

Tarion's Implementation Plan on the Auditor General of Ontario's Recommendations

July 10, 2020



Message from the President & CEO

On the following pages you will find our Implementation Plan for the Auditor General of Ontario's Recommendations arising from her October 2019 Special Audit of the Tarion Warranty Corporation.

We are committed to implementing the Auditor General's recommendations as we build a more transparent, fair and accountable new home warranty and protection program – and this plan is the roadmap.

Over the last eight months we have implemented 11 of the 25 recommendations directed to Tarion with eight more expected to be completed by the end of this year. The remaining six recommendations will be completed in 2021. We have also supported the Government of Ontario's plan, that would have the Home Construction Regulatory Authority (the HCRA), if designated, become the regulatory authority under the New Home Construction Licensing Act, 2017 which would be responsible for builder licensing, code of conduct, the builder directory disclosure and compliance, among other responsibilities.

So far we have been able to address backlogs identified in the audit, issues relating to governance and independence, quality control and improved customer service. We have made progress, including commencing consultations, training, and running pilots, related to reviewing the Customer Service Standard, making dispute resolution processes more accessible, and increasing building code related training of field staff. We are commencing a broad consultation on a number of issues arising from the audit recommendations which could result in regulatory changes by Tarion.

As you will see, the plan is focused on the Auditor General's recommendations directed to Tarion. As a result it does not include a progress update on recommendations that are being addressed directly by the Ministry of Government and Consumer Services or the HCRA, if designated.

Some of our anticipated progress has also been impacted by the COVID-19 outbreak. The public health crisis became a central priority in Ontario in March of this year, months after the Audit was issued. Our plans to consult with the public on many recommendations were particularly impacted. We put public consultation on hold, as the Government of Ontario and our stakeholders focused on the outbreak. But we are now moving forward with a firm commitment to consult as intended.

We have moved the needle despite the severe challenges posed by the COVID-19 outbreak, and the improvements outlined in this plan will have meaningful benefits to homeowners. As an organization, we recognize we have significant work ahead of us, but I am confident that our modernization efforts will create a stronger new home warranty and protection program for all Ontarians.

As we move forward, we will continue to provide updates on the progress we make with the Auditor General's recommendations.

Sincerely,

Peter Balasubramanian
President & Chief Executive Officer

Tarion's Implementation Plan on the Auditor General of Ontario's Recommendations

Twenty-five of the 32 Auditor General recommendations were directed to Tarion to complete within two years of the report being issued. The remaining seven recommendations are not included in this plan, as they are being addressed by the Ministry of Government and Consumer Services or by the proposed regulatory authority if designated under the New Home Construction Licensing Act, 2017.

| | |
|-------------------------|----|
| Completed | 11 |
| To be Completed in 2020 | 8 |
| To Be Completed in 2021 | 6 |

The progress outlined above is current as of July 10, 2020. Due to the ongoing COVID-19 outbreak, some elements of the plan may be impacted by health and safety directives.

