

Quality Assurance System  
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# Dominion Building & Development Co.

## Quality Assurance Manual



**Dominion Building & Development Co.  
Catalpa, CA**

**Quality Assurance Manual**

(Sample Quality Manual)

A controlled Document

Version 8

May 23, 2007

**Note: This is a sample Quality Assurance manual for a hypothetical builder in the American West. It is an example only, to demonstrate how a company might address the issues in this program. Each firm will have its own approach to business, and will vary with their company organization, company size, work scope, and approach to quality assurance.**

## Log of Quality Manual Revisions

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| 1              | Dec 15, 2005      | Initial version  |
| 2              | March 3, 2005     | Added safety provisions  |
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|                |                   |  |

## Table of Contents

|   |    |
|---|----|
| 1.0 General .....   | 7  |
| 1.1 Scope .....   | 7  |
| 1.2 Leadership .....  | 7  |
| 1.3 Quality and Safety Statements .....   | 7  |
| 1.4 Quality System .....  | 7  |
| 1.5 Quality Responsibilities .....  | 8  |
| 1.6 Organization Chart .....  | 8  |
| 1.7 Competent Personnel .....   | 8  |
| 1.8 Training .....  | 9  |
| 1.9 Corporate Communications .....  | 9  |
| 1.10 Customer Feedback .....  | 9  |
| 1.11 Performance Measures .....   | 10 |
| 1.12 Company Process Flow .....   | 10 |
| 2.0 Quality System Management .....   | 11 |
| 2.1 Management Committees .....   | 11 |
| 2.2 Annual Management Review .....  | 11 |
| 2.3 Third Party Audits .....  | 11 |
| 2.4 Quality System Changes .....  | 11 |
| 2.5 Document Control .....  | 11 |
| 2.6 Record Keeping .....  | 12 |
| 2.7 Update of Referenced Documents .....  | 12 |
| 3.0 Production Operations .....   | 14 |
| 3.1 Production Operations Quality Plan .....                                    | 14 |
| 3.1.1 Scope of the Production Operations .....                                  | 14 |
| 3.1.2 Process Flow .....  | 14 |
| 3.1.3 Trade Contractor and Supplier Contract Documents and Scopes of Work ..... | 14 |
| 3.1.4 Codes, Standards, and Regulations .....                                   | 15 |
| 3.1.5 Company Standards .....   | 15 |
| 3.1.6 Manufacturer's and Product Installation Standards .....                   | 16 |
| 3.1.7 Safety Plans .....  | 16 |
| 3.1.8 Safety Procedures .....   | 16 |

3.1.9 Scheduling ..... 16

3.1.10 Selection and Approval of Trade Contractors, Materials, and Other Support Services ..... 17

3.1.11 Version Control ..... 18

3.1.12 Job Completion Policy..... 19

3.1.13 Protection of Work Policy ..... 19

3.1.14 Quality System Changes..... 19

3.2 Production Operations Quality Review..... 19

3.2.1 Job Ready Procedure ..... 19

3.2.2 In-Process Inspection..... 20

3.2.3 Final Inspection or Review ..... 21

3.2.4 Corrective Action..... 21

3.2.5 Inspection Records ..... 21

3.3 Production Operations Continual Improvement..... 22

3.3.1 Pre-emptive Actions ..... 22

3.3.2 Employee Training ..... 23

3.3.3 Internal Reviews..... 23

3.3.4 Trade Contractor Quality Assurance Program Support..... 23

4.0 Warranty and Service Operations ..... 25

4.1 Warranty and Service Operations Quality Plan..... 25

4.1.1 Scope of the Warranty and Service Operation ..... 25

4.1.2 Process Flow..... 25

4.1.3 Warranty Documents, Repair Procedures, and Installation Manuals ..... 25

4.1.4 Codes, Standards, Regulations and Manufacturer’s Instructions..... 26

4.1.5 Warranty and Service Operations Standards ..... 26

4.1.6 Scheduling ..... 26

4.1.7 Approving and Selection of Trade Contractors, Materials, and other Support ... 27

4.1.8 Version Control ..... 27

4.1.9 Confirmation of Completed Warranty and Service Work..... 27

4.1.10 Protection of Completed Work ..... 27

4.1.11 Quality System Changes..... 28

4.2 Warranty and Service Operations Inspections ..... 28

4.2.1 Confirmation of Needed Warranty or Service Work ..... 28

4.2.2 Final Inspection or Review ..... 28

4.2.3 Corrective Action ..... 28

4.2.4 Inspection and Review Records ..... 29

4.3 Warranty and Service Operations Continual Improvement ..... 29

4.3.1 Pre-emptive Actions ..... 29

4.3.2 Employee Training ..... 29

4.3.3 Internal Reviews ..... 30

4.3.4 Trade Contractor Quality Assurance Program Support ..... 30

5.0 Sales Operations ..... 31

5.1 Sales Operations Quality Plan ..... 31

5.1.1 Scope of the Sales Operation ..... 31

5.1.2 Process Flow ..... 31

5.1.3 Sales Documents ..... 31

5.1.4 Sales Operations Procedures ..... 31

5.1.5 Scheduling ..... 32

5.1.6 Version Control ..... 32

5.1.7 Confirmation of the Sales Process ..... 32

5.1.8 Quality System Changes ..... 32

5.2 Sales Operations Quality Review ..... 32

5.2.1 Final Document Review ..... 33

5.2.2 Corrective Action ..... 33

5.2.3 Review Records ..... 33

5.3 Sales Operations Continual Improvement ..... 33

5.3.1 Pre-emptive Actions ..... 33

5.3.2 Employee Training ..... 33

5.3.3 Internal Reviews ..... 34

Appendix A Dominion Building & Development Co. Quality System ..... 35

## **1.0 General**

### **1.1 Scope**

Dominion Building & Development Co. builds single-family homes on developed lots purchased from developers in the Catalpa metropolitan area of Northern California. The company has an in-house sales force and warranties all homes for up to 10 years using insurance-backed structural warranty program. Homes are sold from model homes in several locations throughout the metropolitan area. The homes include entry level, move up, and semi-custom homes.

### **1.2 Leadership**

The senior management of Dominion Building & Development Co. has committed to set policies and performance expectations for the company's quality system, including the frequency of planning meetings, internal and external quality reviews, initial and on-going training, and other regular quality and safety management activities. In addition, the senior management of the company will frequently communicate these goals and expectations to all levels of the company through a variety of means, including meetings, the company intranet, and company newsletters.

### **1.3 Quality and Safety Statements**

The company quality statement has been aligned with the company mission statement, is posted throughout the offices, and is included Appendix #1. The quality statement has been developed by senior management to describe our commitment to quality, continual improvement, and reinforcing compliance with our quality assurance system. Our quality commitment has been communicated throughout the organization, to our customers, and to our trade partners.

The company safety commitment statement is also included as Appendix #2. The safety statement has been developed by Senior Management to demonstrate the full commitment from the company to protect the health, safety, and well being of all persons on the jobsite and in employ of the company. The company commits to providing a quality product safely. We have notified our customers, our associates, our trade contractors, and regulatory agencies of our commitment to a safe and accident-free jobsite.

### **1.4 Quality System**

The quality system of Dominion Building & Development Co. covers all key elements of the Company's activities and is documented in the Dominion Building & Development Co. Quality Manual. There are functional area sections for production (including purchasing and construction), warranty, and sales. The quality manual describes how each functional area works, how inspections or reviews are expected to occur, and the on-going process of continuous quality improvement that is expected throughout the company.

The Quality Manual is located on the common server of the company. Employees and consultants with authorization to access this common server may view a current copy of

the Quality Manual at any time. Employees and consultants may print all or a portion of the Quality Manual for their use. All printed copies or portions of copies will contain an expiration date. The only up to date copy of the Dominion Building & Development Co. Quality Manual is the one located on the common drive. This quality manual will be updated from time to time and an approved current copy will placed on the common server.

The current version of the safety /accident prevention procedures of the Dominion Building & Development Co. is referenced in the company quality manual (Master copy is in the office of the Safety Officer) The company provides information about the safety/accident prevention program to Trade Contractors, suppliers, and other entities at the jobsite.

Dominion Building & Development Co. will provide jobsite information, enforcement, and support for the jobsite safety program. Included in the safety appendix are: Safety Inspection Form; Dominion Building & Development Co. Safety Disciplinary Policy; Procedures for Injury or Illness on the Jobsite; Rules for Incident Investigation; Required Jobsite Bulletin Board information; First Aid requirements and procedures; Crew safety training minutes form, and Incident Investigation Report.

### **1.5 Quality Responsibilities**

All employees are responsible for carrying out their day-to-day duties in accordance with the requirements of the Dominion Building & Development Co. quality system. The Quality Manager is responsible for the ongoing operations of the Dominion Building & Development Co. Quality System. The Safety Officer is responsible for the ongoing operation of the Dominion Building & Development Co. Safety System. The President is responsible for providing sufficient resources and authority to the Quality Manager and Safety Officer to allow the quality system and safety system to properly function. The Quality Representatives from each functional area of the company are responsible for the ongoing operation of the quality system within their respective functional areas. Additional responsibilities of the quality manager and the individual quality representatives from each functional area of Dominion Building & Development Co. are listed Appendix #5.

### **1.6 Organization Chart**

An organizational chart showing the reporting relationships of the key positions within Dominion Building & Development Co. is included as Appendix #3.

### **1.7 Competent Personnel**

Dominion Building & Development Co. will maintains a job description of each employee that has a key role in assuring the consistent and regular delivery of an accident free/zero defect quality built new home to the customers of Dominion Building & Development Co.. The individual managers of each operating entity and functional area of the company have developed and are using those job descriptions to assure that qualified and competent persons fill those key positions. Each manager of Dominion Building & Development Co. reviews all key employees in their area, at least annually, to identify areas where those key employees are exceeding the expectations of

Dominion Building & Development Co. Each key employee is reviewed annually to identify areas where improvements in their individual performance are warranted and assistance and training is made available to help assure that these improvements are made.

### **1.8 Training**

All new employees of Dominion Building & Development Co. will review the elements of the company's quality system. Their functional role in the day-to-day operation of the quality system will be explained. Records will be kept of each new employee's completion of these two items.

All employees of the company review the quality manual at least annually and a record is maintained of this review.

Dominion Building & Development Co. maintains an ongoing training program to provide employees with an opportunity to see how their work influences the continuous improvement process and the quality performance measures of the company. The company also maintains an ongoing safety-training program. Records are kept of employee participation in these training programs.

### **1.9 Corporate Communications**

The common drive of the company includes a Quality Bulletin Board where employees can post questions and management can answer questions on the function and management of the Quality System. All questions and all answers are kept available to all through access to the common drive for a minimum of 3 months. An annual record is maintained of all questions and answers by the Quality Manager.

This Bulletin Board will also be used to post a current list of quality and safety initiatives that are being tracked in each area of the company. This Bulletin Board is used to solicit new ideas that different areas of the company could implement to improve the company's customer satisfaction results. This Bulletin Board is used to post results of customer surveys to emphasize the importance to all employees of these results.

Results of the regular field managers' evaluations of all approved trade contractors are discussed during the annual contract review with those trade contractors. All trade contractors are invited to a semi-annual "Partner's Breakfast" to communicate company priorities and plans for the upcoming period.

Each home buyer of the company is assigned to a sales representative who maintains regular documented communications with that home buyer throughout the period from sales contract approval to home closing.

### **1.10 Customer Feedback**

Dominion Building & Development Co. documents the contact information for new home prospects that come into any Dominion Building & Development Co. sales office. The company surveys a sample of all new home prospects listed in the sales prospect data base that have not been converted to a new home customer approximately 60 days after their documented initial visit to any company sales location, including the web site.

Levels of prospect satisfaction with the neighborhoods, models, sales staff, sales process, and general reputation are documented.

All new home customers are surveyed after the completion of their customer selection process to determine the level of satisfaction with the Dominion sales and design center process.

All new home customers are surveyed 60 days, 365 days, and 730 days after closing on their new home by an outside independent survey consultant. These surveys are used to determine the level of satisfaction of these customers and their willingness to refer Dominion Building & Development Co. to a friend.

All these results are used to improve the performance of the company in meeting or exceeding new home customer expectations.

### **1.11 Performance Measures**

The performance measures of Dominion Building & Development Co. are as follows:

- Our Customer Satisfaction Index (CSI) with the quality of their new home.
- Percentage of city and county inspections passed the first time
- Percentage of jobs ready, based on regular survey responses of trade contractor job ready inspections of all phases of their work
- The percentage of the company's new home construction completed under the supervision of a documented QA program
- Number of reported lost-time accidents per development
- Number and cost of safety inspector citations
- The average number of service calls from customers during the first year of occupancy
- The amount of time required to "clear" a service ticket for an existing home owner
- The number of new home purchasers willing to refer the company to a friend after 2 years of living in one of our new homes
- New home purchaser's level of satisfaction (CSI) with the new home sales process, measured at the end of customer selections

The Quality Manager will graph these performance measures on a monthly basis and report to senior management on the progress of achieving the company's annual goals. A report card summarizing the above measure will be posted quarterly on the Bulletin Board for the employees to see.

Each year the above list of performance measures will be reviewed and modified as considered appropriate by the management team of Dominion Building & Development Company, and new annual goals will be set for the currently approved list of performance measures.

### **1.12 Company Process Flow**

The relationship of the major management areas of Dominion Building & Development Co. is shown on the Company Process Flow chart included as Appendix #4.

## **2.0 Quality System Management**

### **2.1 Management Committees**

The President has appointed members of the quality management committee. The President serves as Chair. The Quality Manager acts as Vice Chair of the committee. There is a Quality Representative from each functional area of the company. This committee meets every month to review the overall operation of the company's quality system and is responsible for any needed improvement or updates to the quality system. To guide the quality management committee meetings an agenda is regularly prepared. An example of a typical agenda showing the important recurring items covered in the regular meetings is included as Appendix 35. The quality management committee keeps written records of their meetings and their actions.

The President has appointed the Safety Management committee. The Safety Officer shall chair the committee, with the Director of Construction acting as Vice-Chair of the Committee. The general superintendent and selected representative superintendents also serve on this committee. The committee meets quarterly to discuss the effectiveness of the company's safety/accident prevention program. The Safety Committee keeps records of its meetings and actions.

### **2.2 Annual Management Review**

Dominion Building & Development Co. convenes a meeting of senior management, the quality committee, and the safety committee at least annually for the purpose of an overall management review of both systems. This meeting is a review of the quality system, a review of the company's performance for the past year, and sets goals for the upcoming year. The agenda topics for the Annual Management Review are listed in Appendix #8. Minutes of the meeting are kept.

### **2.3 Third Party Audits**

The quality system for Dominion Building & Development Co. is audited at least annually by the NAHB Research Center as a part of the NHQ Certified Builder Program.

### **2.4 Quality System Changes**

All changes to the company's Quality System are proposed changes until the Quality Manager update the quality manual on the company's common server. The Quality Manager and the President are the only persons with authority to modify the quality manual.

### **2.5 Document Control**

All changes to the quality manual and to the quality system are recorded on an electronic log and kept as a part of the officially approved quality manual file. A sample of this log is included as page 2 of this quality manual.

All printed copies of the quality manual are considered automatically out of date 30 days after the print date of the copy.

The company copy of general reference documents referred to in this quality manual is updated from time to time, but in no case less than annually. A log of these general references is kept as a part of this quality manual. A sample of that General Reference Control Log is included in Appendix 7.

### 2.6 Record Keeping

Dominion Building & Development Co. keeps quality and safety records for a period of at least 14 years in a safe location and under control of the management of the VP Operations. Some quality records are maintained as a part of the open and the closed individual house files. The quality files include:

- Job ready, in process, and final inspections of houses under construction
- Approved plans and specifications
- Purchaser contract of sale
- Customer closing record
- Initial New Home Orientation Document with customer signature indicating acceptance of the new home prior to closing

Quality records not maintained as a part of individual house files include:

- Hot spot training files
- Documentation of meetings and reviews required by the quality system
- Annual Quality System Reviews
- Internal audits for each operation entity of the company
- Records of trade contractor certification
- One annual reference copy of the current Dominion Building & Development Co. Quality Manual

Safety Records to be maintained as a part of our company safety program include:

- Record of safety training
- Minutes of toolbox talks
- Records of jobsite safety inspections
- Record of Trade Contractor Safety Plans
- Inventory records of personal protective equipment and first aid equipment at each construction office
- Records of work related injuries and illnesses, OSHA Forms 300, 300A, and 301 as per OSHA regulations. OSHA regulations require posting of form 300A at each construction office from February 1 through April 30 of each year.
- Specific State required records.

