



2026 Part 2 Application

GENERAL INFORMATION

Thank you for applying for the **National Housing Quality Award (NHQA)** and your journey toward operational excellence, continuous improvement, and industry benchmarking.

This document constitutes **Part 2** of your application, a lengthy questionnaire and worksheet that requires explicit detail across all of your operational aspects.

For additional information, FAQs, helpful tips, and articles about the NHQA application and examination process, please visit probuilder.com/nhqa.

APPLICATION SUBMISSION REQUIREMENTS

- Presented on 8.5 in. x 11 in. pages
- Use of 12 pt. Times New Roman font
- Maximum of 19 pages, including a completed P&L Worksheet (embedded below) and one (1) Company Overview page (20 pages total)
- Save the entire entry as one (1) PDF document

DO NOT send or reference “attachments” or other documents.

Part 2 must be submitted to the examination portal by **May 23, 2025**. Instructions are provided in the email you received after submitting your Part 1 application and fee.

Your **Part 2 application** will be examined by a panel of previous NHQ Gold award recipients and housing quality and operational management experts.

Applicants that display a high level of achievement will earn a **two-day site visit** by a team of examiners to review your operations in person with members of your team. An additional fee of \$2,000 is required to help cover the costs of a site visit.

NHQA winners are recognized in three categories: **Gold**, **Silver**, and **Bronze**; occasionally, the examination team will award an Honorable Mention distinction. All award winners are published in *Pro Builder* magazine and recognized at an awards ceremony.

Step 1: Provide a Company Overview

With your application, please provide a short (1 page, maximum) description of your company, including: company history; the types of product (homes) and services you provide; the geographic and demographic markets you serve; competitive situation; general business goals and direction; and any other relevant information.

If you are submitting an application for a division of a larger corporation, please also describe the operating relationship to the parent company.

Please also include the following information for the examiners:

- Company or Division Name and website URL
- Name, title, email address, and phone number of the person submitting the application

Step 2: Complete Each Category

Part 2 of the NHQA application consists of eight (8) categories outlined below, including “talking points” to be reflected in your response.

Category 1: Senior Leadership

Q: How does your senior leadership guide and sustain your organization? How does your organization fulfill its legal, ethical, and societal responsibilities and support the communities in which you operate?

At a minimum, your response should reflect the following:

1. *The company mission that gives purpose to your organization*
2. *The company values that guide corporate decisions and behaviors*
3. *Your vision of what your company can become*
4. *How senior leaders instill and reinforce the mission, values, and vision within the company as role models and by empowering others*
5. *How leadership incorporates use of KPI's.*
6. *How leadership is developed, receives feedback, and is held accountable*
7. *How leadership transparent to organization*
8. *How employee feedback on company priorities is elicited and utilized*
9. *How company results are communicated to Employees*
10. *Process to ensure legal and regulatory compliance*
11. *How risk is assessed with company's operations*
12. *How the company demonstrates public responsibility and good citizenship*

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Category 2: Strategic Planning

Q: How do you create and carry out a strategic plan to achieve a future vision, enhance your competitive position, and improve overall performance?

At a minimum, your response should reflect the following:

- 1. The key strategic challenges your company faces in the next 1-5 years*
- 2. How these challenges are identified, analyzed, and being addressed*
- 3. How your strategic plan is developed*
- 4. How you use demographic data and market intelligence in strategic planning*
- 5. How the strategic plan is tied to your mission, vision, and values*
- 6. How the plan leverages your company's unique skills, knowledge, and experience*
- 7. How the plan compensates for lack of skills, knowledge, experience and/or resources*
- 8. How your company's strategic plan is deployed*
- 9. How your company's strategic plan is monitored*
- 10. The operational impact of the strategic plan*
- 11. How your company acquires or develops the necessary skills for plan implementation*
- 12. How you utilize performance metrics and feedback channels*
- 13. How you report and communicate progress*
- 14. How leaders use feedback to adjust the plan*
- 15. How do you identify and acquire new customers?*
- 16. How do you maintain your customer pool?*
- 17. What tools and data do you use to generate and maintain leads?*

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Category 3: Process Management

Q: How are your company's business processes developed, managed, measured, and improved to achieve operational excellence?