Complete List of Auditor General Recommendations

| Recommendation | Progress | Recommendation | Progress | Recommendation | Progress |
|----------------|-------------|----------------|-------------|----------------|-----------|
| 1.2 | Completed ✓ | 2.1 | In Progress | 9 | HCRA Item |
| 10.1 | Completed ✓ | 2.2 | In Progress | 15.1 | HCRA Item |
| 10.2 | Completed ✓ | 2.3 | In Progress | 15.2 | HCRA Item |
| 10.3 | Completed ✓ | 3.1 | In Progress | 15.4 | HCRA Item |
| 10.4 | Completed ✓ | 3.2 | In Progress | 20.1 | HCRA Item |
| 11 | Completed ✓ | 3.3 | In Progress | 23.1 | HCRA Item |
| 12.1 | Completed ✓ | 3.4 | In Progress | 1.1 | MGCS Item |
| 12.2 | Completed ✓ | 4 | In Progress | 14 | MGCS Item |
| 12.3 | Completed ✓ | 5.1 | In Progress | 18.1 | MGCS Item |
| 13.1 | Completed ✓ | 5.2 | In Progress | 18.2 | MGCS Item |
| 15.3 | Completed ✓ | 5.3 | In Progress | 21.1 | MGCS Item |
| 16.1 | Completed ✓ | 6.1 | In Progress | 21.2 | MGCS Item |
| 20.2 | Completed ✓ | 6.2 | In Progress | 21.3 | MGCS Item |
| 23.2 | Completed ✓ | 6.3 | In Progress | 22 | MGCS Item |
| 24.2 | Completed ✓ | 6.4 | In Progress | 25.1 | MGCS Item |
| 27 | Completed ✓ | 7.1 | In Progress | 25.2 | MGCS Item |
| 28.1 | Completed ✓ | 7.2 | In Progress | 25.3 | MGCS Item |
| 28.2 | Completed ✓ | 7.3 | In Progress | 25.4 | MGCS Item |
| 28.3 | Completed ✓ | 8 | In Progress | 26.1 | MGCS Item |
| 29.1 | Completed ✓ | 13.2 | In Progress | 26.2 | MGCS Item |
| 29.2 | Completed ✓ | 13.3 | In Progress | 29.4 | MGCS Item |
| 29.3 | Completed ✓ | 16.2 | In Progress | | |
| 30.1 | Completed ✓ | 17 | In Progress | | |
| 30.2 | Completed ✓ | 19.1 | In Progress | | |
| 31 | Completed ✓ | 19.2 | In Progress | | |
| | | 19.3 | In Progress | | |
| | | 20.3 | In Progress | | |
| | | 20.4 | In Progress | | |
| | | 20.5 | In Progress | | |
| | | 20.6 | In Progress | | |
| | | 24.1 | In Progress | | |
| | | 32 | In Progress | | |

| 1. Sponsorships | Completed |
|--|---|
| <p>Recommendation: So that Tarion Warranty Corporation and any successor organization(s) maintain a balance between the interests of homebuyers and homebuilders (the latter as represented, for example, by the Ontario Home Builders' Association), we recommend that:</p> | |
| <ul style="list-style-type: none"> • Tarion should discontinue providing monetary sponsorship to the Ontario Home Builders' Association. We recommend that Tarion discontinue providing monetary sponsorship to the Ontario Home Builders' Association (OHBA). |  |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> • Tarion has discontinued this activity and will no longer provide sponsorship(s) to the Ontario Home Builders' Association. • Tarion has also implemented corporate governance changes to align with Minister's Orders, including reducing the total number of Board members from 16 to 12, and that the majority of the Board will be made-up of non-builders – either appointed by the Government of Ontario or through an independent nominations process. | |

| 10. Licensing Decisions | Completed |
|---|---|
| <p>Recommendation: To ensure builders who do not honour their warranty obligations to homeowners are held accountable and their poor warranty performances are factored into licensing decisions, we recommend that Tarion Warranty Corporation:</p> | |
| <ul style="list-style-type: none"> • specify what evidence builders must submit to Tarion to request that inspection results be exempted from licensing decisions; |  |
| <ul style="list-style-type: none"> • verify with homeowners any allegations against them by builders in all cases before approving the exemption of an inspection from a licensing decision; |  |
| <ul style="list-style-type: none"> • review and update current policies to provide more guidance to inspectors for making decisions on exemptions, and require that they document their decision; and |  |
| <ul style="list-style-type: none"> • publicly report the number of times each year that approval was given to exempt inspection results from licensing decisions. |  |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> • Tarion has reviewed and updated the process to specify required evidence from builders, verify allegations with homeowners and provide more guidance to and require documentation from inspectors. • Tarion has trained staff on the new process and it is now implemented. • Tarion now publicly reports the number of times each year that approval was given to exempt inspection results from licensing decisions. | |