### 2.7 Update of Referenced Documents

All general reference documents referred to in this quality manual are reviewed each year and updated as needed to have a current copy (or copies) available for use by company employees. The quality representative in each functional area of Dominion Building & Development Co. completes this review and the results are communicated in writing to the Quality Manager. The log of these general references is kept as Appendix

#7 and updated by the Quality manager when requested by the quality representatives in any functional area.

## **3.0 Production Operations**

### **3.1 Production Operations Quality Plan**

#### **3.1.1 Scope of the Production Operations**

There is a Production Division with separate functions for purchasing and field management. The purchasing department maintains a list of approved vendors, all approved scopes of work, all approved plans, and tracks job ready reports from our trade partners. The purchasing department negotiates and signs all contracts and purchase orders needed to complete the construction of new homes. The General Superintendent is responsible for all field construction activity, including jobsite safety, and the construction completion of all new homes. Both purchasing and construction regularly implement actions plans for making quality improvements in the company's business activities.

#### **3.1.2 Process Flow**

The typical work flow of the company's purchasing department and the field construction operation are included as Appendix 14 and 15.

#### **3.1.3 Trade Contractor and Supplier Contract Documents and Scopes of Work**

##### **3.1.3.1 General**

All new sales contracts are reviewed by the Production Manager to confirm that the new home referenced therein can be built by the production operation and that customer expectations can be met. The Production Manager initials the cover sheet of all sales contracts to confirm this review (See Appendix #9).

##### **3.1.3.2 Individual Trade's Contracts**

The production operation met with all trades and agreed upon a single set of Dominion Building & Development Co. job ready requirements for each phase of the work. A Job Ready Process Map is included as Appendix #12. These job ready requirements will be reviewed, with input from the trades, on an annual basis to update and improve them. A record will be kept of this annual review.

The production department met with all trades and agreed upon a scope of work for each phase of the work. This simple scope of work includes a clear definition of the tolerances and requirements of each completed phase of work. The trade contractor agreement includes the warranty and service requirements of each trade contractor so any work required after closing of a new home to our purchasers is clearly understood by both sides, but this information is in a portion of the agreement separate from the scope of work. The scope of work references the performance guidelines included in the company's warranty so the work done will meet the expectations of the company's new home purchasers. These scopes of work are reviewed with input from the trades and from the warranty department, and revised annually if needed. A record is kept of this review and update. All trade contractor crews and all Dominion field personnel are

expected to have these scopes of work on the site for guidance when work is being performed.

The Dominion Building & Development Co. standard contract includes the job ready requirements, scope of work, and Dominion trade specific inspection procedures for each phase of the work. The standard contract will require that all Trade Contractors comply with all safety regulations. Each Trade Contractor will provide their Accident Prevention Plan to Dominion prior to commencing work on the jobsite.

### **3.1.4 Codes, Standards, and Regulations**

All work done by Dominion Building & Development Co. will meet or exceed all applicable building codes and other federal state and locally adopted requirements. The Purchasing Assistant, as explained in the job description for the position, is responsible for developing and maintaining a list of such code and other regulatory requirements and the jurisdictions where they apply. The Purchasing Assistant provides this list to any consultant working for Dominion Building & Development Co. The Purchasing Assistant keeps a current copy of all such codes and regulations in the purchasing department for the use of any Dominion Building & Development Co. employee that needs them. The Purchasing Assistant develops and maintains a loose leaf binder that summarizes the differences of application, adoption, and interpretation of local amendments to the current building code. A copy of this binder will be made available to the General Superintendent and to all Superintendents. The Purchasing Assistant reviews the list and the current copy of these codes and regulations with the Purchasing Director on an annual basis. A record is kept of this review and any actions required as a result of this review. Dominion Building & Development Co. requires that each engineer or design consultant preparing drawings for Dominion Building & Development Co. include a "Designer's Certification" that all of their work is in accordance with locally applicable codes and regulations.

The Safety Officer will keep up to date files of current Safety regulations from OSHA and the State Safety agency. All superintendents are furnished a set of current safety regulations. The Safety Officer makes timely notification of new safety standards.

### **3.1.5 Company Standards**

At a minimum and unless otherwise agreed to, in writing, all work done by Dominion Building & Development Co. is done in accordance with applicable codes, safety regulations, standards, manufacturer's instructions, product installation instructions, and industry guidelines. The company has developed a summary of those specific company standards that are different from or in excess of the code minimums and this is communicated to our trade contractors as a part of the scope of work. (See Appendix # 24 for a sample of the document). All trade contractors are required to notify Dominion Building & Development Co. of any reason for deviating from established tolerances or procedures, or from the scopes of work included in the trade contractor's contract with Dominion Building & Development Co. The Quality Manager will keep a record of any written exceptions to the scopes of work of any trade contractor.

Dominion Building & Development Co. requires that as a condition of their approval as trade contractors, each trade contractor maintains a record of the calibration of any and

all equipment used on an Dominion site or to fabricate any materials or equipment that comes on to an Dominion Building & Development Co. site. Dominion Building & Development Co. requires that all approved trade contractors make periodic checks to assure that their equipment is properly calibrated and will make records of those calibrations and checks available to the Purchasing Director of Dominion Building & Development Co. upon request.

### **3.1.6 Manufacturer's and Product Installation Standards**

The Purchasing Director maintains a list (or file) of the current installation instructions, including safety provisions, for all products and equipment installed in homes built by Dominion Building & Development Co., except for those materials and/or equipment installed by a quality certified trade contractor. This list is updated at least annually and may be made available to any employee (including the warranty staff) or approved trade contractor of Dominion Building & Development Co. The General Superintendent and all field management staff are responsible to see that these instructions are followed by all employees and trade contractors in all new construction by including periodic inspections to these instructions as a part of their day-to-day inspection process. Material Safety Data Sheets are provided by each trade and are available at the jobsite for all material installed at the jobsites.

### **3.1.7 Safety Plans**

Special safety plans for jobsite conditions will be formulated by the safety officer and will be contained in the Company Safety Plans and Procedures Manual. All Trade Contractors working at the jobsite will have similar compliant plans and are required to implement them on each jobsite.

### **3.1.8 Safety Procedures**

Dominion Building & Development Co. has identified safe work rules and procedures that will be used on its jobsites. The safety officer has compiled these safe work procedures and has included them in the Company Safety Plan and Procedures Manual. The safety officer maintains the original version of the safety manual (one of the reference documents listed in Appendix #7) and makes changes as approved by the safety committee. Each site supervisor is provided sufficient current copies for all site employees of the company. All trade contractors working for Dominion Building & Development Co. will be given a copy of the safety plan and procedures manual, and will be required to meet or exceed these standards at the jobsite.

### **3.1.9 Scheduling**

The company has a computerized scheduling system that is managed by each site superintendent. The general cycle time for any single house begins with the typical schedule template for either a "Tempo" or a "Traditional" series model. Key trade partners are consulted to confirm that the time allowed in the template for their individual trades is sufficient to maintain the company's quality standards. The Typical Schedule Template is included as Appendix #11.

An overall production schedule for a release of homes is then developed and released to the job for management and monitoring by the site superintendent. Copies of the schedule are available to all trades at the company's password protected website.

The actual dates for starting construction and delivering completed homes are approved by the President of Dominion Building & Development Co. The construction schedule is divided into 2 parts, before interior close-in and after interior close-in. All proposed customer delivery dates are to be re-confirmed by Sales at the time of close-in. Only the President has the authority to delay a closing date of a new home.

The General Superintendent and all field management staff are responsible to provide updates to the Production Manager on this detailed schedule. The Production Manager is responsible for advising the President and the Sales Manager if there needs to be additional time in the general schedule template to assure that the quality standards of Dominion Building & Development Co. are maintained on all new homes to be built.

The Sales Manager will advise any new home customer if there is a delay in the closing date of their new home.

### **3.1.10 Selection and Approval of Trade Contractors, Materials, and Other Support Services**

The company goal is to assure that all critical construction activity is supervised by a documented quality management system. The Purchasing Manager and the General Superintendent have defined a list of critical trades that require formal quality management system oversight. This list includes at a minimum all trades involved with the building envelope, HVAC, plumbing, electrical, and any work that becomes concealed during the production process. All trades that have a significant impact on customer satisfaction are considered critical trades and their NHQ certification status is regularly tracked. Appendix #34 includes this list of key trades and the tracking methodology.

The production operation ensures quality management supervision of each critical trade by:

- a) Utilizing NHQ Certified Trade contractors, and/or
- b) Conducting and documenting periodic trade contractor quality audits sufficient in scope and detail to verify the implementation and effectiveness of the trade contractor's quality system per the NHQ Requirements, and/or
- c) Internally providing all quality management activities comparable to the NHQ requirements.

The effective quality management activities is ensured by including code compliance, workmanship standards, documented inspections, corrective actions, preventive actions, and training in all construction activities. The company has a strong preference to utilize NHQ Certified trade partners.

The Purchasing Manager has established a procedure to evaluate new and existing trade partners, materials, and support services considering quality, price, performance, and service and the effectiveness of the Trade's own quality management program.

The current procedures for maintaining and evaluating the approved vendor list are kept in the office of the Purchasing Manager. The Purchasing Manager is responsible for updating the procedures for adding to, deleting from, and maintaining the list of approved partners. The list is reviewed at least every quarter.

The Purchasing Manager has developed a system of field management feedback which is used to evaluate the ongoing performance of all trade partners on the approved vendor list. The Safety Officer will be responsible for quarterly evaluation of each Trade Partner, based on safety performance on the company's projects. The safety evaluation will be used in establishing the list of approved Trade Partners.

Superintendents may request that a vendor be added to the approved list and the Purchasing Manager reviews and approves any such additions against the established company criteria. The current list is posted on the common drive for use by all employees.

The Purchasing Manager maintains a list of company approved materials and equipment that is to be included in all new home construction. At any time any employee may request evaluation of new or different materials or equipment. At least every 6 months, or at other times as directed by the President, a working group will be convened by the Purchasing Manager. Other areas of the company (i.e. construction, sales, and warranty) will be represented on this working group. It is the charge of this working group to evaluate any proposed changes to the company approved list of materials and equipment and recommend any changes. Factors of cost, durability, ease of use, ease of repair, availability, marketability, and quality shall constitute the criteria for this periodic evaluation. The current approved list shall be available on the common drive of the company for review at any time.

### **3.1.11 Version Control**

Consultants develop new home plans for the company. New plans are not approved for sale or construction until they are priced out and value engineered. The President approves the introduction of new home plans into the mix of company sales offerings.

The Production Manager maintains a current file of all approved versions of home plans. Print dates and version number are stamped on the printed copy of all plans that are distributed to field managers, the purchasing department, and the sales director. A log of the current approved version number of all new home plans is maintained by the Production Manager and posted on the common drive. All field managers, sales personnel, and purchasing personnel monitor the common drive to assure that they have current approved plans. Out-of-date plan sets are exchanged for current sets when a new set is generated.

The President and the Production Manager approve all trade contractor scopes of work. The Purchasing Manager maintains a current master file of approved scopes of work on the common drive and includes them in individual trade contracts.

Inspection procedures and approved inspection formats are included in this quality manual and posted on the common drive. All field managers print copies of inspection forms as needed. The General Superintendent advises the Quality Manager when regular changes to inspection forms (typically quality management improvements) are

required and the Quality Manager makes the changes in these inspection forms on the common drive.

### **3.1.12 Job Completion Policy**

Dominion Building & Development Co. will not let a new home proceed to closing with outstanding punch-out items that are to be completed by any trade contractor. The company will not let a new home proceed to closing until the new home purchaser has accepted the home in writing following an on-site meeting with a Warranty representative of the company. Dominion Building & Development Co. defines a completed new home as one that is livable and conforms in all respects to the sales contract, the plans and specifications, and the construction standards of Dominion Building & Development Co. It is the clearly stated intent that new homes are to be completed before a purchaser proceeds to closing on their new home. The company goal is to deliver a “zero punch list” home to every customer.

### **3.1.13 Protection of Work Policy**

The scope of work that is a part of each trade contractor’s contract includes any provisions applicable to that trade contractor for the protection of their completed work, and for their actions to respect and protect the completed work of any other trade contractor or vendor. The purchase order contract for any items, materials, or equipment supplied to a Dominion Building & Development Co. job specifies any protection or proper storage methods required by that vendor to protect their delivered items.

The company standards (see Appendix #24) of Dominion Building & Development Co. include a commitment of Dominion Building & Development Co. employees to specifically protect any delivered items or completed work from damage by weather or another trade contractor.

### **3.1.14 Quality System Changes**

The production operation has assigned an employee as the Quality Representative for Production. This quality representative reviews Section 3.0 of this quality manual at least annually. Any changes proposed by the quality representative are reviewed and approved by the company’s quality management committee in a regularly scheduled meeting.

All approved changes to the quality manual of the production operation are made by the Quality Manager and recorded on an electronic log and kept as a part of the officially approved quality manual file.

All printed copies of the quality manual are considered automatically out of date 30 days after the print date of the copy. The version of the company’s quality manual on the common drive is always up to date.

## **3.2 Production Operations Quality Review**

### **3.2.1 Job Ready Procedure**

Job ready requirements have been agreed upon between the company and all approved vendors for each phase of the now home construction work. These job ready requirements are consistent for all Dominion Building & Development Co. jobs and job superintendents. Appendix #12 is a flow chart showing the job ready process. Actually being job ready for any phase of the work is highly dependent upon the work of previous trades and the condition of the job at the conclusion of that preceding work. Assuring that job ready requirements are met, assuring that the schedule requirements of the company are met, assuring that the jobsite is safe, and assuring that the quality of the construction of any Dominion Building & Development Co. new home is not compromised require careful adherence to field procedures.

The following procedure will be followed in the field:

As a condition of the agreed upon scope of work all trade contractors do a documented job ready inspection before commencing their phase of the work. Any trades arriving at the jobsite without their own job ready inspection form can receive one from the Dominion job superintendent. An example of this trade generic form is included as Appendix #25. This inspection by the trade contractor determines if the job ready requirements for that trade and for that phase of the work, as included in the contract scope of work, have been met and that jobsite conditions are such that quality work can begin safely.

When a job is not 100% ready or safe, construction for the next phase begins only after consultation between the superintendent and the trade's quality representative. The plan of action resulting from the conversation is documented on the trade contractor's job ready form and signed off by the superintendent. The trade provides a copy of the completed job ready inspection form to the Dominion superintendent.

This documented job ready inspection becomes a part of the permanent file of that trade contractor for that house. On a monthly basis, each trade reports, in writing, to the Purchasing Manager of Dominion Building & Development Co. on the percentage of jobs considered ready by that trade for that month. The Purchasing Manager maintains a monthly tally of all trades job ready percentage and reports it to the General Superintendent on a monthly basis. The General Superintendent includes a discussion of the reasons for "jobs not ready" and possible ways to increase the percentage of "jobs ready" at the monthly field managers meeting.

The company's Superintendents are responsible to deliver "job ready" work to the following trade. When preceding trades complete all required work and leave their work ready for the next trade, the Dominion Building & Development Co. superintendent is rewarded by a smoothly flowing job.

### **3.2.2 In-Process Inspection**

Each trade contractor that completes a phase of the work and leaves the job, or that completes a phase of the work and has that work covered up or otherwise concealed, conducts a documented inspection of that phase of the work. The inspection of the trade contractor is to confirm that 1) all work in that phase has been completed to the quality standards of the trade contractor and to the standards of Dominion Building & Development Co., 2) all work complies with applicable codes and regulations, and 3) all

materials and/or equipment have been installed in accordance with the requirements of the manufacturer.

