior to rendering a final decision.

**V. THE REGISTERED BUILDER/REMODELER PROGRAM**

- A. Any Registered Builder/Remodeler member who disaffiliates his membership in HBANK for any reason, voluntarily or involuntarily, automatically relinquishes his rights the advantages of the Registered Builder/Remodeler Program, its insignia, use of the HBANK Registered Builder/Remodeler contracts and warranty, and other program privileges.
- B. As a Registered Builder/Remodeler member of the Association, the Registered Builder/Remodeler agrees to issue to his/her customer or owner (on new construction) a one-year limited warranty prior to the final inspection, occupancy of the owner, or completion of the remodeling project. This one (1) year limited

warranty shall at a minimum include the provisions set forth in the *HBANK Home Owners Limited Warranty*. Also, the Registered Builder member will provide the new home owner a *How to Care for Your Home* booklet, which is available at the Association office and both Registered Builder and Registered Remodeler members shall provide a copy of the HBANK's *Performance Standards Manual*.

- C. The Registered Builder/Remodeler will be made available professionally designed promotional materials, including but not limited to decals, brochures, site signs, warranties, Care of Home booklets, etc. at a nominal fee.
- D. The Registered Builder/Remodeler agrees to present his business firm and/or himself/herself to the public as a Registered Builder/Remodeler by using the insignia when advertising to be identified as such and to use the promotional materials as they are available with the Registered Builder/Remodeler Program.
- E. The Registered Builder/Remodeler Program shall be reviewed and amended, as necessary, at the discretion of the Registered Builder/Remodeler Committee.
- F. Registered Builders/Remodelers shall be notified of the Continuing Education (CE) requirements and deadlines through HBA communications including the Northern Kentucky Builder Magazine.
  - 1) An initial written notice of the annual deadline will be sent on or about August 1, including the status report of participant's credits, along with a listing of future HBA educational opportunities.
  - 2) A second written notice shall be sent on October 1. A list of participants who have completed the requirements will be published in the October issue of the Northern Kentucky Builder magazine.
  - 3) A third registered notice of the annual deadline will be sent to Registered Builders/Remodelers on or about December 1, which will include the number of credits participants have earned; credits needed and notice of impending program suspension if credits are not obtained and submitted by December 31. Additionally, the third notice will include a statement that insurance privileges including HBA sponsored health and workers compensation programs will be terminated for failure to meet the continuing education requirement and that such privileges will not be available for one year from date of termination.
  - 4) Registered Builders/Remodelers that fail to obtain and provide written proof to the HBA staff documenting the required number of annual continuing education (CE) hours by December 31, shall be subject to a late fee of \$100. Companies that fail to obtain the required CE hours by January 31 shall be required to pay an additional \$250 late fee. Failure to obtain the required CE hours by February 28 shall subject the company to expulsion, upon the recommendation of the Registered Builder/Remodeler Committee and approval of the Board of Directors. All late fees must be paid in full to the HBA by March 1.
  - 5) Notice of membership termination will be sent to all Registered Builders/Remodelers who have failed to meet the continuing education requirements by March 1. Notice of participant terminations shall be provided, if

appropriate, to HBA-endorsed health and workers compensation insurance providers.

- G. All Registered Builders/Remodelers shall be listed in a roster for public reference on the HBA web site.

*Revised 3/09*