| 11. Procedures for Future Licences | Completed |
|--|---|
| <p>Recommendation:</p> | |
| <p>To strengthen the builder licensing program of Tarion Warranty Corporation, we recommend that Tarion revise its procedures to consider all data about a builder’s past building-quality and warranty performance when deciding whether to grant a future licence.</p> |  |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> • Tarion requires this type of information be considered when deciding to grant a future licence. | |

| 12. Financial Resources | Completed |
|--|---|
| <p>Recommendation:</p> <p>To confirm that licensed builders have access to the financial resources necessary to complete proposed projects and cover the potential costs of their warranty obligations, we recommend Tarion Warranty Corporation:</p> | |
| <ul style="list-style-type: none"> • conduct a review to identify the best available external evidence that builders should provide when applying for a licence to establish that they have the financial means to complete proposed projects and honour their warranty obligations; |  |
| <ul style="list-style-type: none"> • review all reasons leading to the cancellation of construction projects and factor these reasons into future licensing decisions; and |  |
| <ul style="list-style-type: none"> • always collect and review the required external evidence from builders before making a licensing decision. |  |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> • Tarion has reviewed the best available external evidence to determine what information builders should provide to Tarion as well as the reasons leading to the cancellation of construction projects. • Tarion has developed and implemented a new process to collect and review this evidence before making a licensing decision. | |

| 15. Investigation of Homeowner Complaints Against Builders | Completed |
|---|---|
| <p>Recommendation: To ensure homeowners' complaints against builders are properly investigated, we recommend that Tarion Warranty Corporation:</p> | |
| <ul style="list-style-type: none"> establish and release publicly a builder code of conduct that clearly defines actions and behaviours by builders that would constitute dishonest conduct and/or lack of ethics and integrity; | The HCRA to address |
| <ul style="list-style-type: none"> establish clear consequences for builders who breach the code of conduct; | The HCRA to address |
| <ul style="list-style-type: none"> commit sufficient staff resources to initiate and complete investigations into all homeowners' complaints against builders on a timely basis; and |  |
| <ul style="list-style-type: none"> take into account relevant information in re-licensing decisions for builder code-of-conduct violations. | The HCRA to address |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> Tarion has added additional resources to initiate and complete investigations on a timely basis and has eliminated the backlog. | |

| 23. Illegal Building Investigations | Completed |
|---|---|
| <p>Recommendation: So that investigations into illegal building activity are completed on a timely basis, we recommend that Tarion Warranty Corporation:</p> | |
| <ul style="list-style-type: none"> procure a case-management system to increase staff efficiency on investigations; and | The HCRA to address |
| <ul style="list-style-type: none"> commit the necessary staff resources to eliminate the backlog of investigations. |  |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> Tarion has added necessary resources to eliminate the backlog of investigations. | |

| 27. Ontario Building Code Certification | Completed |
|--|---|
| <p>Recommendation:</p> <p>So that Tarion Warranty Corporation staff who deal with the public are qualified to perform home inspections and correctly answer questions regarding possible violations of the Ontario Building Code, we recommend that Tarion require such staff to obtain the Ontario Building Code certification.</p> |  |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> Tarion has implemented a training program for relevant staff to obtain the Ontario Building Code certification. All relevant staff who do not have their qualifications are currently taking the training and will seek certification. Warranty assessments dealing with Building Code violation claims will be reviewed by staff with the relevant qualifications or by external experts as needed. | |