The company's superintendent will begin his/her quality insurance inspection with a copy of the documented inspection of the trade contractor. The superintendent's quality inspections will be done at those points in the typical schedule indicated in Appendix #32. All company superintendents are provided with the company quality checklist (See the example included in Appendix #26) that indicates what work is to be completed at each phase of each job. All superintendents in the company have the same checklist. Checklists are used by Dominion Building & Development Co. superintendents as a reminder of what to review or inspect but the inspection results are to include areas of non-conformance only, and not confirmation that work is completed correctly. Example inspection forms to be used in the four In-Process quality inspections noted in Appendix #32 are included in Appendix 27, 28, 29, and 30. Verification of the correction of any non-conformances before concealing the work or moving ahead to the next phase is to be included in the job file documentation. A record is to remain in the job file of all in-process inspections.

Periodic safety inspections are made at all jobsites. Dominion's superintendents have the safety violations remedied immediately, either by the responsible Trade Contractor or by self-performed labor to be reimbursed. Trade Contractors are notified immediately in writing of violations and remediation of the violation. No work is to proceed under unsafe conditions.

### **3.2.3 Final Inspection or Review**

Each trade contractor completing a portion of the work conducts a documented final inspection of that phase of the work. The inspection of the trade contractor confirms that 1) all work in that phase has been completed to the quality standards of the trade contractor and of Dominion Building & Development Co., 2) all work complies with applicable codes and regulations, and 3) all materials and/or equipment have been installed in accordance with the requirements of the manufacturer.

The company's superintendent begins his/her quality assurance inspection with a copy of the documented final inspection of the trade contractor. Checklists are used by Dominion Building & Development Co. superintendents as a reminder of what to review or inspect but the documented inspection results are to include areas of non-conformance only, and not confirmation that work is completed correctly. Verification of the correction of any non-conformances is included in the job file documentation. Correction of all non conformances is confirmed before any final inspection is filed. A record remains in the job file of all final inspections.

### **3.2.4 Corrective Action**

Correction of any non-conformances in the construction of new homes and the documentation required is described in the inspection portion of this quality plan.

Procedural deviations from the requirements of the quality plan are tracked in the internal audit process described below.

### **3.2.5 Inspection Records**

Code inspection and safety compliance records left on the jobsite are collected by the job superintendent and made a part of the job record of each new house. Any required corrective action for code related items is communicated verbally or in writing to the trade responsible for the work. Written confirmation of the correction of each item is delivered or faxed to the job superintendent before the work of other trades is allowed to proceed. Code inspections that require a re-inspection are scheduled by the designated party and a written record of that re-inspection is to be a part of the job file. No work is covered up or concealed until appropriate code approvals are documented.

The checklist used by Dominion Building & Development Co's superintendents is not a part of the job record for each house. Examples of the quality checklists used by all company superintendents are included in the company's quality records maintained by the quality manager.

Section 2.6 includes the safety records that are maintained by the company. These safety records are maintained at a job level and are not maintained on an individual house level.

### **3.3 Production Operations Continual Improvement**

#### **3.3.1 Pre-emptive Actions**

The Purchasing Manager monitors recurring warranty issues from the regular monthly tally of warranty and service issues prepared by the Warranty Operation. The Purchasing Manager identifies product or equipment purchase decisions that could be changed to result in reducing recurring warranty and service problems.

Punch list items, items of "non-conformance" or other results of the quality and safety inspection process, and warranty items are a "symptom" of a problem, not the actual problem. The Quality Manager meets regularly with field managers and purchasing managers to review the symptoms and to evaluate proposed solutions.

On a monthly basis, each trade reports, in writing, to the Purchasing Manager of Dominion Building & Development Co. on the percentage of jobs considered ready by that trade for that month. The Purchasing Manager maintains a monthly tally of all trades job ready percentage and reports it to the General Superintendent on a monthly basis. The General Superintendent includes a discussion of the reasons for "jobs not ready" and possible ways to increase the percentage of "jobs ready" at the monthly field managers meeting.

The Safety Officer compiles a list of recurring safety violations from Regulatory Safety Inspections, internal safety inspections, and superintendents' inspections.

The field managers communicate recurring quality and safety items to the various trades to contribute to the trades' monthly hot spot training process. For quality certified trade contractors this means inputting into their existing ongoing training efforts. For trades not quality certified, the quality representative of the production operation assembles photos and other training aids, provides them to the trades, and assures that regular monthly training takes place. Non-certified trades return training sheets, signed off by their field crews as an indication that the training has taken place. For non-quality

certified trade contractors, the job superintendent regularly checks the monthly hot spots of each trade to measure the effectiveness of the trades' training process.

Elimination of recurring quality problems is an ongoing measurement of the quality and safety performance of individual trade contractors. Superintendents include this measure in their periodic evaluation of the trades on their jobs.

### **3.3.2 Employee Training**

Training sessions for all employees of the production operation are conducted at least quarterly for a period of not less than 4 hours for each session. In addition to the general training required of all Dominion Building & Development Co. employees, specialized training is mandatory in the subject areas listed in Appendix #10. A minimum of one hour of training per year is provided to all production operation employees on each subject listed therein. Records are maintained of training topics and training session participants. It is the responsibility of the Production Manager to assess the effectiveness of the training program and to assure all employees are provided with the training needed to safely provide a quality product to the company's customers.

### **3.3.3 Internal Reviews**

At least every 6 months a representative of the sales operation or of the warranty operation conducts a documented internal audit of the production operations conformance with its quality plan.

This internal audit is an in-depth assessment of the production operation's implementation of Section 3.0 of this NHQ system. The internal audit examines the processes and procedures of the production operation and is intended to help the production operation identify areas needing training or improvement. Each audit is somewhat different but all follow the process described in Appendix #13. A current example of the implementation of this internal audit process for the Production Operation is included as Appendix #33.

The internal auditor always reviews the audit findings with the management of the production operation and then submits a written report to the Quality Management Committee. Any suggested actions or corrective measures resulting from such an audit are evaluated by the Quality Management Committee and implemented as required within 30 days of the internal audit.

### **3.3.4 Trade Contractor Quality Assurance Program Support**

Dominion Building & Development Co. supports the quality certification of all its trade contractors. All superintendents actively assemble digital photos of correct and incorrect field installations. Photos are communicated to the General Superintendent for transmission to all related trade contractors for use in their on-going hot spot training.

One company performance goal is to maximize the percentage of the company's new home construction work completed under the supervision of a documented QA program. To assist our key trades, the quality manager maintains a spread sheet that tracks company progress to this goal and provides NHQ certification status to each of

our key trades at the quarterly trade partner's meeting. An example of this tracking form is included as Appendix #34.

The Production Manager has developed a trade contractor evaluation process that emphasizes the value of documented inspections of all phases of the work, a continuous improvement program, regular hot spot training of all field crews, an accident prevention program, safety management, and regular measurement of customer satisfaction. This evaluation process is completed by all superintendents at the end of each panel of new homes. The results of this evaluation are a part of the Purchasing Manager's evaluation and revision of the approved vendor list.

## **4.0 Warranty and Service Operations**

### **4.1 Warranty and Service Operations Quality Plan**

#### **4.1.1 Scope of the Warranty and Service Operation**

The Warranty and Service Operation of Dominion Building & Development Co. begins with a “hand off” from the Production Operation and includes the care and service of all Dominion Building & Development Co. new home purchasers for a period of 2 years after the date of new home closing. This handoff occurs when the home is considered complete and is accepted by the warranty operation. The Warranty and Service Operation identifies, evaluates, and resolves all service issues identified by Dominion Building & Development Co. customers during their new home warranty period. The Warranty and Service Operation surveys the levels of satisfaction of Dominion Building & Development Co. customers at 2 specific times during the post closing occupation of the customer’s new home.

#### **4.1.2 Process Flow**

A flow chart for typical activities of the Warranty and Service Operation is included as Appendix #16.

#### **4.1.3 Warranty Documents, Repair Procedures, and Installation Manuals**

##### **4.1.3.1 General**

Warranty documents that describe the performance requirements of a new Dominion Building & Development Co. home have been developed with coordination between the Production Operation (Scopes of work, manufacturer’s literature, and company tolerances and standards), the Sales Operation (marketing materials and sales contract addenda), and the experience of the Warranty and Service Operation on the durability and operability of the new homes built by Dominion Building & Development Co. The current version of the “Dominion Building Company New Home Warranty” is kept in the office of the President.

On a semi-annual basis, these documents are reviewed and updated. A record of this review is kept. Approval of any change to the warranty documents requires approval of the President. Approved revisions are date stamped in the electronic copy of the document and are available on the common drive.

The actual warranty documents for a particular new home are added to the new home file at the time of sales contract ratification. All service or warranty calls to a new home under warranty are to fulfill the warranty obligations of Dominion Building & Development Co. for those specific documents. Other homes may be sold with different documents but the file copies are the obligations applicable to a particular home.

##### **4.1.3.2 Individual Trade’s Performance Standards**

The Warranty Operation regularly reviews completed service tickets and the work that was required to close these tickets. Since the scope of work of all trade contractors original sub-contract, when recurring service work, whether it requires payment to a

trade contractor or not, is noted, the scope of work included in the trade contractor's contract is reviewed to identify any suggested changes to that scope of work that will result in fewer recurring service items.

The service technicians are tasked, on a regular basis, with physically observing, at the new home construction jobsite, the field activities of trade contractors that do work that eventually leads to a warranty service ticket. The service technicians are further tasked with identifying, at the new home construction jobsite, times and details of damage to completed new work that eventually leads to a warranty service ticket.

### **4.1.3.3 Copies of Procedures and Manuals**

The Purchasing Manager has provided a copy to the warranty operation of all installation manuals that might be needed. The Warranty Manager confirms that these are current and makes them available to the Warranty staff on an as-needed basis.

Repair or re-installation of any products or equipment by a certified trade contractor is done safely in accordance with their quality procedures and the Warranty staff confirms the certified trade contractor has followed their approved procedures. For any repair or re-installation done by Warranty staff directly, or by any un-certified trade contractor, an on-site inspection is done to verify proper repair or re-installation. A sample on-site follow up inspection form is included in Appendix #18.

### **4.1.4 Codes, Standards, Regulations and Manufacturer's Instructions**

In general, warranty work by trades is accomplished under the terms of their original contract with Dominion Building & Development Co. This contract requires compliance with all applicable building codes, industry standards, safety regulations, and manufacturer's instructions. The staff of the Warranty Operation regularly receives training on building code compliance as it is related to warranty work. When a separate permit is required, it is obtained by the trade or by Dominion Building & Development Co. whichever is appropriate. It is the responsibility of the Warranty Manager to evaluate the need for a permit for any proposed service work. Permits, if needed are to be noted on the Dominion Building & Development Co. Warranty and Service Ticket under the "Description" section. (See Appendix #17 for the sample form.)

### **4.1.5 Warranty and Service Operations Standards**

The Warranty Operation has developed an operations manual that outlines procedures for the ongoing work of its operation. All procedures not specifically addressed in this quality manual are found in that operations manual. The document is titled Dominion Homes Warranty Operations Manual. The document is maintained by the Director of the Warranty Operation and the current copy is located in that office.

### **4.1.6 Scheduling**

Verbal and written service requests are logged into the Warranty Operation in the Master Service Log. This is an electronic log that contains the unique service ticket number assigned to each request.

All service tickets are to be evaluated, either in person or by phone within 2 business days and a response agreed upon with the customer within 7 days from the date of the original request.

It is the policy of Dominion Building & Development Co. to describe each customer service request on a separate service ticket and to then resolve each request to the satisfaction of the customer. A final sign-off of the service work will be obtained from each customer. The Warranty Manager will follow up any tickets still outstanding on the original date of estimated completion to determine the reasons for any delay and to agree upon a new completion date with the customer. This revised date is recorded on the original service ticket.

Emergency service is handled with an “on-call” system shared by the warranty staff of the company. On a rotating basis, one person has an after hours pager and the company answering service alerts the on-call staff member of any warranty or service emergency call. Such a call is returned immediately, regardless of the day or the hour, and an appropriate response is initiated. The emergency call is logged in to the company warranty data base the next business day and assigned a ticket number. This ticket number is then tracked and followed up on in the normal way.

### **4.1.7 Approving and Selection of Trade Contractors, Materials, and other Support**

Approval and selection of trades and vendors for the Warranty Operation is the responsibility of the Purchasing Manager. See above section 3.1.10.

### **4.1.8 Version Control**

See above section 4.1.8.

### **4.1.9 Confirmation of Completed Warranty and Service Work**

A representative of the Dominion Building & Development Co. Warranty Operation inspects all work completed by a trade contractor and confirms that the work has been done correctly, all necessary clean up has been done, and that the homeowner is satisfied with the work performed.

The Warranty Manager inspects all work completed by Warranty Operations service technicians to confirm that the work has been done correctly, all necessary clean up has been done, and that the homeowner is satisfied with the work performed.

All completed work is signed off by the homeowner on the service ticket form, a sample of which is included as Appendix #17.

There maybe special circumstances that require a service ticket to remain open after the initial service call. These circumstances and the appropriate procedure are outlined in the warranty operations manual.

### **4.1.10 Protection of Completed Work**

All employees conducting inspections or evaluations, doing actual service work, or supervising the work of a trade contractor, and all employees of any approved vendor or

trade contractor of Dominion Building & Development Co. remove their shoes or cover their shoes with plastic booties before entering any occupied home.

All service or repair work, or visit, begins with careful protection of the belongings and possessions of the owner of the home, including protection of areas of the home itself adjacent to, or on the way to, the service work area.

All service or repair work ends with a clean up of any area of the owner's property impacted by the service work or visit.

The service ticket signed by the homeowner at the end of each visit includes a report of any damage to the homeowner's property.

The Warranty Manager of Dominion Building & Development Co. follows up with the homeowner to address and resolve any claim for damages within 48 hours of the incident.

### **4.1.11 Quality System Changes**

The warranty operation has assigned an employee as the Quality Representative for Warranty. This quality representative reviews Section 4.0 of this quality manual at least annually. Any changes proposed by the quality representative are reviewed and approved by the company's quality management committee in a regularly scheduled meeting.

All approved changes to the quality manual of the Warranty operation are made by the Quality Manager and recorded on an electronic log and kept as a part of the officially approved quality manual file.

All printed copies of the quality manual are considered automatically out of date 30 days after the print date of the copy. The version of the company's quality manual on the common drive is always up to date.

## **4.2 Warranty and Service Operations Inspections**

### **4.2.1 Confirmation of Needed Warranty or Service Work**

Dominion Building & Development Co. representatives review, initially by phone, and in person if necessary to evaluate each customer request for warranty service. If it is determined that the work requested is the responsibility of Dominion Building & Development Co. or any of its trade contractors under the terms and conditions of the Dominion warranty policy, the work is described on a service ticket and a schedule for completion is agreed upon with the customer.

### **4.2.2 Final Inspection or Review**

Dominion Building & Development Co. describes each customer service request on a separate service ticket and then resolves each request to the satisfaction of the customer. A final sign-off of the service work described on each service ticket is obtained from each customer. See section 4.1.9

### **4.2.3 Corrective Action**

As service and/or warranty is being done, regular inspections are conducted by qualified inspectors to assure the work is 1) completed in accordance with Dominion Building & Development Co. company quality standards, and 2) completed in accordance with code requirements, manufacturer's instructions, safety regulations, and in accordance with accepted industry standards.

When work is found not to be in conformance with any of the above it is corrected or re-done.

A record is maintained of any work that needs to be re-done and recurring items become part of the continuous improvement effort described herein.

### **4.2.4 Inspection and Review Records**

As a part of each service ticket record, inspection results of the work done and any non-conformances noted are maintained. When this inspection record is a part of the trade contractor's records, a copy is added to the Dominion service ticket record. Each quarter a summary of service work by Dominion employees or by trade contractors that required re-work is circulated to all trade contractors and all service employees. These summaries are maintained as a part of the company's quality files under the general section relating to Continuous Improvement.

## **4.3 Warranty and Service Operations Continual Improvement**

### **4.3.1 Pre-emptive Actions**

Purchasing consults with the warranty manager prior to approving materials and products so that the warranty operation can assess how these materials/products may impact service requests and the ability to quickly respond to any requests.

