

VHBA Membership Denial – defining “Good Character and Business Reputation”

An association can adopt objective and defined qualifications for its membership. Among the reasons an association may deny membership are “sound credit rating” and “favorable reputation in the community” if there are objective written criteria that further define what is meant by these categories.

VHBA’s By-Laws provide for membership being open to any person, firm or corporation that, *among other things*, “is of good character and business reputation”.

In applying this standard, it is not intended that “reputation” be evaluated on subjective impressions or hearsay. Rather, the phrase, “that is of good character and business reputation” means:

- The applicant has a good credit rating. (The evaluation of an applicant’s credit rating shall be based on objective data and not on rumor or general reputation for being a “slow pay.”)
- The applicant, or any person with a financial ownership interest in the applicant, has not been a party to a previous dispute concerning the enforcement of the Valley Home Builders Association’s Code of Ethics within the last ten years, where such dispute resulted in the party either being expelled from Valley Home Builders Association or resigning prior to an ethics determination.
- An applicant, or any person with a financial ownership interest in the applicant, that has been convicted of any criminal felony charges involving business operations or theft-by-contractor shall not be admitted into the Association. An applicant, or any person with a financial ownership interest in the applicant, that has any other felony conviction can be considered for membership after five years from the release of custody or from the date of conviction, whichever period of time is greater. Membership is not guaranteed in this circumstance, but the applicant is allowed to present information to the membership committee that will display that the applicant is not a threat of further criminal activity and that there are mitigating circumstances to consider about the underlying conviction.
- The applicant is not involved in any pending bankruptcy or insolvency proceedings or otherwise experiencing financial difficulties to a degree that could reasonably be expected to jeopardize those persons doing business with him or her.
- The applicant is not subject to any unresolved civil rights violations, violations of consumer protection laws, violations of the real estate license laws, violations of contractor certification laws, or any other laws that could lead to a felony conviction.
- The applicant supplied purposely misleading or inaccurate information on the membership application.