| 28. Accurate Information in a Timely Manner | Completed |
|---|---|
| <p>Recommendation: To provide homeowners and builders with accurate information in a timely manner, we recommend that Tarion Warranty Corporation:</p> | |
| <ul style="list-style-type: none"> • commit the necessary staff resources to ensure it meets its internal targets for answering calls within specified times; |  |
| <ul style="list-style-type: none"> • periodically review recorded calls to ensure callers are given accurate and helpful information; and |  |
| <ul style="list-style-type: none"> • establish a clear customer-service standard for call-centre staff that focuses on providing more helpful information for homeowners to better navigate the dispute-resolution process and identify those who may need further assistance. |  |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> • Tarion has added staff to ensure customer service targets are met. • Tarion is regularly reviewing calls for quality assurance. • Tarion has developed clear service standards for call centre staff to address this recommendation. • Tarion has finalized and implemented the service standards. | |
| 29. Ombudsperson’s Office Independence | Completed |
| <p>Recommendation: To establish and maintain the internal Ombudsperson’s Office’s formal independence from senior management of Tarion Warranty Corporation, we recommend that:</p> | |
| <ul style="list-style-type: none"> • the Ombudsperson’s Office report directly to Tarion’s Board of Directors (Board) on all operational matters, including budget and salary approvals; |  |
| <ul style="list-style-type: none"> • the Board review the performance of the Ombudsperson’s Office; and |  |
| <ul style="list-style-type: none"> • Tarion management abstain from any role or involvement in evaluating or reviewing the performance of any employee of the Ombudsperson’s Office. |  |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> • The Ombudsperson’s Office now reports directly to the Board, including the review and approval of budget and proposed salary changes. • The Ombudsperson’s Office now submits their self review to the Board, who will have final edit and approval. • Tarion management will no longer be involved in the evaluation or review of the performance of any part of the Ombudsperson’s Office. | |

| 30. Compensation Structure | Completed |
|---|---|
| <p>Recommendation: To better align the compensation structures of Tarion Warranty Corporation with the intent of the <i>Ontario New Home Warranties Plan Act</i>, we recommend that Tarion:</p> | |
| <ul style="list-style-type: none"> review and revise the key performance indicators it uses in the corporate performance scorecard to reflect its mandate of regulating builders and assisting homeowners with warranty disputes; and |  |
| <ul style="list-style-type: none"> undertake a review to assess the current bonus pay method to determine whether it is consistent with public-sector practices, and adjust it accordingly. |  |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> Tarion provides public disclosure of executive compensation. Tarion has revised its key performance indicators and removed any element which could be seen to be impacted by expenses or claims. Tarion has adopted key performance indicators which reflect its mandate to assist homeowners with warranty disputes and to regulate builders. Tarion published its key performance indicators. A third-party expert reviewed comparable organizations including the public sector with respect to executive compensation including bonus pay methods. Accordingly, the bonus pay scales were appropriately adjusted effective January 2020. | |

| 31. Annual Review of Guarantee Fund | Completed |
|---|---|
| <p>Recommendation:</p> | |
| <p>To confirm the sufficiency of assets in the Guarantee Fund to cover any future catastrophic construction defects, we recommend that Tarion Warranty Corporation conduct a review of the Fund on an annual basis.</p> |  |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> Tarion undertakes a review of its Guarantee Fund annually. | |

13. Protections for Consumers Purchasing Pre-Construction Homes (Tarion)

Partially Completed

Recommendation:

To better protect consumers from purchasing pre-construction homes that may later be cancelled and/or delayed by legal restrictions on construction land, we recommend that Tarion Warranty Corporation:

- undertake a study to identify the types of construction project that would require a review of land title;
- either obtain from the builder a title search for those high-risk proposed construction projects and review it or require the builder to provide a third-party certification of this information; and
- establish a process to disclose publicly any restrictions found during the review that could delay or cancel the construction project.



In Progress

In Progress

Steps Taken:

- Tarion has conducted an analysis on the types of construction projects that would require a review of land title.
- Tarion is seeking public input on requirements for title searches and public disclosure restrictions that could delay or cancel construction projects.

Steps to be Taken:

- Tarion will determine the best approach for obtaining information in title searches and will make this a requirement.
- Tarion will make necessary regulatory changes to require public disclosure of restrictions that could delay or cancel construction projects.

Anticipated full implementation date: November 2020

16. Ontario Building Code Violations

Partially Completed

Recommendation:

To strengthen the builder-licensing process to protect homebuyers so that new homes are constructed in accordance with the Ontario Building Code, and to minimize warranty issues related to the Code, we recommend that Tarion Warranty Corporation:

- establish clear and specific criteria to help determine when a builder's licence should be restricted or revoked for Code violations; and
- implement a risk-based inspection process to inspect homes for compliance with the Code during construction.