The Warranty Operation prepares a quarterly summary of all service items and of all service items requiring additional work, or re-work. This summary, with an analysis of why the problem occurred in the first place, its level of importance to the Dominion Building & Development Co. customer, the solution to the current problem, and a recommendation of how to prevent the occurrence in the first place, is sent to the production department, the purchasing department, and to all affected trades. Action items resulting from this summary are put on the agenda of the Quality Committee and managed until they are resolved. A form for this summary report is included as Appendix #21. The Warranty Operation prepares a semi-annual evaluation of the service work of all trades and sends it to purchasing manager. (see Appendix #22 for a sample evaluation form) for inclusion in the periodic re-assessment process of trade contractors by the purchasing department.

### **4.3.2 Employee Training**

Training sessions for all employees of the warranty and service operation shall be conducted at least quarterly for a period of not less than 4 hours for each session. In addition to the general training required of all Dominion Building & Development Co. employees, specialized training will be mandatory in the subject areas listed in Appendix #10. A minimum of one hour of training per year is provided to all warranty and service operation employees on each subject listed therein. Records are

maintained of training topics and training session participants. It is the responsibility of the Warranty Manager to assess the effectiveness of the training program and to assure all employees are provided with the training needed to provide a quality product to the company's customers.

### **4.3.3 Internal Reviews**

At least every 6 months a representative of the sales operation or of the production operation conducts a documented internal audit of the warranty and Service operations' conformance with its quality plan.

This internal audit is an in-depth assessment of the warranty operation's implementation of Section 4.0 of this NHQ system. The internal audit is examines the processes and procedures of the warranty operation and is intended to help the warranty operation identify areas needing training or improvement. Each audit is somewhat different but all follow the process described in Appendix #13. A current example of the implementation of this internal audit process for the Warranty Operation is included as Appendix #19.

The internal auditor always reviews the audit findings with the management of the warranty operation and then submits a written report to the Quality Management Committee. Any suggested actions or corrective measures resulting from such an audit are evaluated by the Quality Management Committee and implemented as required within 30 days of the internal audit.

### **4.3.4 Trade Contractor Quality Assurance Program Support**

Each trade contractor that does service work will be evaluated semiannually. Results will be forwarded to the Purchasing Manager and to each trade contractor. The certified trade contractors will be promoted to the company's customers as professional and competent, with evidence of that being their NHQ Certification by the NAHB Research Center. Promotion of the certification of Dominion's trades is included in the orientation packet provided to homebuyers. Wherever possible, service ticket inspections will begin with the completed inspection of a certified trade contractor.

## 5.0 Sales Operations

### 5.1 Sales Operations Quality Plan

#### 5.1.1 Scope of the Sales Operation

The Sales and Marketing Operation of Dominion Building & Development Co. includes the hiring and training of a new home sales force, specifying and operating various model homes located in Dominion Building & Development Co. subdivisions, preparing and managing an advertising budget to draw prospects to our model homes, managing and following up on a new home prospect list, writing sales contracts with new purchasers, assisting new home purchasers in their options and color selections, and assisting new home purchasers throughout the sales and construction process of their new home. The company has specified a list of required meetings and reviews that occur with the new home purchaser customer. Sales representatives participate in these regularly scheduled meetings up to the time of new home completion. Throughout construction of a new home, sales personnel and construction personnel have a joint responsibility to communicate with and meet with the customer. The final responsibility of sales is to schedule the new home orientation meeting with the Warranty representative.

#### 5.1.2 Process Flow

A generalized activity flow chart that shows what the sales operation does and how the sales operation relates to the other key operations of Dominion Building & Development Co. is included as Appendix #23.

#### 5.1.3 Sales Documents

Procedures for completion and review of all sales documents are included in the Sales Operations Manual. The original of this manual is located in the office of the VP Sales and is updated as needed but no less than annually. Each Sales Manager has a current copy of the Sales Operations Manual and all staff of the sales operation have access to a current copy.

#### 5.1.4 Sales Operations Procedures

Dominion Building & Development Co. has a sales operations manual that includes the following:

- Sales employee procedures for soliciting and managing sales inquiries
- Sales employee procedures for tracking and servicing all prospects
- How to negotiate and complete sales contracts
- How to communicate current sales offerings and the company's quality and safety commitment to the new prospect or new home buyer
- The monetary approval authority and the permitted level of commitment of company resources for sales employees
- The company procedures for confirming all agreements reached with new home purchasers

- How to communicate the initial new home delivery date and any changes in that date to the customer
- How to communicate the company job site safety procedures, as they relate to the customer or their representatives, to the customer
- How to obtain customer concurrence at prescribed points in the new home construction process
- How to document and track the sales process through contract, selections, contingency removal, home completion, and new home closing
- Procedures for identifying the level of prospective customer satisfaction with the marketing and sales process
- Identifying future steps to improve the marketing and sales process

### **5.1.5 Scheduling**

Guidance for scheduling the major events in each purchaser's process is found in the Sales Operations Manual. When completing a final sales contract on a new home, the sales representative provides the buyer with a general timeline of the construction schedule and information as to when that schedule will be refined and finalized. The typical scheduling template is found in Appendix #11 of the company's quality manual. Although the homebuyer will have contact with the superintendent during construction, the sales representative maintains the responsibility of communicating any and all schedule changes to the homebuyer,

### **5.1.6 Version Control**

The Sales Manager maintains a list of the current version of each document used in the marketing and the sales process. Each document is identified with a version date. Any company employee that needs to check the currency of a sales or marketing document is to check with the Sales Manager. All field sales personnel are required to confirm that they have current copies at the weekly sales meetings.

### **5.1.7 Confirmation of the Sales Process**

These procedures are included in the Sales Operations Manual in Section 2 Paragraph 20-24.

### **5.1.8 Quality System Changes**

The Sales operation has assigned an employee as the Quality Representative for Sales. This quality representative reviews Section 5.0 of this quality manual at least annually. Any changes proposed by the quality representative are reviewed and approved by the company's quality management committee in a regularly scheduled meeting.

All approved changes to the quality manual of the Sales operation are made by the Quality Manager and recorded on an electronic log and kept as a part of the officially approved quality manual file.

All printed copies of the quality manual are considered automatically out of date 30 days after the print date of the copy. The version of the company's quality manual on the common drive is always up to date.

## 5.2 Sales Operations Quality Review

### 5.2.1 Final Document Review

All contracts are forwarded to the Sales Manager with a copy of the New Sales Contract Cover Sheet. A sample of this cover sheet is included as Appendix #9. No new sales contract is accepted and rectified without a completed New Sales Contract Cover Sheet. Any comments or issues noted on the sheet by an approver are corrected prior to further processing.

### 5.2.2 Corrective Action

The quality representative of the sales operation tracks any deviations from the quality procedures included in this sales quality manual. A weekly report summarizing these deviations is provided to the Sales Manager and discussed in the weekly sales meeting. When recurring deviations are noted, additional training is provided to the sales employees to prevent future deviations. The quality representative of the sales operation also suggests changes in procedures that will result in fewer recurring deviations. These are also included in the weekly sales meetings. Actions taken at the weekly sales meetings are documented.

### 5.2.3 Review Records

The “New Sales Contract Cover Sheet” is a record of the sales contract review process and is made a part of each individual customer file. The contents of individual customer sales files are reviewed within 30 days of new home closing and any discrepancies are noted and corrected. A list of these discrepancies is summarized and forwarded to the Sales Manager every month.

## 5.3 Sales Operations Continual Improvement

### 5.3.1 Pre-emptive Actions

The weekly sales meeting is the key step to discussing and acting upon problems that have been identified in the sales operation. Problems and recurring errors in the sales contract approval process, issues raised from sales personnel meetings with customers under contract, and issues surfaced in the final closing processes are brought to the sales meeting and reviewed. Additional training and/or management guidance is provided or agreed upon. Each sales meeting has a time period allowed for questions and issues to be raised, and also for practice and demonstration of both the “builder’s story” and the required “meet and greet”. Specific technical training is provided as noted in the company’s training policies and practices.

### 5.3.2 Employee Training

Training sessions for all employees of the sales operation shall be conducted at least quarterly for a period of not less than 4 hours for each session. In addition to the general training required of all Dominion Building & Development Co. employees, specialized training will be mandatory in the subject areas listed in Appendix #10. A minimum of one hour of training per year will be provided to all sales operation employees on each sales related subject listed therein. Records will be maintained of

training topics and training session participants. It is the responsibility of the Sales Manager to assess the effectiveness of the training program and to assure all employees are provided with the training needed to safely provide a quality product to the customers of Dominion Building & Development Co.

### **5.3.3 Internal Reviews**

At least every 6 months a representative of the warranty operation or of the production operation conducts a documented internal audit of the sales operations' conformance with its quality plan.

This internal audit is an in-depth assessment of the sales operation's implementation of Section 5.0 of this NHQ system. The internal audit examines the processes and procedures of the sales operation and is intended to help the sales operation identify areas needing training or improvement. Each audit is somewhat different but all follow the process described in Appendix #13. A current example of the implementation of this internal audit process for the Sales Operation is included as Appendix #20.

The internal auditor always reviews the audit findings with the management of the sales operation and then submits a written report to the Quality Management Committee. Any suggested actions or corrective measures resulting from such an audit are evaluated by the Quality Management Committee and implemented as required within 30 days of the internal audit.

## Appendix A

### Dominion Building & Development Co. Quality System

1. Quality Statement
2. Safety and Health Policy Statement
3. Organization Chart
4. Company Process Flow
5. Quality Responsibilities of the Quality Manager and Quality Representatives
6. Safety Responsibilities of Safety Officer and Safety Reps
7. General Reference Control Log
8. Format for Annual Management Review
9. New Sales Contract Cover Sheet
10. Scope of Specialized Training for Production, Sales, and Warranty
11. Overall Schedule Template
12. Job Ready Process Map
13. Internal Audit Process Description
14. Purchasing Department Flow Diagram
15. Field Construction Flow Diagram
16. Warranty and Service Flow Chart
17. Warranty and Service Ticket (sample form)
18. Warranty Inspection Form
19. Example Internal Audit Form for Warranty
20. Example Internal Audit Form for Sales
21. Warranty and Service Quarterly Report on Service Issues
22. Warranty and Service Trade Contractor Evaluation Form
23. Sales Operation Flow Chart
24. Dominion Building Company Quality Standards
25. Generic Example of Trade Contractor Job Ready Inspection Form
26. Quality Checklist (4 pages)
27. Quality Point #1 Inspection Form
28. Quality Point #2 Inspection Form
29. Quality Point #3 Inspection Form
30. Quality Point #4 Inspection Form
31. Final inspection Form
32. Schedule of In-Process Inspections
33. Example Internal Audit Form for Production
34. Example TC NHQ Status Tracking Format

**Appendix 1**  
**Dominion Building & Development Co.**  
**Quality Statement**

Dominion Building & Development Co. is committed to meeting and exceeding our customer's expectations in all aspects of its ongoing operation, including sales, purchasing, production warranty service, and management. All employees and all consultants are charged with, and are expected to commit to this overall Dominion Building & Development Co. policy. Policies, processes, and procedures have been adopted by Dominion Building & Development Co. to implement this plan. All employees and consultants are expected to know their role in the NHQ Certified Home Builder System and to conduct themselves appropriately at all times in their ongoing dealings with the public and with the prospective and actual customers of Dominion Building & Development Co.. Any activities not in accordance with the quality system are to be reported immediately to the President of Dominion Building & Development Co..

---

President

---

Date

---

Quality Manager

## Appendix 2

### **Dominion Building & Development Co. Safety And Health Policy Statement**

The purpose of this policy is to develop a high standard of safety throughout all operations of Dominion Building & Development Co.s and to ensure that no employee is required to work under any conditions which are hazardous or unsanitary.

We believe that each employee has the right to derive personal satisfaction from his/her job and the prevention of occupational injury or illness is of such consequence to this belief that it will be given top priority at all times.

Dominion Building & Development Co. has developed and operates an effective and comprehensive jobsite safety system. Each individual from top management to the working person is responsible for the safety and health of those persons in their charge and coworkers around them. By accepting mutual responsibility to operate safely, we will all contribute to the well being of our employees.