At a minimum, your response should reflect the following:

- 1. How you approach and develop essential business processes*
- 2. How you involve various departments*
- 3. How do you establish expectations?*
- 4. How you document implementation of new processes*
- 5. How you use KPIs (Key Performance Indicators)*
- 6. How you track and communicate KPIs*
- 7. Tools used for process improvement*
- 8. Describe approach to continual improvement throughout organization and how communicated*
- 9. How you improve your key processes*

10. *How Trade Partners/other stakeholders are involved in your management process*
11. *How you maintain accuracy in sales materials*
12. *Describe your sales process and how it is managed and held accountable*
13. *How marketing efforts are developed, managed, and measured*
14. *Critical sales and marketing KPI's company uses to manage performance*
15. *How your company approaches new markets, communities and/or products*
16. *What is your operational performance evaluation process?*

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Category 4: Customer Satisfaction

Q: How do you define, design, measure, and manage products and services that lead to a high level of customer satisfaction? Please provide a third-party customer satisfaction performance measures (Move-in & 1 year Recommend at minimum) for the previous 12 months.*

At a minimum, your response should reflect the following:

1. *How you identify market segments and key customer groups*
2. *The methods you use to define, develop and measure a customer centric culture*
3. *How you determine levels of focus on select segments or groups*
4. *How you select customer-desired product features and services*
5. *How you develop customer relationships*
6. *What your key success drivers are that result in satisfied customers*
7. *How key stakeholders trained on customer satisfaction*
8. *How customers are managed during and after the building process*
9. *How your key customer satisfaction processes are measured and managed*
10. *How your key customer satisfaction processes are improved*
11. *How is customer feedback used and with whom is it shared*
12. *How your key customer centric processes are implemented*
13. *Methods company uses to develop and improve customer satisfaction*
14. *How your company obtains and utilizes customer satisfaction feedback to improve performance*
15. *How essential business process (ex. Sales, Selections, Construction, Warranty) impact customer satisfaction*
16. *Provide any 3rd party or internal customer satisfaction survey information*

** If you do not use a third party to measure and report customer satisfaction, NHQA will conduct an evaluation of your customers for the past 12 months if a site visit is awarded.*

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Category 5: Human Resources

Q: How do your Human Resources practices contribute to the growth of the organization, such as Employee selection and development, as well as staff performance management, well-being, motivation, satisfaction, and compensation?

At a minimum, your response should reflect the following:

- 1. How you maintain a workplace that contributes to the well-being, satisfaction, and motivation of staff*
- 2. Ways your company maintains or enhances employee morale*
- 3. A description of your company culture*
- 4. How company seeks to understand employee satisfaction and improve*
- 5. Company benefits offered to Employees, how they are determined and updated*
- 6. Your organization's career development strategies*
- 7. Programs supporting superior performance and help achieving the company's overall objectives*
- 8. Training programs both personal development and functional job skills*
- 9. An Employee Handbook and its role/purpose*
- 10. How Employees document and access policies, processes, and procedures*
- 11. Employee retention techniques*
- 12. How you ensure organizational alignment*
- 13. Companies staff performance management strategies*
- 14. Employee recruitment strategy*
- 15. New hire and internal applicant interview process*
- 16. How you administer employee evaluations*
- 17. Compensation, recognition, and incentive programs*
- 18. Organizational succession plans*

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Category 6: Construction Quality

Q: What methods does your company use to drive quality in the home construction process and ensure high-performing, trouble-free products?

At a minimum, your response should reflect the following:

- 1. Describe your quality management system. How it is developed, implemented, managed, and measured*
- 2. Your approach to quality in determining design, products or systems used in your homes and factors are taken into account when considering implementation*
- 3. Your key success drivers of construction operations*
- 4. How building code and manufacturer specifications traced and incorporated in quality system*

- 5. *How your quality standards are taught and reinforced to employees and trade partners*
- 6. *Training programs that exist for all field personnel*
- 7. *Describe your warranty process and how it is managed for benefit of all stakeholders*
- 8. *How feedback from warranty team and customers is used*
- 9. *Your quality review process for new plans, production of homes and new communities*
- 10. *Your customer's involvement in the construction and quality review process*
- 11. *Your customer's post-closing experience is managed*
- 12. *Your quality recognition programs*
- 13. *Your continuing improvement processes*
- 14. *Your quality defect prevention and correction processes*
- 15. *Describe field safety programs and training*
- 16. *Job site safety systems, processes, and measurements*

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Category 7: Trade Relationships

Q: How does your company display consideration and collaboration with construction trade partners as a valuable member of your organization? How are trade partners kept informed in the planning and performance improvement efforts of your company?

At a minimum, your response should reflect the following:

- 1. *Your strategy for establishing mutually beneficial relationships with trade partners and suppliers*
- 2. *Your trade partner selection process*
- 3. *Trade partners contribution to quality and continual improvement efforts*
- 4. *Utilization of communication channels with Trade Partners*
- 5. *Trade partner development and performance goals*
- 6. *Your process for developing Trade Partners to meet organization goals*
- 7. *Your process for assessing Trade Partners' performance and communicating compliance*
- 8. *Pro-active problem avoidance through trade involvement*
- 9. *Encouragement of trade contributions to the greater good of your organization*
- 10. *Integration of Trade Partners in building a better company*
- 11. *Your trade partner feedback system.*

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Category 8: Business Results

Q: How are your business practices effective in delivering tangible and measurable financial and operational results, customer satisfaction, and product/service quality?