In Progress

Steps Taken:

- Tarion has implemented a process for when a builder's licence should be restricted or revoked for Code violations.
- Tarion is conducting a pilot program for risk-based inspections of relevant builders and is currently assessing the ongoing results of the pilot program.
- Tarion is seeking public input on an ongoing risk-based inspection process for relevant builders.

Steps to be Taken:

- Tarion will complete the assessment of the pilot and finalize and implement the risk-based inspection process.

Anticipated full implementation date: November 2020

| 20. Ontario Builder Directory | Partially Completed |
|-------------------------------|---------------------|
|-------------------------------|---------------------|

Recommendation:

To help homebuyers make more informed choices when selecting a builder, we recommend that Tarion Warranty Corporation add the following information about each licensed builder, all in clear and easy-to-understand language, to the Ontario Builder Directory:

| | |
|---|---|
| <ul style="list-style-type: none"> all results of Tarion investigations that found the builder’s behaviour lacked honesty and integrity; | The HCRA to address |
| <ul style="list-style-type: none"> past convictions for illegal building activities; |  |
| <ul style="list-style-type: none"> the number and percentage of homes with major structural defects that a builder constructed each year; | In Progress |
| <ul style="list-style-type: none"> the amount of money a builder owes to Tarion that remains unpaid; | In Progress |
| <ul style="list-style-type: none"> the number of defects under warranty that a builder refused to repair; and | In Progress |
| <ul style="list-style-type: none"> the number of defects the builder refused to repair that were due to the builder’s non-compliance with the Ontario Building Code. | In Progress |

Steps Taken:

- Tarion has added past convictions to the Ontario Builder Directory.
- Tarion is making required system changes to the Ontario Builder Directory to input the new information.
- Tarion is seeking public input on additional information that should be posted on the Ontario Builder Directory.

Steps to be Taken:

- Tarion will post the new information on the Ontario Builder Directory.

Anticipated full implementation date of Tarion items: November 2020

| 24. Issues Raised by Ombudsperson’s Office | Partially Completed |
|--|---------------------|
|--|---------------------|

Recommendation:

To resolve issues identified by the Ombudsperson’s Office of Tarion Warranty Corporation, we recommend that Tarion work directly with the Ombudsperson’s Office to:

| | |
|--|---|
| <ul style="list-style-type: none"> fully resolve all issues raised in the Ombudsperson’s public reports since 2008; and | In Progress |
| <ul style="list-style-type: none"> post the results of this review on Tarion’s website. |  |

Steps Taken:

- The Ombudsperson’s office has independently reviewed all 38 of the recommendations for systemic improvement they have made since 2008. The Ombudsperson was satisfied with Tarion’s implementation of 25 of the recommendations, and felt that 13 needed to be further addressed. Tarion has developed a plan to address all of the issues, and as of June 2020 has addressed 8 of the 13. It is anticipated that 12 of 13 will be addressed by the end of 2020, and all will be addressed by the Fall of 2021.
- Tarion has published its progress on these items on Tarion.com. In addition the Ombudsperson posted her own assessment of Tarion’s progress on her [office’s website](#).

Steps to be Taken:

- Tarion will continue to work to address the remaining five issues. By the end of 2020, all but one will be completed.
- Tarion will provide public updates in Fall 2020, and a final update by Fall 2021, once the final issue is resolved.