---

President

---

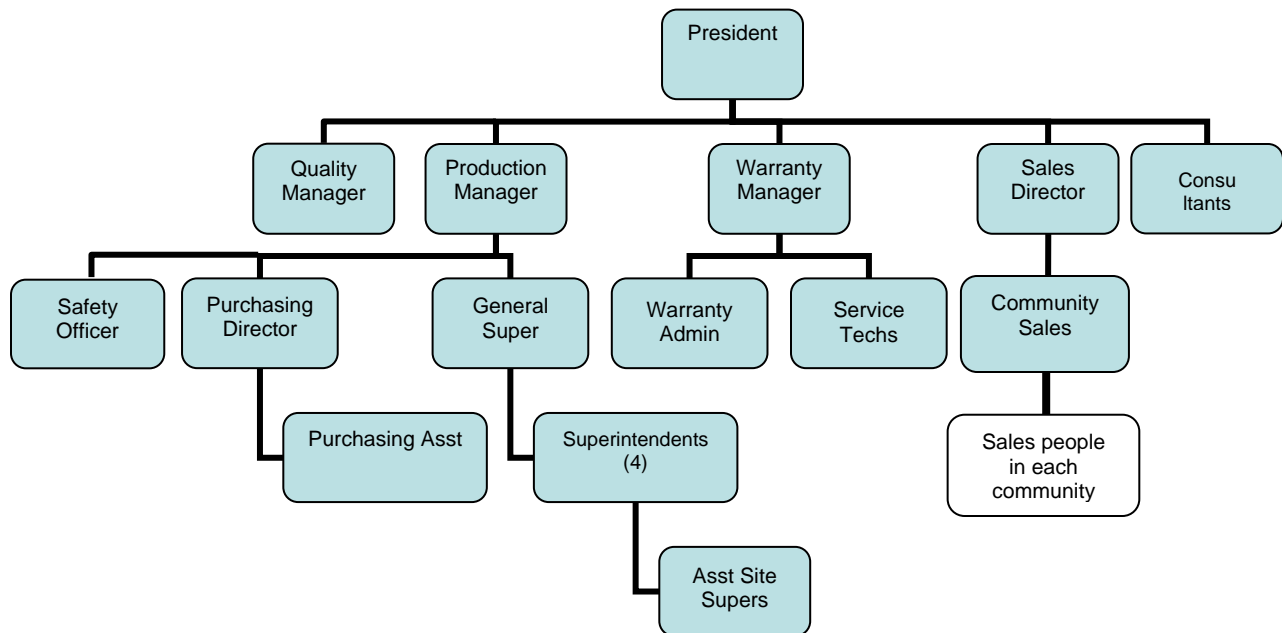
Date

---

Quality Manager

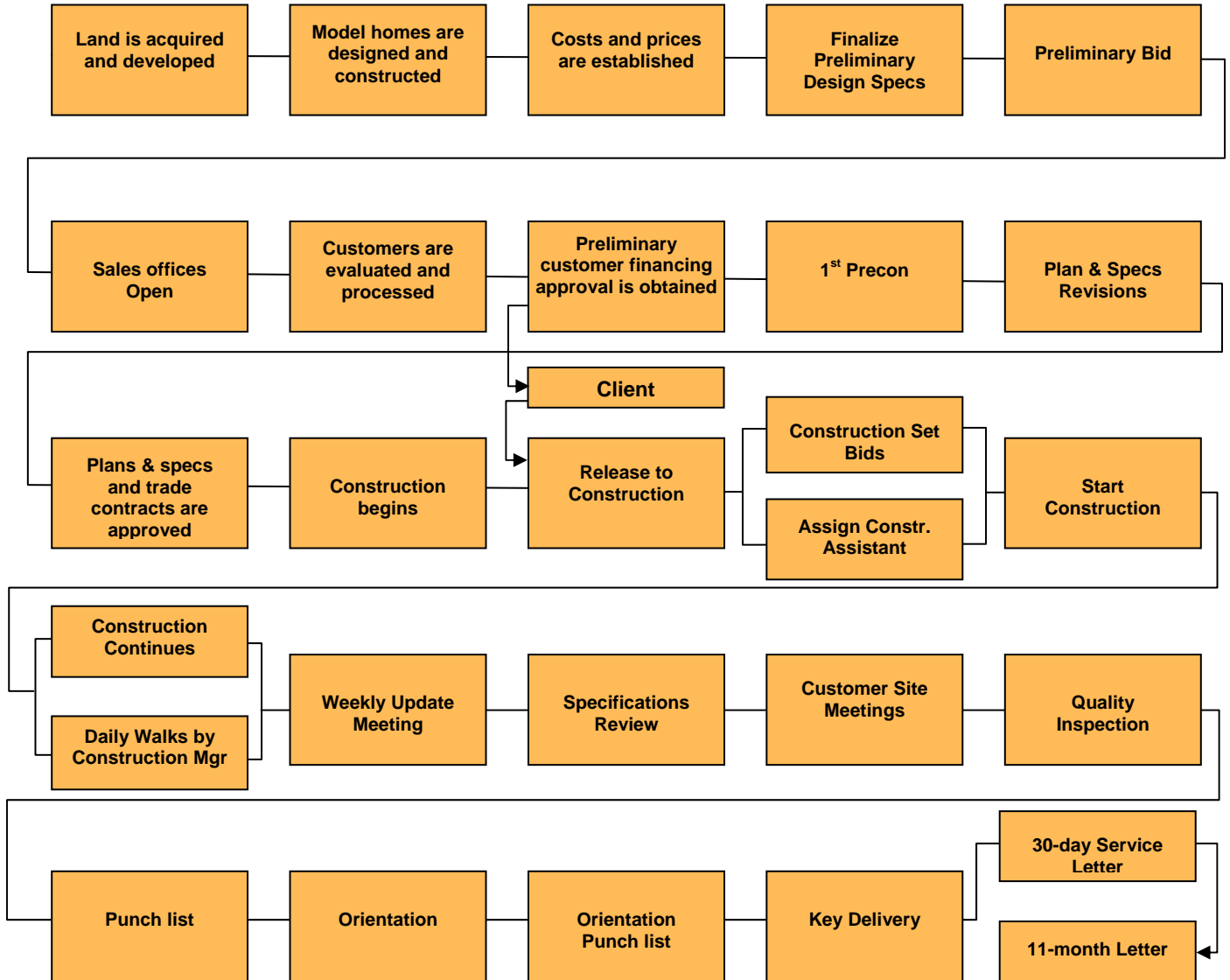
### Appendix 3

## Dominion Building & Development Co. Company Organization



## Appendix 4

### Dominion Building & Development Co. Company Process Flow



## Appendix 5

### Dominion Building & Development Co. Quality Responsibilities of the Quality Manager and Quality Representatives

| Quality Responsibilities of the Quality Manager  | Quality Responsibilities of the Quality Representatives  |
|--|--|
| <ul style="list-style-type: none"> <li>• Participate as Vice Chair of the Quality Committee of Dominion Building &amp; Development Co.</li> <li>• Update the quality manual on the common drive as needed</li> <li>• Maintain the updated list of changes to the quality manual</li> <li>• Maintain the updated list of general reference documents referred to in this quality manual</li> <li>• Chair the Annual Quality Management Review of the quality system of Dominion Building &amp; Development Co.</li> <li>• Track progress on meeting the annual goals for each performance measure on a monthly basis</li> <li>• Maintain the Quality Bulletin Board on the common drive</li> <li>• Assure that all suggestions for improvements to the quality system submitted to the Quality Bulletin Board are responded to</li> <li>• Track commitments made by the Quality Committee to improve the quality system so employees are not frustrated in their efforts to make positive suggestions</li> <li>• Prepare and maintain an annual summary of all questions and answers from the Quality Bulletin board</li> </ul> | <ul style="list-style-type: none"> <li>• Participate as member of the Quality Committee of Dominion Building &amp; Development Co.</li> <li>• Review and obtain current copies of any general reference documents referred to in this quality manual</li> <li>• Conduct internal audits of other functional areas of Dominion Building &amp; Development Co.</li> <li>• Attend and participate in the Annual Quality Management Review of the quality system of Dominion Building &amp; Development Co.</li> <li>• Post current improvement initiatives on the Quality Bulletin Board and evaluate new suggestions for additional initiatives</li> </ul> |

## Appendix 6

### Dominion Building & Development Co. Safety Responsibilities of the Safety Officer and Safety Representatives

| Safety Responsibilities of the Safety Officer  | Safety Responsibilities of the Safety Representatives   |
|--|---|
| <ul style="list-style-type: none"> <li>• Participate as Chair of the Safety Committee of Dominion Building &amp; Development Co.</li> <li>• Update the safety manual on the common drive as needed</li> <li>• Maintain the updated list of changes to the safety manual</li> <li>• Maintain the updated list of general reference documents referred to in this safety manual, including the safety regulations that apply to the geographical areas of work.</li> <li>• Supervise safety inspections by safety representatives and keep records of safety violations.</li> <li>• Determine topics for safety training from various inspection documents.</li> <li>• Attend and participate in the Annual Safety Management Review of the safety system of Dominion Building &amp; Development Co.</li> <li>• Track progress on meeting the annual goals for each safety performance measure on a monthly basis</li> <li>• Maintain the Safety Bulletin Board on the common drive</li> <li>• Assure that all suggestions for improvements to the safety system submitted to the Safety Bulletin Board are responded to</li> <li>• Track commitments made by the Safety Committee to improve the</li> </ul> | <ul style="list-style-type: none"> <li>• Participate as member of the Safety Committee of Dominion Building &amp; Development Co.</li> <li>• Review and obtain current copies of any general reference documents referred to in this safety manual</li> <li>• Perform periodic safety inspections</li> <li>• Coordinate safety inspections with superintendents</li> <li>• Conduct internal audits of other functional areas of Dominion Building &amp; Development Co.</li> <li>• Attend and participate in the Annual Safety Management Review of the quality system of Dominion Building &amp; Development Co.</li> <li>• Post current hot spots on the Safety Bulletin Board and evaluate new suggestions for additional hot spots</li> </ul> |

|   |  |
|---|--|
| <p>quality system so employees are not frustrated in their efforts to make positive suggestions</p> |  |
|---|--|

**Appendix 6 (continued)**  
**Dominion Building & Development Co.**  
**Safety Responsibilities of the Safety Officer and Safety Representatives**

|  |
|--|
| <ul style="list-style-type: none"> <li>• Safety Responsibilities of Superintendents and Field Management</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Assure that all safety and health rules, regulations, policies, and procedures are understood and observed at the jobsite.</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Require that Trade Contractors have an active Accident Prevention Program and observe all safety and health rules, regulations, policies, and procedures.</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Require the proper care and use of all required personal protective equipment.</li> <li>• Identify and eliminate job hazards quickly through job safety analysis procedures.</li> <li>• Inform and train employees, and assure that Trade Contractors inform and train employees, on the hazardous chemicals and/or procedures they MAY encounter under normal working conditions or during an emergency situation. Assure that all Trade Contractors have an active and compliant Hazard communication program.</li> <li>• Receive and take initial action on jobsite worker suggestions, awards, or disciplinary action.</li> </ul> |
| <ul style="list-style-type: none"> <li>• Assure that Trade Contractors conduct periodic jobsite training, in frequency to meet all regulations.</li> <li>• Conduct walk-around safety inspections at least weekly at each jobsite.</li> <li>• Review injury trends and establish prevention measures.</li> <li>• Attend company jobsite meetings and keep aware of current safety emphasis.</li> <li>• Lead incident investigations and inspections.</li> <li>• Promote employee and Trade Contractor participation in the safety and health program.</li> </ul>   |

**Appendix 7**  
**Dominion Building & Development Co.**  
**General Reference Control Log**

| Name of Document  | Date of Most Current Copy |
|---|---------------------------|
| Uniform Building Code                                       | Revision of 1999          |
| International Residential Code                              | Revision of 2002          |
| Code of Ethics of the National Association of Realtors      | January, 2004             |
| Code of Ethics of the National Association of Home Builders | 1975                      |
| OSHA Safety Codes for Construction                          |                           |
| State Safety Codes for Construction                         |                           |
| Dominion Company Safety Program                             | August 1, 2005            |
|   |                           |
|   |                           |
|   |                           |

**(Note: Actual copies of current documents are maintained in the appropriate working area of the company.)**

## Appendix 8 Format for Annual Management Review

|   |  |
|---|--|
| <b>Dominion Building &amp; Development Co.</b><br><b>Annual Management Review of the Quality System</b> |  |
| <b>Meeting Date and Location:</b>   | <b>Participants:</b> _____<br>_____<br><b>Meeting Manager:</b> _____ |
| <b>Review Topics</b>  | <b>Observations and Assignments</b>                                  |

|   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Summary of Independent Reviews for Production</li> <li>• Summary of independent Reviews for sales</li> <li>• Summary of Independent Reviews for Warranty</li> <li>• Review of Dominion Building &amp; Development Co. performance measures for the past year</li> <li>• Review of customer feedback from surveys and other sources for the past year</li> <li>• Review of trade contractor and supplier feedback,</li> <li>• Review of complaints, and recommendations from the quality representatives</li> </ul> |  |
| <p>Additional Review Topics</p> <ul style="list-style-type: none"> <li>• Assuring compliance with the Dominion Building &amp; Development Co. quality system</li> <li>• Setting new annual goals</li> <li>• Addressing needed changes to the system.</li> <li>• Records shall be maintained for each review. The records shall be in sufficient detail to disclose the participants, significant issues, conclusions, recommendations, and</li> </ul>   |  |

|  |  |
|--|--|
| planned changes. <ul style="list-style-type: none"> <li>• Job specifications are available</li> <li>• Quality assurance manual is available</li> </ul> |  |
| Additional Review Topics:  |  |
| Summary of meeting conclusions   |  |
|  |  |
| Summary of implementations steps required  |  |
|  |  |
| Summary of quality system non-conformances throughout the year:  |  |
|  |  |
| <b>Meeting Manager and Date:</b>   |  |
|  |  |

**Appendix 9**

**Dominion Building & Development Co.  
Example New Sales Contract Control Cover Sheet**

| Required Review                         | Initials of Authorized Individual / Date | Comments |
|---|--|----------|
| Lot Identifier and Customer Name:       |  |          |
| Sales person                            |  |          |
| Community Sales Manager                 |  |          |
| Confirmation of Borrower Qualification  |  |          |
| Sales Director                          |  |          |
| Forward to Lender                       | Date Sent:                               |          |
| Return from Lender                      |  |          |
| Production Manager                      |  |          |
| Final review for President's signature  |  |          |
| Sales Director for Completed Selections |  |          |
| Production Manager for Field Info Sheet |  |          |
| Final Info for Closing Agent            |  |          |
| Forward to Closing Agent:               | Date:                                    |          |
| Closing Agent                           |  |          |

## Appendix 10

### Dominion Building & Development Co. Scope of Specialized Training for Production, Sales, and Warranty

|   |  |
|---|--|
| <p>Specialized training for production operations – all production employees get at least one hour of training per year on each subject listed in the next column. The Production Manager approves an annual Production Training schedule to assure all required training is completed.</p> | <ol style="list-style-type: none"> <li>1. Job ready for all trades and how to achieve it company wide</li> <li>2. Job completion for all trades and how to have a simple, efficient, and effective inspection process</li> <li>3. How to work with customers to insure a smooth construction experience</li> <li>4. Joint inspections with Warranty and the “Hand-off”</li> <li>5. Supporting certified trade contractors</li> <li>6. Contributing to the hot spot training efforts of trade contractors</li> <li>7. What to do when the internal or external auditor arrives</li> <li>8. Different codes and code amendments in the different jurisdictions where Dominion Building &amp; Development Co. does work</li> <li>9. Best practices in job site safety procedures</li> <li>10. Monthly field managers meeting to review jobs ready percentage and develop ways to increase this percentage.</li> <li>11. Mandatory contents of each job file and the responsibilities of field management staff in “building” a legally defensible position for the company in case of any future construction defect litigation.</li> <li>12. 10 hour OSHA approved safety course (refresher courses as required, to keep OSHA card current)</li> </ol> |
| <p>Specialized training for sales operations – all sales employees get at least one hour of training per year on each subject listed in the next column. The Sales Director approves an annual Sales Training schedule to assure all required training is completed.</p>                    | <ol style="list-style-type: none"> <li>1. Setting appropriate construction quality expectations with customers</li> <li>2. What to do when the internal or external auditor arrives</li> <li>3. Appropriate levels of prospect follow-up and how to assure it</li> <li>4. How to be sure your next contract is complete and correct</li> <li>5. Working with new home purchasers while still keeping the job site safe</li> </ol>  |

|   |  |
|---|--|
|   | <ol style="list-style-type: none"> <li>6. The role of production in your sales job</li> <li>7. The role of warranty/service in your sales job</li> </ol>   |
| <p>Specialized training for warranty operations – all warranty and service employees get at least one hour of training per year on each subject listed in the next column. The Warranty Manager approves an annual Warranty Training schedule to assure all required training is completed.</p> | <ol style="list-style-type: none"> <li>1. Joint inspections with Warranty and the “Hand-off”</li> <li>2. What to do when the internal or external auditor arrives</li> <li>3. Review of recurring warranty issues and suggestions for changes in purchasing decisions.</li> <li>4. Repairing or replacing any materials or equipment and complying with the installation instructions maintained by the Purchasing Director.</li> <li>5. Building codes and code compliance requirements during warranty work.</li> <li>6. Location and contents of current equipment and repair instructions</li> <li>7. Review of action items generated by warranty personnel observations on the new home jobsite, and discussion of appropriate personal protocol when warranty staff is tasked with observing on-site new home construction.</li> <li>8. Things sales need from you to improve the company’s quality performance</li> <li>9. How you can help production build a “service free” new home</li> <li>10. Safety issues for warranty and customer service personnel</li> </ol> |

## Appendix 11

### Overall Schedule Template for Dominion Building & Development Co.

| Scheduled Day to Begin Task | “Tempo” Series of New Homes | “Traditional” Series of New Homes |
|-----------------------------|-----------------------------|-----------------------------------|
| Set Building Permit         | 1                           | 1                                 |
| Prep for Fdn                | 2                           | 2                                 |
| Prep for slab               | 3                           | 3                                 |
| Install UDG in slab         | 5                           | 5                                 |
| Pour slab                   | 6                           | 6                                 |
| Quality Point #1 Inspection |                             |                                   |
| Framing and set Windows     | 8                           | 8                                 |
| Roofing                     | 12                          | 14                                |
| Exterior trim               | 16                          | 18                                |
| Quality Point #2 inspection |                             |                                   |
| Exterior finish             | 17                          | 22                                |
| Rough HVAC                  | 14                          | 18                                |
| Rough plumbing              | 16                          | 21                                |
| Rough electric              | 18                          | 24                                |
| Quality Point #3 Inspection |                             |                                   |
| Wall insulation             | 20                          | 26                                |
| Drywall                     | 22                          | 30                                |
| Interior trim               | 26                          | 36                                |
| Interior paint/texture      | 28                          | 39                                |
| Exterior paint              | 24                          | 36                                |
| Quality Point #4 Inspection |                             |                                   |
| Site utilities              | 20                          | 38                                |
| Site concrete               | 24                          | 44                                |