At a minimum, your response should reflect and provide the following:

1. Specific and documented Customer Satisfaction Survey Results, Willingness to Refer (3 years).
2. Operational Metrics and Results
 - a. Cycle time
 - Soft: Permit to foundation
 - Hard: Frame to completion
 - b. Variance cost (money & time)
 - c. Job site safety
3. Human Resources
 - a. Employee survey/engagement information
 - b. 12-month turnover rate
4. Market Results
 - a. Market share
 - b. Sales traffic conversion (all sources)
 - c. Sales Percentage (all sources)
5. Trade Relations Results
 - a. Trade surveys
 - b. Trade turnover
 - c. Specific and documented construction defect reduction
6. Constructed Quality
 - a. Continuous improvement initiatives
 - b. Process improvement initiatives
 - c. Quality inspection results or tracking documentation
7. Warranty Results
 - a. Number of warranty items per home
 - b. Cost per work-order days to complete
8. Financial Results (**Prior 3 years**)
 - a. Complete the **Income Statement Form** below (next page); *Please refer to the Income Statement Guide provided for additional guidance.*
 - b. Also provide:
 - Revenue per employee
 - Financial ratio used to evaluate business opportunities or overall financial health/performance of company, (ex. ROE, ROI Inventory Turn).

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**NHQA Category 8
Income Statement**

	Value (\$)	Percentage (%)
Total Sales Revenue		
(Land/Lot Costs)		
(Direct Construction Costs)		
Gross Margin		
Indirect Construction Expenses		
Construction Supervision		
Warranty & Service		
Other: Purchasing, estimating, design		
Total (A)		
Sales & Marketing Expenses		
Commissions and sales costs		
Advertising		
Model Homes		
Other (specify)		
Total (B)		
Financing, Closing & Interest Expenses (C)		
General & Administrative Expenses (D)		
Total Operating Expenses (A+B+C+D)		
Net Profit Margin		
Gross Profit Margin <i>minus</i> Total Operating Expenses		

Section 8: Income Statement Guide

The following is a guide for **applicants** to categorize company operational expenses as a percentage of revenue and provide standardized information compare applicants against the Financial Criteria in the Part 2 application.

1. Revenue

- a. Single Family Sales
- b. Rental/Investor Sales
- c. Land Development (if develop own lots use market value)
- d. Commercial
- e. Other Income (Construction Management, Rebates, Discounts, Misc.)

2. Cost

- a. Land (If develop own lots use actual cost)
- b. Direct Construction Cost (only site preparation for building & actual hard cost of homes)

3. Indirect Construction Expenses

- a. **Construction Supervision:** Superintendent, Production Manager Compensation, field construction assistants or field assistants the perform work on homes.
- b. **Warranty & Service:** Warranty Compensation, Warranty expense (Materials and Trade Contractor expenses not covered by Supplier/Trades)
- c. **Other:** Estimating, Purchasing, Architecture/design, Field office expense, construction tools, equipment, vehicles and other miscellaneous.

4. Sales & Marketing Expenses

- a. **Commission and sales cost:** Sales management, in houses sales salary/commissions, Outside sales commissions and internet sales personnel and commissions.
- b. **Advertising:** all advertising and PR expenses
- c. **Model Homes:** operating expenses, furniture, and all no- capitalized expenses.
- d. **Other:** Buyer discounts, concessions and other miscellaneous.

5. Financing, Closing & Interest Expenses

- a. Interest on Notes (Bank and related party) & Mortgages
- b. Closing expenses, discount points, origination fees & other miscellaneous.

6. General & Administrative Expenses

- a. Owner & other key management Compensation, Accounting & General office compensation, office rent, utilities, communication (phones, fax, cellular, pagers) General office expense, computers, personal property, Insurance-Worker Compensation, general liability, auto, property, professional service, consultants, dues, subscriptions, education, travel, training and all other miscellaneous expenses.

More ...

APPLICATION, EXAMINATION & AWARDS SCHEDULE

The NHQA examination process provides an intensive look at your application and operations. Please refer to the following schedule as a guide to the process and timing:

Part 1: Intent to Apply ... March 14, 2025

 **Part 2: Submit Application** ... **May 23, 2025**

Initial Examinations ... June

Status Update to All Applicants ... Late June

Site Visits ... July-September

If your application merits a site visit, you will be contacted to schedule a two-day session at your location at your convenience within the examination period above

Non-Site Visit Feedback Reports ... July
Applicants not earning a site visit will receive a feedback report

Feedback Reports + Awards ... September-October

Feature Article in *Pro Builder* ... January-February 2026 issue

Awards Ceremony ... IBS 2026, Orlando, Fla.

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QUESTIONS?

If you have any questions regarding your Part 2 NHQA Application, please contact Jeff Eschliman, executive director, at jeff.nhqa@gmail.com

Thank you for your interest in the National Housing Quality Award, and good luck!