Anticipated full implementation date: November 2021

| 2. Pre-Delivery Inspection | In Progress |
|--|-------------|
| <p>Recommendation: To ensure homebuyers receive sufficient time to familiarize themselves with the Homeowner Information Package so they understand the importance of the Pre-Delivery Inspection (PDI), we recommend that Tarion Warranty Corporation:</p> | |
| <ul style="list-style-type: none"> require builders to inform homebuyers about the importance of the PDI and provide them with the Homeowner Information Package at the time the purchase agreement for the home is signed; | In Progress |
| <ul style="list-style-type: none"> conduct random audits of builders to ensure that they comply with the above requirement or survey homebuyers to confirm builders are complying; and | In Progress |
| <ul style="list-style-type: none"> send out letters to homebuyers, before their occupancy date, reminding them about the importance of conducting the PDI. | In Progress |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> Tarion is seeking public input to move forward with necessary regulatory changes to address this recommendation. <p>Steps to be Taken:</p> <ul style="list-style-type: none"> Tarion will start conducting random and targeted audits of builders to ensure they are providing homeowners with the Homeowner Information Package prior to occupancy. In advance of the new requirement coming into force, Tarion will send a notice to all registered builders requesting they inform homeowners at the time of sale of the importance of the PDI. Tarion will finalize necessary regulatory changes that will require that builders inform homeowners of the importance of the PDI and provide them with the Homeowner Information Package at the time the purchase agreement is signed. Once the new requirement is in force, Tarion will conduct random and targeted audits to ensure that builders are complying with the new requirement. Letters will also be sent out to homeowners to remind them of the importance of the PDI before occupancy. <p>Anticipated full implementation date: November 2020</p> | |

| 3. Homeowner Information Package and Other Publications | In Progress |
|---|-------------|
| <p>Recommendation: To provide homebuyers with less confusing information on new-home warranties and their rights, we recommend that Tarion Warranty Corporation clearly explain in its Homeowner Information Package and its other publications:</p> | |
| <ul style="list-style-type: none"> the respective roles and responsibilities of builders and Tarion; | In Progress |
| <ul style="list-style-type: none"> that homeowners should submit warranty claims directly to their builders, not Tarion; | In Progress |
| <ul style="list-style-type: none"> that Tarion’s role is to hold builders accountable for addressing unresolved homeowner warranty claims to builders; and | In Progress |
| <ul style="list-style-type: none"> that homeowners do not lose their warranty rights with the builder if they do not ask Tarion for assistance. | In Progress |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> Tarion has reviewed all forms of customer communications and identified areas that require improvements, such as the website and homeowner brochures. Tarion is in the process of drafting improved communications content that will better inform homeowners. Tarion is seeking public input on how to provide greater clarity in its materials for homeowners. | |
| <p>Steps to be Taken:</p> <ul style="list-style-type: none"> Tarion will implement revised content across all identified communications platforms, including the Homeowner Information Package. Tarion’s work to clarify communications will also include clearly identifying the responsibilities of the builder and which current responsibilities of Tarion will be shifted to the HCRA, if designated. | |
| <p>Anticipated full implementation date: November 2020</p> | |

| 4. Organization Name | In Progress |
|--|-------------|
| <p>Recommendation:</p> | |
| <p>To eliminate any potential confusion about the role of Tarion Warranty Corporation, we recommend that Tarion either eliminate the word “Warranty” from its name or select a new less confusing name.</p> | In Progress |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> Tarion has completed an examination into the requirements for a name change, including the removal of the word “Warranty”. Tarion has begun the process of removing the word ‘warranty’ from its name in consumer-focused materials. | |
| <p>Steps to be Taken:</p> <ul style="list-style-type: none"> Tarion will complete the revision of its consumer-focused materials to remove the word ‘warranty’ from its name. | |
| <p>Anticipated full implementation date: November 2020</p> | |

8. Internal Appeal Process

In Progress

Recommendation:

For homeowners to have access to more timely and cost-effective ways to appeal decisions of Tarion Warranty Corporation, and given that about 80% of appeals are settled by Tarion after decisions are appealed but before the cases are heard at the Licence Appeal Tribunal, we recommend that Tarion implement an internal appeal process that allows for simpler, less costly and homeowner-friendly appeals before requiring homeowners to go before the Licence Appeal Tribunal or a court. For example, Tarion could consider creating an appeal mechanism through its internal Ombudsperson's Office.