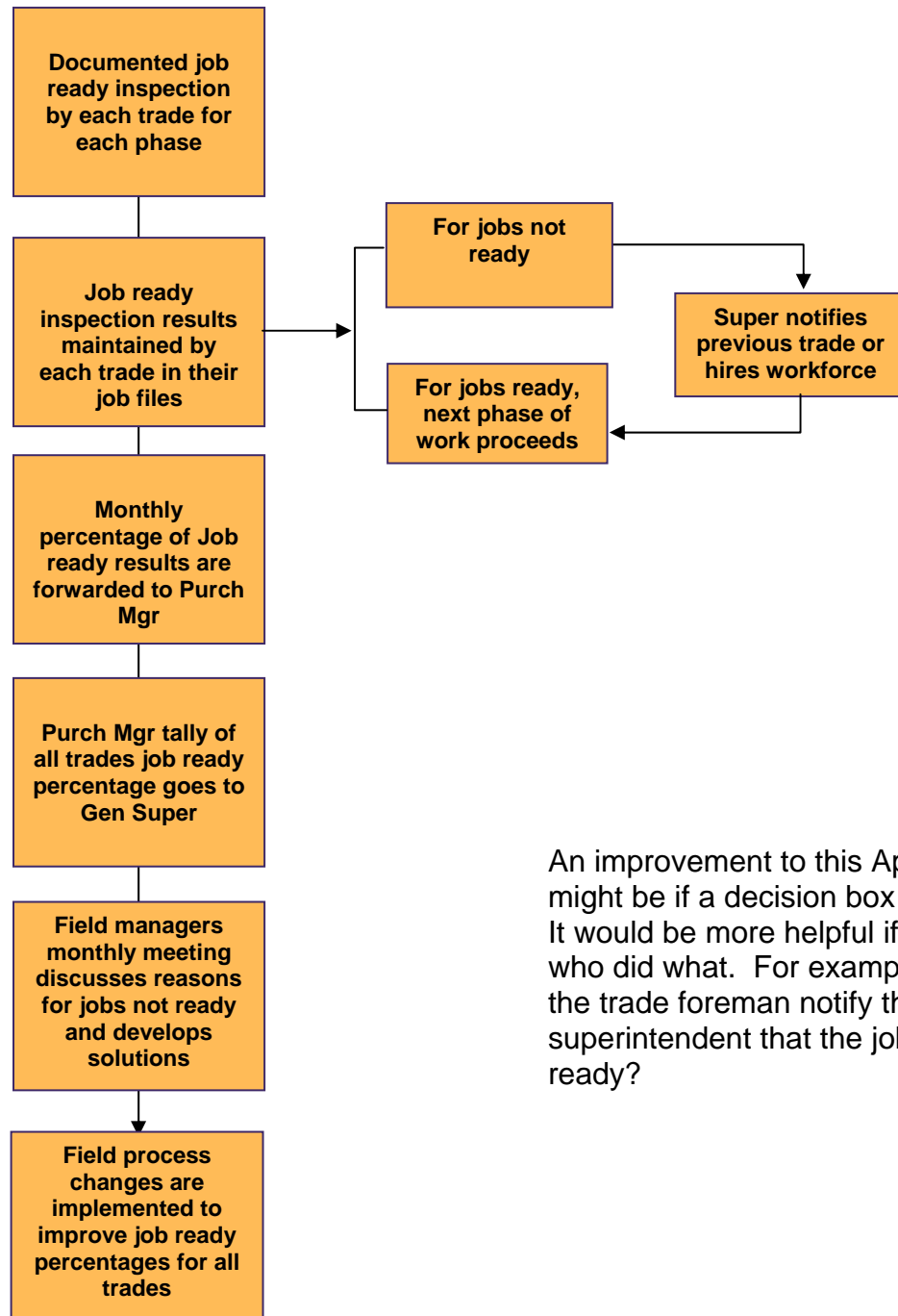
## Quality Assurance Manual

|   |    |    |
|---|----|----|
| Set electrical meter                                    | 28 | 38 |
| Final HVAC  | 32 | 39 |
| Final plumbing  | 34 | 42 |
| Hang fixtures and start up house                        | 36 | 45 |
| Start up heating & cooling                              | 37 | 47 |
| Install irrigation                                      | 40 | 50 |
| Install plants  | 42 | 52 |
| Final yard  | 43 | 53 |
| Final clean   | 44 | 54 |
| Final walk with all trades                              | 45 | 55 |
| Last minute T/U   | 46 | 56 |
| Final clean   | 48 | 58 |
| Final Inspection by Constr. And Warranty                |    |    |
| House Acceptance by Warranty                            | 49 | 59 |
| Warranty walk with customer (Demonstration of new home) | 50 | 60 |
| Ready for closing                                       | 50 | 60 |

All starts and durations are in actual work days

## Appendix 12

### Job Ready Process Map for Dominion Building & Development Co.



An improvement to this Appendix might be if a decision box was used. It would be more helpful if it showed who did what. For example, does the trade foreman notify the builder's superintendent that the job is not ready?

## Appendix 13

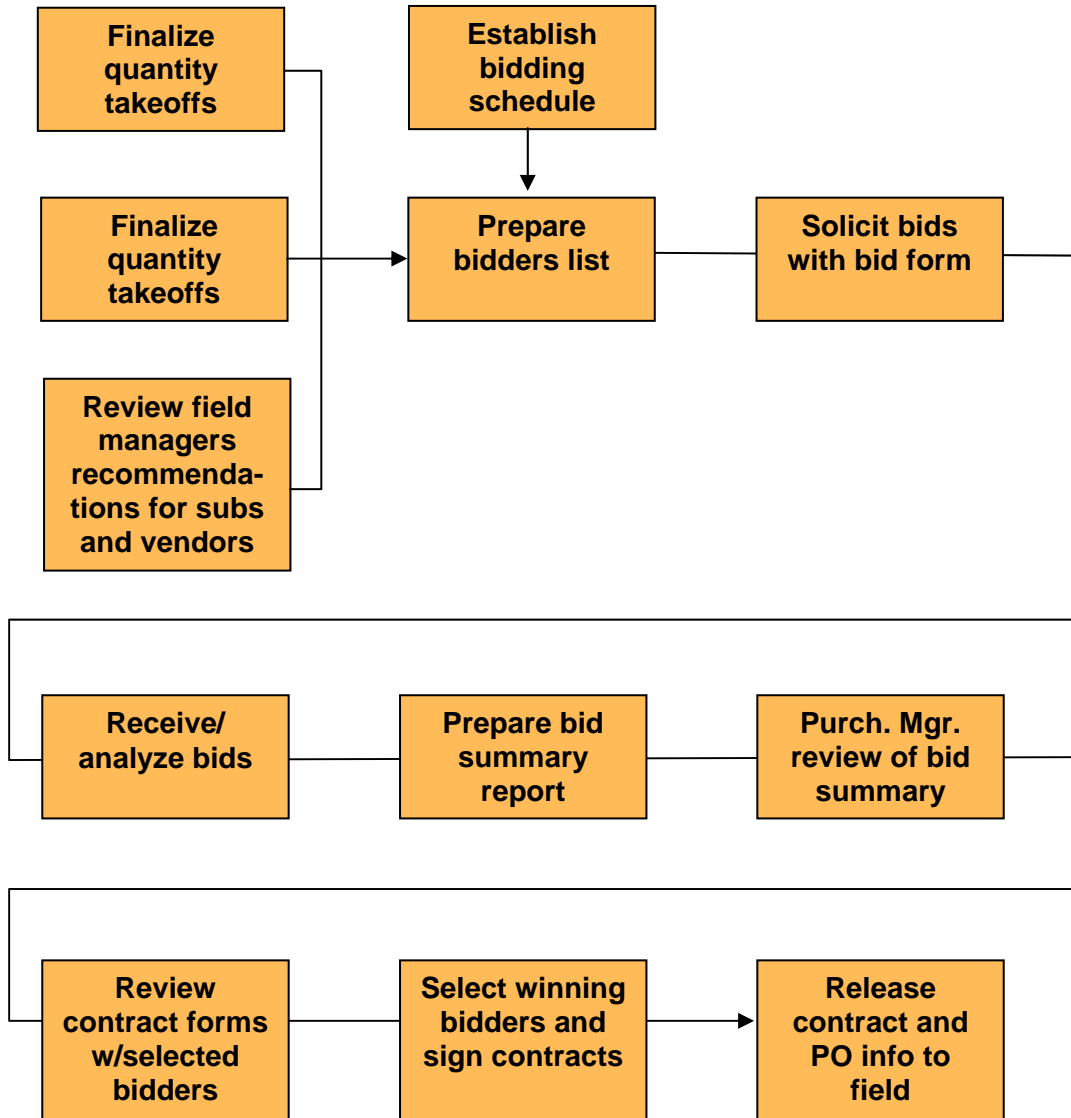
### Internal audit Process for NHQ Internal Audits (to be followed by each internal reviewer)

The following steps will be followed by each trained internal auditor whenever the Quality Management Committee directs that an internal audit of any functional area of the builder's operation be conducted.

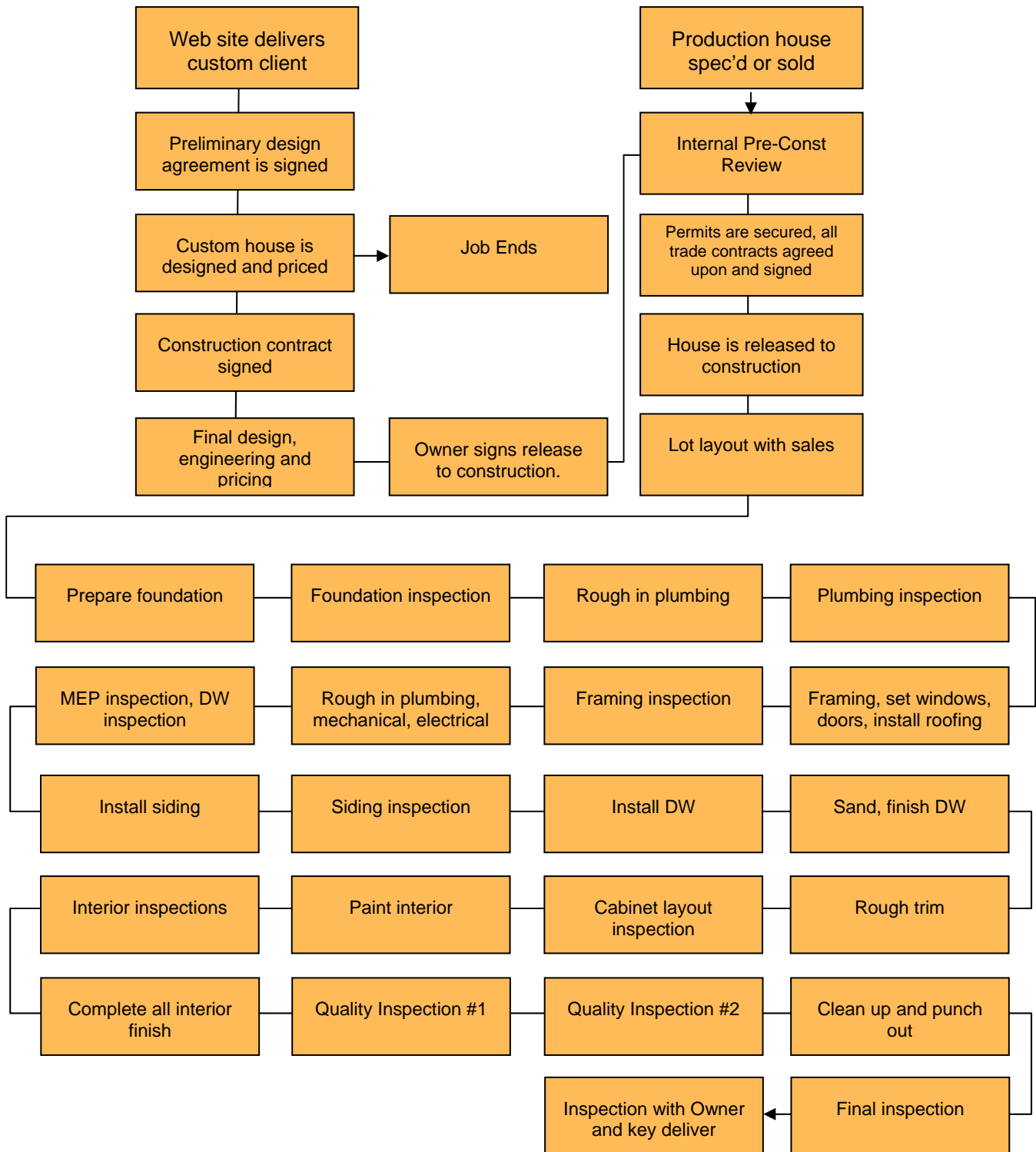
1. Review the applicable sections of the quality manual and identify any specific process or procedures that the department being audited has committed to do. These might include jobsite inspections, document review, customer contacts, regular documented staff meetings, documented training sessions, analysis of department data, reporting on department data, or customer satisfaction surveys.
2. Make a list of questions for the various staff positions listed in the quality manual that can confirm what you understand they are supposed to be doing or documenting.
3. Contact the department head or the quality representative of the particular functional area and ask them if there is anything specifically that they think you need to address in the internal audit. Ask the department head for the names of the positions you have identified as having some quality responsibilities who will be working on the day scheduled for your internal audit.
4. Prepare a brief list of who you want to talk to, what questions you want to ask, and what documentation you want to examine.
5. Start your internal audit with a brief meeting with the department head or the quality representative of the particular functional area to explain your approach and intent.
6. Meet with the people on your list, ask your questions, examine the actual quality system documentation, and otherwise confirm that the department is doing everything in their portion of the quality manual. Identify and list any documentation that anyone was unable to produce, or any reports, document reviews, or inspection forms that were not properly filled out.
7. Probe the people you interview for their understanding of the company's quality system and their understanding of their role in it.
8. Make your last meeting with the department head or the quality representative and briefly summarize what you have discovered.
9. Write a report to the Quality Management Committee outlining what you found and have concluded about the current effectiveness of the quality system implementation in the particular department. Send copies to the Department head, or to the quality representative, and to the Quality Manager of the Company.

