



# BUILDER BULLETIN 32

## CAP LIABILITY ON PRIVATE SEWAGE DISPOSAL SYSTEMS

Effective: July 1, 1993

Effective July 1, 1993, private sewage disposal systems claims, payable by the Ontario New Home Warranty Program (ONHWP) are limited to a maximum of \$25,000 on new homes enrolled on or after that date. This limit applies only to claims paid by ONHWP and does not limit the liability of any other party to the homeowner.

The \$25,000 cap is subject to other warranty limits and is included in the overall maximum limit of \$100,000 per home. The limit was set at \$25,000 based on the fact that ONHWP's liability is restricted to the repair of defects of the system supplied by the builder and is not intended to address common problems found in subdivisions and larger developments. According to past claims experience, this limit is more than sufficient to compensate or to repair, a defective private sewage disposal system effectively.

Section 14 of the Ontario New Home Warranties Plan Act states that a homeowner is entitled to be paid by ONHWP the amount of the damages they have suffered, subject to limits fixed by the corporation's regulations. ONHWP's Board of Directors may, by by-law, set claims limits.

In April, 1993, the Board of Directors passed a by-law, later filed as Ontario Regulation 334/93, capping the liability of private sewage disposal systems claims to \$25,000 on new homes enrolled on, or after, July 1, 1993.

For more information regarding this Bulletin, please contact the ONHWP office in your area.

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