In Progress

Steps Taken:

- After evaluating various options, Tarion has commenced a mediation pilot program that includes independent, third-party mediation.
- Tarion is seeking public input on a permanent independent, third-party mediation program as a quicker and less costly way to appeal Tarion decisions, and to be considered as an option for homeowners as an alternative or an in-between step prior to an appeal to the Licence Appeal Tribunal.
- Our experience with the pilot has shown that mediations can be a simpler less formal process, which also have been successful in resolving a number of homeowner disputes to date.

Steps to be Taken:

- Tarion will finalize a policy for a new internal mediation process and train staff on the new process.
- Tarion will implement the new process.

Anticipated full implementation date: November 2020

19. Cost of Warranty Obligations

In Progress

Recommendation:

To hold builders accountable for the cost of warranty obligations that they do not honour, we recommend that Tarion Warranty Corporation:

- update its security deposit policies and adjust its thresholds for the deposits to more closely align with its risk exposure;
- set collection targets and provide sufficient resources to improve its collections results from builders and their guarantors; and
- publicly report on its collection efforts each year.

In Progress

In Progress

In Progress

Steps Taken:

- Over the course of 2016 to 2019, Tarion sought public input on its risk assessment process to more closely align with risk exposure, as well as the public builder bulletin policy (Builder Bulletin 28). Based on the public feedback, Tarion is reviewing its risk assessment process and policy to more closely align with risk exposure.
- Tarion is currently reviewing its strategy for collections to see where it can be improved.

Steps to be Taken:

- Tarion will publish the new risk exposure documents, replacing the existing Builder Bulletin 28.
- Tarion will finalize and implement the new collections strategy.
- Tarion will publicly report collection efforts annually.
- Note: with respect to collection activity, Tarion anticipates that the impact of COVID-19 will be negative in terms of collection statistics compared to prior periods.

Anticipated full implementation date: November 2020

5. Unfinished Houses

In Progress

Recommendation:

To better protect homeowners who take occupancy of an unfinished house so that they retain their full and reasonable warranty rights, we recommend that Tarion Warranty Corporation address the issue of warranty coverage beginning before a house is finished by:

- redefining “finished house” for the purposes of homeowners’ warranty rights and coverage period so that the one-year warranty period commences only once the home meets this new definition of a finished house; or
- developing a warranty that will protect homebuyers for unfinished items in their homes once the home has met the minimum occupancy standard, and ensuring that the one-year warranty coverage begins only after the items are finished; or
- working with the relevant ministries to expand what must be completed to meet the minimum occupancy requirement in the Ontario Building Code so that new home buyers are appropriately protected by their warranty rights.

In Progress

In Progress

In Progress

Steps Taken:

- Tarion is currently developing options for a warranty that will protect homebuyers for unfinished items in their homes and redefining “finished house”.
- Tarion has advised the Ministry of Government and Consumer Services and the Ministry of Municipal Affairs and Housing that it would support the Government of Ontario to consider improvements to the minimum occupancy requirement in the Ontario Building Code.

Steps to be Taken:

- In spring 2021, Tarion will seek public input on a warranty that will protect homebuyers for unfinished items in their homes and redefining “finished house”.
- Following public consultations, Tarion will implement a new warranty to address this recommendation.

Anticipated full implementation date: November 2021

6. Homeowners' Assistance with Warranty Disputes

In Progress

Recommendation:

To improve homeowners' ability to seek assistance from Tarion Warranty Corporation when they have a warranty dispute with their builder, we recommend that Tarion:

- remove its two 30-day deadlines and allow homeowners to submit requests for assistance at any time during the first year of ownership;
- eliminate the 30-day deadline to request a home inspection;
- permit homeowners to update their listing of unresolved defects after submitting the initial listing; and
- reduce the amount of time provided to builders to resolve defects before stepping in to help homeowners.