## Appendix 14

### Purchasing Department Flow Diagram for individual House Plans

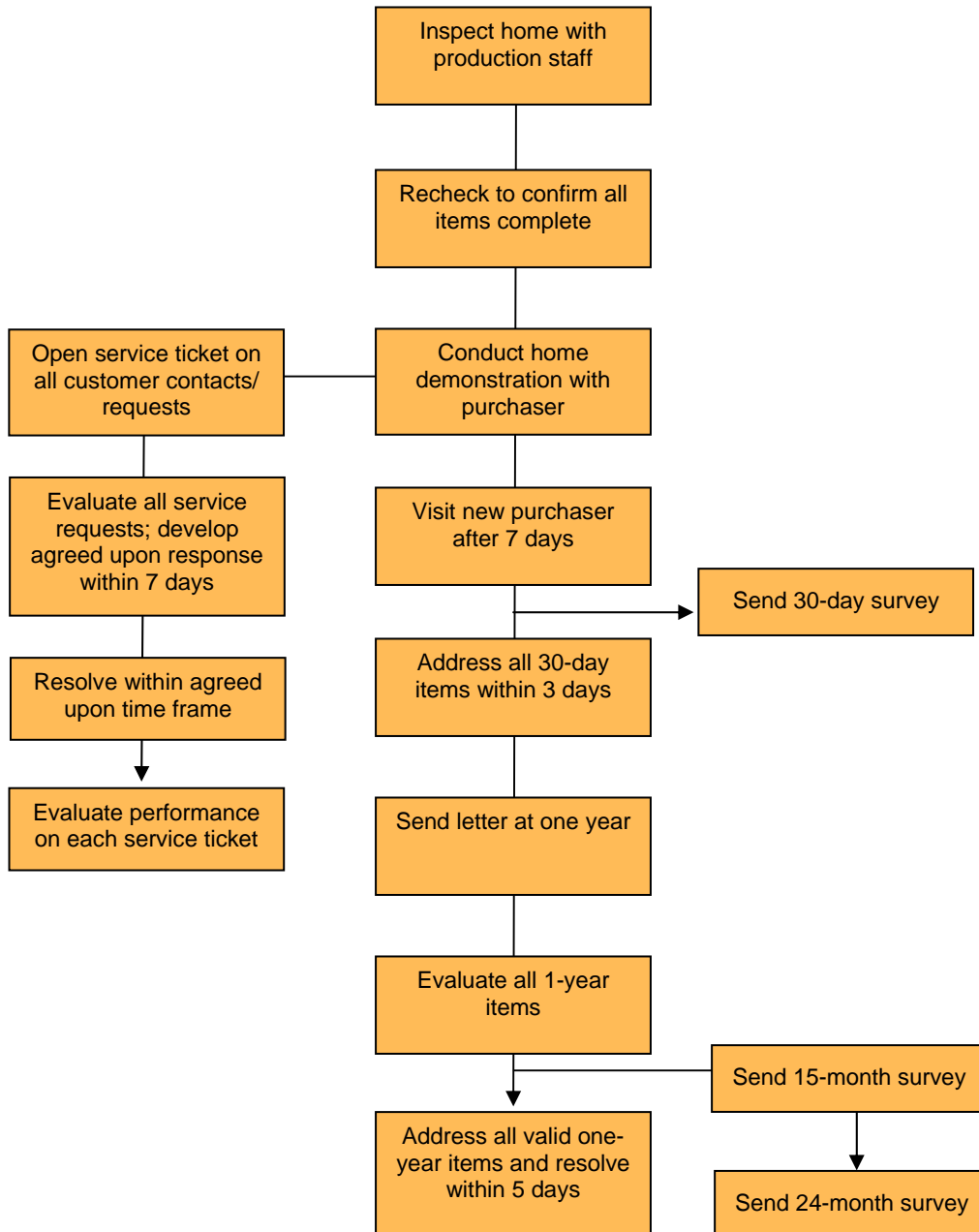


## Appendix 15 Field Construction Flow Diagram



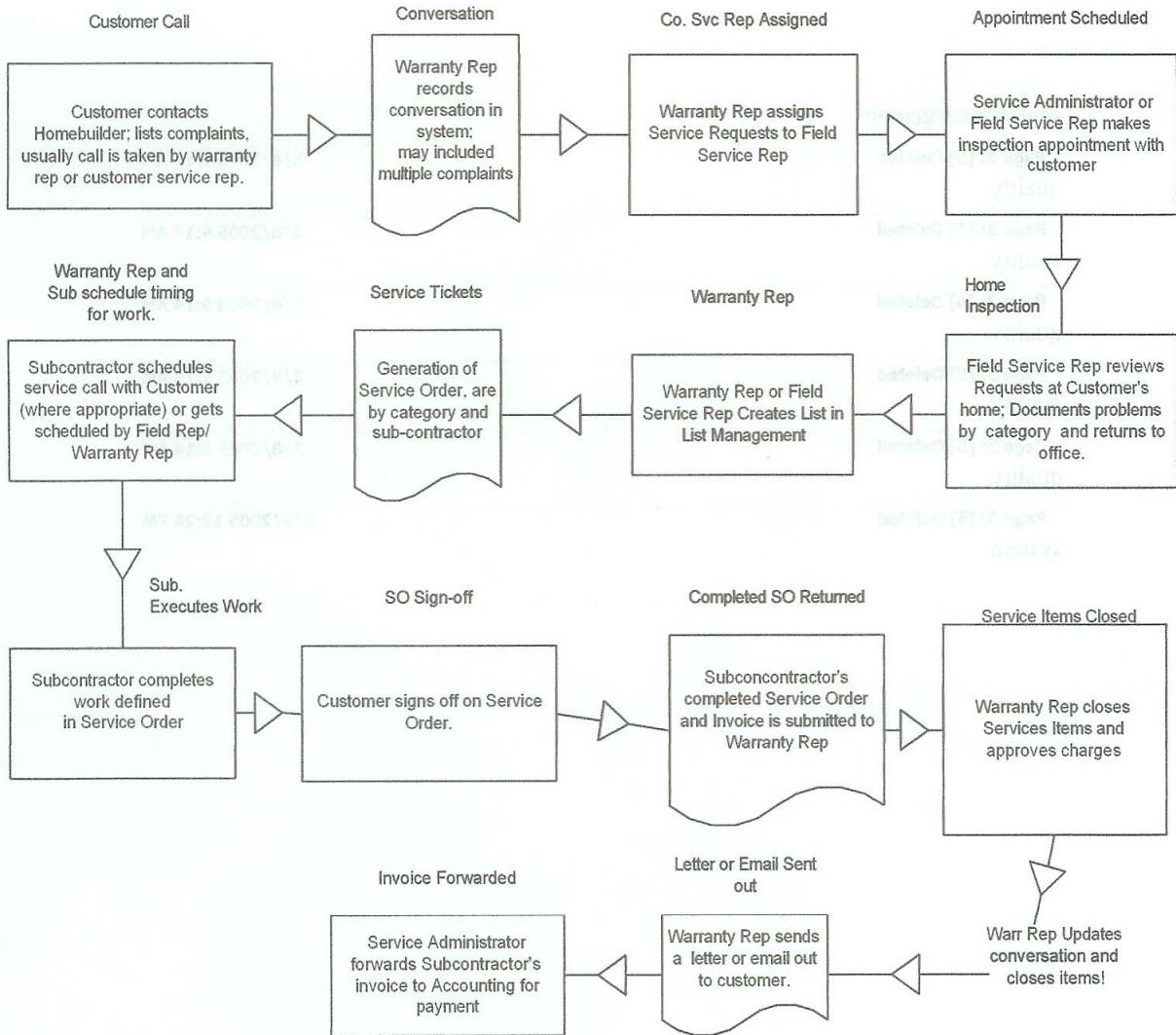
## Appendix 16

### Dominion Building & Development Co. Flow Chart of the Warranty and Service Operation



## Alternate Appendix #16A (Alternate)

### Warranty and Service Flow Diagram w/ Punch List Manager



--- One service list can have many complaints, see request list below of Type!

--- 1 Complaint=1 Request

--- Each List can include multiple service items, but there will only be one subcontractor to a service order

- Request Types/Lists:**
1. 30 Day Walkthrough
  2. 60 Day Walkthrough
  3. 11th Month Walk-Through
  4. Service Request
  5. Executive Follow-Up
  6. Other Customer Complaint
  7. Warranty
  8. Non-Warranty

## Appendix 17

### Dominion Building & Development Co. Warranty and Service Ticket (Sample Form)

Service Ticket Tracking No. \_\_\_\_\_

Name of Employee Initiating Service Request: \_\_\_\_\_

|  |   |  |  |
|--|---|--|--|
| Location or address of homeowner:  |   |  |  |
| Date of initial inquiry (phone log or written request):  | Date of Initial Evaluation (on-site or by phone): | Date of Initial Visit to the Home <b>for This Service Request:</b> |  |
| Results of initial evaluation:   |   |  |  |
| Description of work to be done to complete all service work required by this ticket:   |   |  |  |
|  |   |  |  |
| Schedule for completing all service work covered by this ticket  |   |  |  |
| No. of visits estimated to complete service work covered by this ticket  |   |  |  |
| Scheduled visits:<br>Est. _____<br><br>Actual<br>_____<br>_____<br>_____   | Trades or Service Technicians on visit            | Results of visit   |  |
| Assessment of delay (if necessary) and revised completion date: _____<br>Homeowner concurrence w/ revised completion date: _____ |   |  |  |

Final Acceptance of homeowner for the work described in this service request:

\_\_\_\_\_/Date: \_\_\_\_\_

Date this Service Request Closed:

\_\_\_\_\_

Name of Employee Closing this Service Request:

\_\_\_\_\_

## Appendix 18

### Dominion Building & Development Co. Warranty On-Site Inspection Form

Remember the Dominion Building & Development Co. Commitment:

“Whatever it takes; whenever it is asked; we will do what is right and necessary to satisfy our customers. A Dominion Building & Development Co. customer is a satisfied customer.”

|  |  |   |
|--|--|---|
| Service ticket no.:                          | Homeowner:   | Address:  |
| Date of this service visit:                  | Scheduled arrival time: ____<br>Actual arrival time: _____   | Comments:   |
| Description of work to be done:              | Names or Dominion Building & Development Co. personnel and any trades' personnel:<br><br>Certified Trade: yes/no | Comments:   |
| List of new material or equipment installed: | Installation instructions available: yes/no<br><br>If no, explain:   | Comments:   |
| DOMINION staff inspection completed by:      | Installation instructions followed: yes/no<br><br>Comments:  |   |
| Was planned task accomplished? Yes/no        | Is follow-up visit required: Yes/no  | Does this work complete this service ticket: Yes/no |
|  |  | Date of next visit, if required: _____              |

**Quality Assurance Manual**

|  |  |   |
|--|--|---|
| Ticket completed by:   | Customer signature for this work:<br>_____ | Customers rating of this visit: <ol style="list-style-type: none"> <li>1. Very satisfied</li> <li>2. Satisfied</li> <li>3. Partially satisfied</li> <li>4. Unsatisfied</li> </ol> |
| Warranty Operation Management Follow-up if Required:<br>_____ By: _____ /Date: _____ |  |   |
| Comments: _____  |  |   |

## Appendix 19

### Example Semi-annual Internal Audit Format (for Warranty Operation Audits)

|  |   |
|--|---|
| Operation being audited:   | Date of internal audit:   |
| Ticket numbers reviewed: (minimum of 5)  | Customers interviewed: (if available)                                     |
| Quality Representative conducting the audit:   | List of trades interviewed:   |
| <p>Items reviewed in all audits:</p> <ul style="list-style-type: none"> <li>• Qualified employees in all key positions</li> <li>• Training records complete and accurate</li> <li>• Progress on Operational performance measures</li> <li>• Positive progress in reduction of recurring problems</li> <li>• Records of improved customer satisfaction</li> <li>• Feedback to Trade Contractors on their Service Efforts</li> <li>• Defensible “paper trail” of all quality activities</li> <li>• Required documented items included in individual house files and records</li> </ul> |   |
| <p>Special items included in this audit:</p> <ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> <li>•</li> <li>•</li> </ul>   |   |
| <p>Special comments or recommendations for improvement in this operation:</p>  | <ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul> |
| <p>Date of review with quality representative of the warranty operation:</p>   | _____   |
| <p>Date of Quality Committee review:</p>   | <p>Confirmed by:</p> <p>_____</p>   |
| <p>Date all approved changes are implemented in the warranty operation:</p>  | <p>By: _____</p>  |

## Appendix 20

### Example Semi-annual Internal Audit Format (for Sales Operation Audits)

|  |  |
|--|--|
| Operation being audited:   | Date of internal audit:  |
| Location of sales office visited: (if possible)  | Sales representatives interviewed: (if available)              |
| Quality Representative conducting the audit:   | Customers interviewed: (if possible)                           |
| Items reviewed in all audits: <ul style="list-style-type: none"> <li>• Qualified employees in all key positions</li> <li>• Training records complete and accurate</li> <li>• Progress on Operational performance measures</li> <li>• Positive progress in reduction of recurring problems</li> <li>• Records of improved customer satisfaction</li> <li>• Support of Certified Trade Contractor Program</li> <li>• Defensible “paper trail” of all quality activities</li> <li>• Documented items included in files and records</li> </ul> |  |
| Special items included in this audit: <ul style="list-style-type: none"> <li>•</li> <li>•</li> <li>•</li> </ul>  |  |
| Special comments or recommendations for improvement in the sales operation:  | <ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul> |
| Date of review with quality representative of the sales operation operation:   | Participants:  |
| Date of Quality Committee review:  | Confirmed by:  |
| Date all approved changes are implemented in the sales operation:  | By:  |

**Appendix 21**

**Dominion Building & Development Co. Quarterly Report  
Summary of Service Items, with Reasons and Solutions**

| Issue description, from service ticket | Reason problem occurred | Level of importance to our customer | How current issue was resolved | Recommendation for eliminating the issue in the future |
|--|-------------------------|-------------------------------------|--------------------------------|--|
| Service ticket #:<br>Description       |                         |                                     |                                |  |
| Service ticket #:<br>Description       |                         |                                     |                                |  |
| Service ticket #:<br>Description       |                         |                                     |                                |  |
| Service ticket #:<br>Description       |                         |                                     |                                |  |
| Service ticket #:<br>Description       |                         |                                     |                                |  |
| Service ticket #:<br>Description       |                         |                                     |                                |  |

Summary report prepared by: \_\_\_\_\_, on \_\_\_\_\_ (date)

Report sent to: \_\_\_\_\_ in Production,

To: \_\_\_\_\_ in Purchasing

And to the following trades:

on \_\_\_\_\_(date)

## Appendix 22

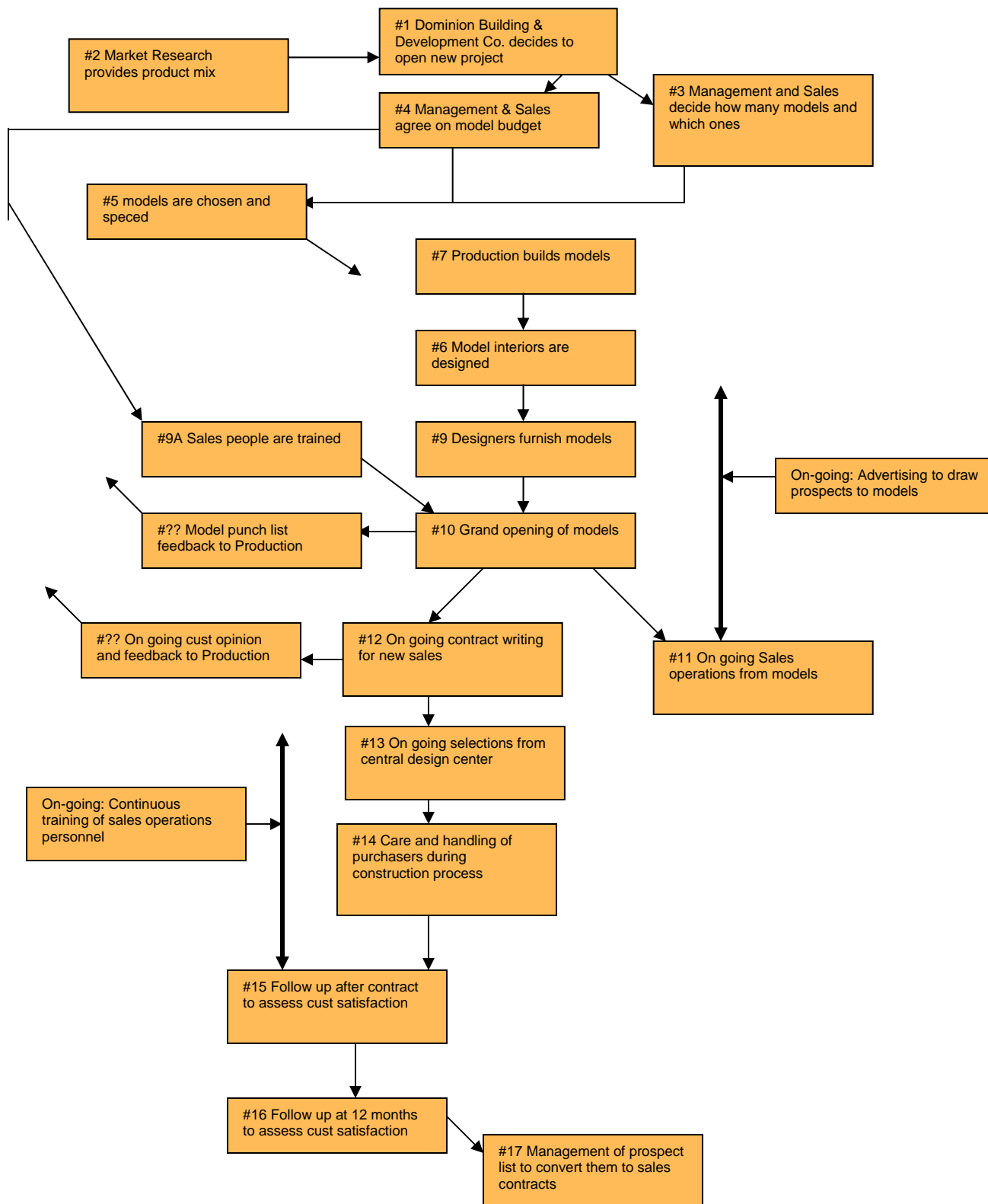
### Evaluation of Trade Contractor's Service Work Dominion Building & Development Co. – Warranty and Service Operation

|  |  |  |
|--|--|--|
| Instructions: For each trade contractor listed below, rate their performance over the last 6 months on a scale of 1 = Poor to 5 = Excellent. |  |  |
| Name of Service Tech Completing Form:  |  | Date:  |
| Contractor Name:   | Kept all appointments<br>Courtesy and decorum<br>Quality of repair or work done<br>Responsiveness to priorities of Dominion Building & Development Co.<br>Willingness to use again on service work | Score<br>Score<br>Score<br>Score<br>Score<br>Ave<br>Score: |
| Contractor Name:   | Kept all appointments<br>Courtesy and decorum<br>Quality of repair or work done<br>Responsiveness to priorities of Dominion Building & Development Co.<br>Willingness to use again on service work | Score<br>Score<br>Score<br>Score<br>Score<br>Ave<br>Score: |
| Contractor Name:   | Kept all appointments<br>Courtesy and decorum<br>Quality of repair or work done<br>Responsiveness to priorities of Dominion Building & Development Co.<br>Willingness to use again on service work | Score<br>Score<br>Score<br>Score<br>Score<br>Ave<br>Score: |
| Contractor Name:   | Kept all appointments<br>Courtesy and decorum<br>Quality of repair or work done  | Score<br>Score<br>Score                                    |

## Quality Assurance Manual

|                  |  |  |
|------------------|--|--|
|                  | Responsiveness to priorities of Dominion Building & Development Co.<br>Willingness to use again on service work  | Score<br>Score<br>Ave<br>Score:                            |
| Contractor Name: | Kept all appointments<br>Courtesy and decorum<br>Quality of repair or work done<br>Responsiveness to priorities of Dominion Building & Development Co.<br>Willingness to use again on service work | Score<br>Score<br>Score<br>Score<br>Score<br>Ave<br>Score: |
| Contractor Name: | Kept all appointments<br>Courtesy and decorum<br>Quality of repair or work done<br>Responsiveness to priorities of Dominion Building & Development Co.<br>Willingness to use again on service work | Score<br>Score<br>Score<br>Score<br>Score<br>Ave<br>Score: |
| Contractor Name: | Kept all appointments<br>Courtesy and decorum<br>Quality of repair or work done<br>Responsiveness to priorities of Dominion Building & Development Co.<br>Willingness to use again on service work | Score<br>Score<br>Score<br>Score<br>Score<br>Ave<br>Score: |

## Appendix 23 Sales Operation Flow Chart



## Appendix #24

### Dominion Building Company Summary of Quality Standards

**(Note: this is a summary of materials already in the scopes of work of the various trade contracts. This summary does not bind any trade contractor or the company to these construction details. Only the contract agreement between the Company and the Trade does that. The agreement between the Company and any customer is to deliver construction quality in accordance with the terms of the New Home Warranty.)**

BUILDER Note: these are examples taken from a hypothetical set of scope of work, residential performance standards, and best practices of builders. Your Appendix must reflect what your scopes of work and your inspection processes require of your superintendents and of your trades..

