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TARGETED INSPECTION PROGRAM

This Bulletin replaces Builder Bulletin 31, issued November, 1993.

What this Bulletin is about

Effective October 1, 1993, the Ontario New Home Warranty Program [now Tarion Warranty Corporation (“Tarion”)] implemented the Targeted Inspection Program to provide on-site technical coaching and training at benchmark stages of construction to help new and problem builders make informed decisions on good construction practice.

Developed as an element of Tarion’s prevention strategy, the focus of the Targeted Inspection Program is not as much on the project as it is on the builder’s performance over the long term. It enables Tarion both to monitor and assess the technical competence of new builders joining the Program and to monitor and correct the construction practices of problem builders.

The Targeted Inspection Program is mandatory if so determined by Tarion for new and problem builders. In addition to the criteria listed below, any builder may be considered a problem builder at the discretion of the Registrar. Failure to comply with Targeted Inspection Program requirements will result in the Registrar issuing a Notice of Proposal to Refuse or Revoke Registration.

Note: The Targeted Inspection Program does not apply to high-rise condominium projects required to meet the provisions of Builder Bulletin 19.

What has changed

This Bulletin was revised to clarify the application of applicable taxes to inspection fees.

What’s Involved

Based on the information gained through the expanded registration interview and construction technical test (see Builder Bulletin 30), a Client Services Representative may recommend that a Targeted Inspection Plan be one of the terms and conditions of registration for a new or re-entering builder. If an inspection plan is required the applicant will receive notification from the Registrar. Some new builders will be exempt because they have demonstrated a high level of business skill and construction knowledge in their interviews and technical tests. A Technical Representative will initiate the Inspection Plan and will either conduct the inspections personally or hire a fee for service inspector. Targeted Inspection Plan fees for the total number of inspections required for a specific unit are payable at the time of its enrolment.

For problem builders, the Targeted Inspection Plan development process is more complex. The Technical Representative will thoroughly research and analyze the builder’s file to pinpoint past performance issues. An appropriate inspection plan will be implemented or, in some cases, custom designed, depending on the builder’s

past performance. Participation in the Targeted Inspection Program becomes an amendment to the terms and conditions of registration. The inspection plan will begin on the next enrolment submitted to Tarion or, if a number of enrolments has been submitted but construction not yet begun, the next home to be built. Tarion staff will meet with the builder to outline the reasons for the implementation and to review the inspection plan requirements. Inspections will be conducted by a Technical Representative or other trained inspector.

In all instances, Tarion will make every effort to respond within 24 hours to inspection or re-inspection requests. However, responsibility lies with the builder to ensure that staff is present on-site at the pre-arranged time. If Tarion fails to meet the appointment the fee for that inspection will be waived or applied against an inspection at a later time.

Definition of NEW Builder

- new applicants who have never registered with Tarion
- applicants whose registration has been expired for three years or more
- previously-registered applicants who have unsettled claims outstanding
- applicants who have been previously refused or revoked by the Registrar but have satisfied Tarion that their circumstances have changed materially
- applicants who are re-registering and changing their status from “Vendor Only” to “Vendor/Builder”, and
- previously-registered applicants who have made a significant change in principals, including those responsible for construction or the day-to-day operations of the company

Definition of Problem Builder

Builders whose performance with Tarion during the previous 12 months demonstrates one or more of the following are classified as problem builders:

- Any paid warranty claim. Tarion staff will have the discretionary power to deal with certain inequitable situations, e.g., if a homeowner has refused entry to the builder, and, with the builder’s agreement, Tarion makes the repair and charges back the builder.
- Unacceptable ratio of chargeable conciliations to possessions using the rating system in the Home Buyer’s Guide to After Sales Service. The current formula for the “below average” rating, i.e., a ratio of two or more chargeable conciliations in 25 possessions or fewer will also apply to builders.

The Registrar may target any builder as a problem builder if, for example, there is an unacceptable ratio of complaints to possessions or if a builder receives consistently unfavourable results in field inspections carried out by Tarion staff.

Inspection Plans

Building on the experience of the Mandatory Inspection Program, targeted inspections will focus on Tarion’s most costly and frequent claims.