All materials are to be protected after delivery on the job site to minimize any damage.

All materials and equipment used in the construction of a new home will be new and undamaged at the time of installation.

Any damage to any part of a new home will be repaired to “new” condition or replaced so our customers receive full value for their home buying dollar.

5/8” roof sheathing in lieu of the code required 7/16” to increase the wind resistance of your new home.

All contractors or contractor’s employees working on a new home will be trained and qualified by their employer in their specialized area to assure construction of the best possible new home.

#### **Specific Tolerances and Dominion Company Standards of Performance:**

**Mirrors** – No visible breaks, cracks, or scratches. Measured size within 1/2" of size shown on plans, if applicable. No visible imperfections in the mirrored surface larger than a #2 pencil lead. All exposed edges to be polished and burr free. Hanging hardware or connection hardware per contract specification.

**Shower Doors** – For rolling or swing type doors: easily operable with 5# of force; no visible leaks around closed door with shower head on and water directed at the door; Exposed glass edges to be polished and burr free; no visible breaks, cracks, or scratches on the glass; continuous clear butyl caulk inside and outside wherever frame meets adjacent materials.

**Cleaning** – Windows, glass and mirrors are to appear clean and smudge free from as close as 3 inches in direct sun; surfaces are to be dust free at the time of inspection and not show a mark if a gloved finger is lightly drawn across them; cabinets and drawers are to be clean inside and out with all stained wood lightly polished at the time of home owner inspection; Sinks, toilets, tubs, showers, and basins are to be clean, chip free, and stain free; painted wood doors, especially any louvered doors are to be clean and dust free; carpet is to be freshly vacuumed prior to home-owner inspection and not

showing any traffic paths; interior and exterior light fixtures and appliances are to be dust free inside and out; any homeowner samples, appliance warranty cards, or appliance instruction books are to be collected and located in a single kitchen drawer; all exterior concrete and the garage floor is to be swept and hosed down so that visible dirt has been removed.

**Insulation** – Prior to drywall close in, all exterior wall and sloped ceiling cavities are to be completely filled with insulation at the approximate density prescribed by the insulation manufacturer and all cardboard baffles are to be stapled securely in place. At the final completion, the level of any blown insulation is to be uniform in depth as required in the SOW; a card indicating the R value, depths, and number of installed bags of insulation shall be prominently posted; crawl space insulation shall be installed moisture barrier to the heated space and secured with tiger teeth or netting as called for in the SOW; spilled insulation inside or outside the house, or in the crawl space shall be cleaned up and removed.

**Tile Countertops** – All grouted joints shall be 100% filled; all caulked joints shall be smooth, completely full, and clean; no broken tile will be visible; no mismatched or unglazed tiles will be visible; bull nose and cove tiles will be used in appropriate locations; no cut tile ends will be visible; a 6" speed level will not show any tile-to-tile height differences greater than 1/16"; a 24" level will show side-to-side or front-to back slopes of less than 1/8" in 24".

**Pre-finished Hardwood Flooring** – there shall be no unfilled pinworm holes over 1/16" in diameter; there will be no "checks or strokes" more than 1/4" in length; there will be no cracks between boards greater than 3/32".

**Resilient and Sheet Vinyl Flooring Materials** – no shrinkage gaps in excess of 1/16" in width; no ridges or depressions in the subfloor greater than 1/8".

**Carpet** – grain of the carpet will be matched to run the same direction within all rooms to minimize visible seams; no carpet seams will be within 12" of any parallel wall or opening.

**Overhead Doors** – Garage doors are to be adjusted to the recommended tolerances of the door manufacturer. When closed, no visible light under the door is visible from the center of the garage. The closed door should touch the weather-stripping at the sides and the top of the door opening.

**Exterior Doors** – Doors are to be tight fitting and sealed against air leakage when closed tightly. No light is to be visible at top, bottom, or sides of any exterior door. Striker plate is to be adjusted so door will remain tightly closed.

**Gutters** – Standard slope on gutters - 1/32 inch drop per foot of gutter length. Performance -No standing water more than 1/2" deep 24 hours after the last rain, assuming no trash or other obstructions in the gutter. (Builder note: In your area, more "drop" or fall per foot might be appropriate, you might ask around. Make sure your homeowner's warranty or maintenance manual states that "Trash or obstructions in the gutters or the downspouts are a maintenance responsibility of the homeowner."

To come

**Appendix #25**

**Example of Generic Job Ready Inspection Form,  
for Use by Trade Contractors**

(Note: this form is available from Dominion superintendents on the job-site.)

**Job Ready Inspection Form**

For use on

**Dominion Building & Development Company Jobsites**

Job Name: \_\_\_\_\_

Lot or Block of this Job: \_\_\_\_\_

Name of Contractor using this form: \_\_\_\_\_

Job Foreman's Name: \_\_\_\_\_

Date of Inspection \_\_\_\_\_

Phase of Work Being Started  
today: \_\_\_\_\_

| Job is Ready Today  | Job is Not Ready today  |
|---|---|
| <p>Signature of Foreman:<br/>_____</p> <p>Signature of Dominion Superintendent:<br/>_____</p> | <p>Reasons for Job Not Ready</p> <ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> </ol> <p>Agreed upon action by Trade Contractor</p> <p>Agreed upon action by Dominion</p> <p>Signature of Foreman:<br/>_____</p> <p>Signature of Dominion Superintendent:<br/>_____</p> |

## Appendix #26

### Example of Dominion Company Construction Quality Checklist

(4 pages total)

(This checklist is used by all Dominion superintendents as a reminder of the items to be checked at various steps in the construction process. This is not the Inspection Form)

Quality Point No. 1 – After completion and backfill of Foundation

- Drain tile around foundation complete and piped to daylight
- Gravel covering draitile is covered by 15# paper
- Foundation is backfilled and compacted to +/- 4" of finished grade
- Slab concrete cylinders sent to lab for 7, 21, and 28 day tests
- Major diagonals on foundation measured and noted by trade contractor
- Trade dimensions confirmed by actual measurement by Dominion
- All forming materials removed
- Bottom treated plate in place and bolted down tight
- Exterior wall line snapped onto foundation
- Surveyor set-back check complete and foundation is within all setback limits
- Water and sewer house connections complete, inspected, and covered up
- Electric panel wall set
- Power service in and panel activated
- Port-A-Potty on site and clean
- Site sign securely in place and correct

No marks on this form

No signatures required on this form

Each of these items are to be checked in sequence for each house. No action is required in the work meets all applicable codes, regulations, local practices, and Dominion company standards. Work not acceptable under these criteria is to be noted on the Quality Point Inspection Form and followed up on until the work is acceptable.

#### Quality Checklist Page 1







## Appendix #27

### Quality Point #1 Inspection Form

This inspection is to be completed after completion and backfill of foundation

Inspection to be completed when all interior surfaces have been prime painted and all exterior trim and materials have been stained or painted per Phase Standards or Customer Selections

All items on the Quality Point #1 Checklist are complete and acceptable with the exception of:

|              |                    |
|--------------|--------------------|
| Issue Noted: | Responsibility of: |
| Issue noted: | Responsibility of: |
| Issue noted: | Responsibility of: |

Inspection completed for Construction by: \_\_\_\_\_,  
Date \_\_\_\_\_

Re-inspection of above noted items complete by: \_\_\_\_\_,  
Date \_\_\_\_\_

## Appendix # 28

### Quality Point #2 Inspection Form

This inspection is to be completed at the end of framing and shell dry-in

Inspection to be completed when all interior surfaces have been prime painted and all exterior trim and materials have been stained or painted per Phase Standards or Customer Selections

All items on the Quality Point #2 Checklist are complete and acceptable with the exception of:

|              |                    |
|--------------|--------------------|
| Issue Noted: | Responsibility of: |
| Issue noted: | Responsibility of: |
| Issue noted: | Responsibility of: |

*Example*

Inspection completed for Construction by: \_\_\_\_\_,  
Date \_\_\_\_\_

Re-inspection of above noted items complete by: \_\_\_\_\_,  
Date \_\_\_\_\_

## Appendix #29

### Quality Point #3 Inspection Form

Inspection to be completed when all mechanical rough in has been completed

Inspection to be completed when all interior surfaces have been prime painted and all exterior trim and materials have been stained or painted per Phase Standards or Customer Selections

All items on the Quality Point #3 Checklist are complete and acceptable with the exception of:

|              |                    |
|--------------|--------------------|
| Issue Noted: | Responsibility of: |
| Issue noted: | Responsibility of: |
| Issue noted: | Responsibility of: |

Inspection completed for Construction by: \_\_\_\_\_,  
Date \_\_\_\_\_

Re-inspection of above noted items complete by: \_\_\_\_\_,  
Date \_\_\_\_\_

## Appendix #30

### Quality Point #4 Inspection Form

Inspection to be completed when all interior surfaces have been prime painted and all exterior trim and materials have been stained or painted per Phase Standards or Customer Selections

All items on the Quality Point #4 Checklist are complete and acceptable with the exception of:

|              |                    |
|--------------|--------------------|
| Issue Noted: | Responsibility of: |
| Issue noted: | Responsibility of: |
| Issue noted: | Responsibility of: |

Inspection completed for Construction by: \_\_\_\_\_,  
Date \_\_\_\_\_

Re-inspection of above noted items complete by: \_\_\_\_\_,  
Date \_\_\_\_\_

*Example*

## Appendix #31

### Final Inspection Form

This inspection is to be completed when entire new home is complete and ready to be accepted by the Warranty Department for the purpose of the home purchaser new home orientation

All items on the final inspection checklist are complete and acceptable with the exception of:

Inspection results

Before this home is completed, the following items will be completed/corrected:

- 1.
- 2.
- 3.

Signed by Warranty Department

---

Signed for by Construction

Accepted by Warranty Department

---

**Appendix #32**  
**Schedule of In-Process Inspections**  
**by Dominion Building Co.**

| Name of Inspection | Scheduled Time of Inspection                      |
|--------------------|---|
| Quality Point #1   | Upon completion and backfill of foundation        |
| Quality Point #2   | Upon completion of framing and shell dry-in       |
| Quality Point #3   | After completion of all mechanical rough-in       |
| Quality Point #4   | After inside prime paint and exterior paint/stain |

### Appendix 33

## Dominion Building & Development Co. Example Semi-annual Internal Audit Format (for use in Production Internal Audits)

| Operation being audited:   | Date of internal audit:  |
|--|--|
| Jobsites visited: (minimum of 2)   | Ongoing activities on date of site visit:                      |
| Quality Representative conducting the audit:   | List of trades on site:  |
| Items reviewed in all audits: <ul style="list-style-type: none"> <li>• Qualified employees in all key positions</li> <li>• Training records complete and accurate</li> <li>• Progress on Operational performance measures</li> <li>• Positive progress in reduction of recurring problems</li> <li>• Records of improved customer satisfaction</li> <li>• Support of Certified Trade Contractor Program</li> <li>• Defensible “paper trail” of all quality activities</li> <li>• Documented items included in files and records</li> </ul> |  |
| Special items included in this audit: <ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul>   |  |
| Special comments or recommendations for improvement in this operation:   | <ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul> |
| Date of review with quality representative of this operation:  | _____  |
| Date of Quality Committee review:  | _____  |
| Date all approved changes are implemented in this division:  | _____  |

## Appendix 34

### Spreadsheet Tracking Form for NHQ Status Of Key Trade Partners

| Trade Type        | Trade 1 / status<br>% of work | Trade 2 / status<br>% of work | Trade 3 / status<br>% of work | Trade 4 / status<br>% of work | Total % of work done by<br>certified trades by type |
|-------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|---|
| Concrete fdtn.    |                               |                               |                               |                               |   |
| Framing           |                               |                               |                               |                               |   |
| Insulation        |                               |                               |                               |                               |   |
| Electrical        |                               |                               |                               |                               |   |
| Plumbing          |                               |                               |                               |                               |   |
| HVAC              |                               |                               |                               |                               |   |
| Roofing           |                               |                               |                               |                               |   |
| Drywall           |                               |                               |                               |                               |   |
| Painting          |                               |                               |                               |                               |   |
| Flooring and tile |                               |                               |                               |                               |   |
| Countertops       |                               |                               |                               |                               |   |
| Cabinets          |                               |                               |                               |                               |   |
| Stairs            |                               |                               |                               |                               |   |
| Masonry           |                               |                               |                               |                               |   |
| Low Voltage       |                               |                               |                               |                               |   |
| Flatwork          |                               |                               |                               |                               |   |
| Windows           |                               |                               |                               |                               |   |
| Trim Carpenters   |                               |                               |                               |                               |   |
| Siding            |                               |                               |                               |                               |   |
| Stucco            |                               |                               |                               |                               |   |
| Landscaping??     |                               |                               |                               |                               |   |
| Cleaners??        |                               |                               |                               |                               |   |

Quality Manager: Update this chart each month and make it a regular report to your quality committee and address how to increase your number of certified trades.

Status Codes: C=Certified  
 A=Attended Session  
 MC=Manual is substantially complete  
 ICP=In the certification process  
 NP=Has not participated  
 NI=Not Interested

How to use this tracking form:

1. Add or remove trade types according to your preferences, though keep in mind that this is designed to focus on your key trades.
2. Under each trade type, rank your trade partners by the percent of your work that they do for you, with those trades who do the most work for you in the "Trade 1" column, then the "Trade 2", etc.
3. Add their status based on the status codes and the percent of your work that they do
4. Total your percent of work done by certified trades by each trade type in the last column.
5. Use the chart, first focusing on your trades in the "Trade 1" column, then "Trade 2", etc.
6. Keep your chart updated, and enjoy success as your trade partners become certified!

Note: This example is inserted here as an Excel Object. It must be converted to a functional Excel spreadsheet before use.

## Appendix 35

### Example Agenda for the Quality Committee Meetings

(For meetings described in Section 2.1 of the NHQ system manual)

- I. Document attendance
- II. Address pending issues from the previous meeting, if any
- III. Review results of any completed internal audits and assign follow-up responsibilities
- IV. Schedule internal audits as needed for
  - Purchasing
  - Construction
  - Warranty
  - Sales
  - Other functional areas
- V. Evaluate progress on quarterly department quality initiatives, as each is reported on, per Section 3.3.1, 4.3.1, 5.3.1, and 6.3.1
- VI. Review any quality manual changes presented by the quality representative of each operating area.
- VII. Schedule the annual management review, per Section 2.2 as needed
- VIII. Schedule annual 3<sup>rd</sup> party audit by the NAHB Research Center
- IX. List pending issues and assignments to be addressed before the next meeting