Inspections can be held at the five key stages in the construction process: excavation, foundation, framing, prior to drywall and completion.

Depending on the builder’s level of technical knowledge or track record with Tarion, regional staff will select one of the following four levels of inspection:

Level	Number	Stages
Minimum	3 Inspections 2 Homes	1. Foundation 2. Prior to drywall 3. Completion
Moderate	4 Inspections 3 Homes	1. Excavation 2. Foundation 3. Prior to drywall 4. Completion
Maximum	5 Inspections 3 Homes	1. Excavation 2. Foundation 3. Prior to drywall 4. Completion
Custom	1 to 5 Inspections 2 to 5 Homes	1. Designed to address specific concerns based on builder's claims history.

Timing of Inspections

The following guidelines have been established for the timing of the inspection at each benchmark stage in the construction process:

Stage	Timing
Excavation	After footing formwork completed but prior to pouring concrete.
Foundation	Prior to backfill, with damp-proofing applied.
Framing	After roof framing complete and sheathing installed but prior to insulation and/or vapour barrier being installed.
Prior to drywall	Prior to drywall being applied but with insulation and air/vapour barrier installed.
Completion	When the home is ready for occupancy and exterior grading has been completed.

Note: Incomplete seasonal work is exempted from the completion inspection.

Inspections

The single most important purpose of the Targeted Inspection Program is the teaching or coaching opportunity that the inspection provides. The Technical Representative, or other trained inspector, will use the review to provide appropriate technical information for the builder to make an informed decision on good building practices. In other words, the inspector focuses on the “builder” not the “unit” for the long-term improvement of the builder’s performance.

Each inspection has its own checklist which is based on Tarion's claims experience and includes the most common construction defects. By keeping track of recurring defects Tarion will be able to revise the checklists and adjust the focus of the inspections accordingly.

Checklists will also include appropriate diagrams from the Code and Construction Guide for Housing to help the inspector explain good construction practice to the builder, as well reference the Ontario Building Code (OBC). Although warranty defects are not always specific OBC infractions, they may have their origins there. Copies of the checklists will be distributed to the builder's site representative and to the person managing the construction supervision.

When the builder's construction performance improves to an appropriate level, targeted inspections will be discontinued. If a problem builder fails to improve, the documentation from the targeted inspections will be added to the case for revocation of registration.

Fee Structure

The Targeted Inspection Plan will be stipulated as a term and condition of registration. Targeted Inspection Plan fees for the total number of inspections required for a specific unit are payable at the time of its enrolment, or, will be invoiced if units are already enrolled but construction has not yet begun. Applicable taxes must be added to the fees.

The following chart sets out the Targeted Inspection Fees for new and problem builders.

Builder Category	Fee/Inspection	Plan	Number of Inspections	Fee/Home (before Applicable Taxes)	Number of Houses	Total Inspection Fees
New Builder						
	\$125.	Minimum	3	\$375.	2	\$750.
	\$125.	Moderate	4	\$500.	3	\$1,500.
	\$125.	Maximum	5	\$625.	3	\$1,875.
Problem Builder						
	\$225.	Minimum	3	\$675.	2	\$1,350.
	\$225.	Moderate	4	\$900.	3	\$2,700.
	\$225.	Maximum	5	\$1,125.	3	\$5,625.

Targeted Inspection Plan fees for the total number of inspections required for a specific unit are payable at the time of its enrolment, or, will be invoiced if units are already enrolled but construction has not yet begun. Applicable taxes must be added to the fees.

Notes

If an Inspection Plan is required, a new applicant will receive notification from the Registrar. Some new builders will be exempt because they have demonstrated a high level of business skill and construction knowledge in their interviews and technical tests. (See Builder Bulletin 30 for new applicant registration requirements.)

Once an Inspection Plan is required for either a new or problem builder, Tarion will make every effort to respond within 24 hours to inspection or re-inspection requests. However, responsibility lies with the builder to ensure that staff is present on-site at the pre-arranged time. If Tarion fails to meet the appointment the fee for that inspection will be waived or applied against an inspection at a later time.

For more information regarding this Bulletin, please contact Tarion.

signed

"Howard Bogach"

Registrar