In Progress

In Progress

In Progress

In Progress

Steps Taken:

- Tarion has already received public feedback on interim measures to help improve homeowners' ability to seek assistance from Tarion. Tarion hosted 8 roundtables with homebuyers and 7 roundtables with builders, as well as received over 100 written submissions from a range of stakeholders. Feedback included:
 - Grace period to the first 30-day submission period
 - Grace period to the request for conciliation period for all form types (such as 30-day, year-end, two-year and major structural defects forms).
 - Allow for submission of more than one 30-day form in the initial period and more than one form in the year-end period.
 - Grace period of 10 days after the year-end submission period by which a claim may be accepted if the homeowner can show that the builder was provided with written notice of the defect within the one-year period.
 - Make a policy change to the definition of emergency claims to include any water penetration claim (as opposed to "major" water penetration only).
- For the longer-term, Tarion is seeking additional public input and implement changes to the Customer Service Standard to address the full recommendation.

Steps to be Taken:

- In light of the COVID-19 outbreak and the Government of Ontario Emergency Order suspending statutory deadlines, the timing of the implementation of the interim measures is currently postponed and will be reassessed; however, the updated definition of emergency claims will be implemented in fall 2020.
- Tarion will consider all public input received and make necessary changes to improve the Customer Service Standard in 2021 to address this recommendation.

Anticipated full implementation date: November 2021

| 7. Timely Resolution of Homeowners' Disputes With their Builders | In Progress |
|---|-------------|
| <p>Recommendation: To resolve homeowners' disputes with their builders in a timely manner, we recommend that Tarion Warranty Corporation:</p> | |
| <ul style="list-style-type: none"> • review its regulatory timelines for delivery of decisions to ensure they are reasonable; | In Progress |
| <ul style="list-style-type: none"> • establish a process to ensure its decisions regarding homeowners and builders are made within the required time; and | In Progress |
| <ul style="list-style-type: none"> • promptly notify homeowners and builders in writing of the reasons for a delay if Tarion is unable to meet its own deadline. | In Progress |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> • Tarion has begun an analysis of the regulatory timelines. • Tarion is seeking public input for necessary regulatory changes to address the first element of this recommendation. <p>Steps to be Taken:</p> <ul style="list-style-type: none"> • Tarion will notify homeowners and builders if it is unable to meet the expected deadlines for decisions by November 2020. • In light of the COVID-19 outbreak and the Government of Ontario Emergency Order suspending statutory deadlines, the review of regulatory timelines and implementation of the new process to ensure decisions regarding homeowners and builder disputes are made within the current required timeframe is currently postponed – because the timeframes themselves have been postponed by the Order and have been impacted by the health and safety situation. • Tarion will make the necessary system and regulatory changes to these timelines, which are part of the improvements to the Customer Service Standard being implemented in 2021. • Once in place, Tarion will conduct training for staff and conduct compliance audits of the new processes. <p>Anticipated full implementation date: November 2021</p> | |

| 17. Reporting to Municipalities | In Progress |
|--|-------------|
| <p>Recommendation:</p> | |
| <p>To help municipalities plan their inspections and improve builders' compliance with the Ontario Building Code, we recommend that Tarion Warranty Corporation report on a timely basis to municipalities all significant instances of builder non-compliance with the Code that it identifies.</p> | In Progress |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> • Tarion has established a municipal working group with representatives from the Ontario Building Officials Association and Large Municipalities Chief Building Officials to seek input on establishing a process for Tarion to provide Code violation information to municipalities. <p>Steps to be Taken:</p> <ul style="list-style-type: none"> • In spring 2021, Tarion will seek public input on the approach. Tarion will make regulatory changes to address this recommendation as the sharing of the information raises privacy considerations. • Tarion will launch the timely reporting of this information to municipalities. <p>Anticipated full implementation date: November 2021</p> | |

| 32. Annual Public Meetings | In Progress |
|---|-------------|
| <p>Recommendation:</p> | |
| <p>To improve transparency of and public access to Tarion Warranty Corporation, we recommend that Tarion hold annual open meetings where members of the public can physically attend to ask questions and voice concerns.</p> | In Progress |
| <p>Steps Taken:</p> <ul style="list-style-type: none"> • Tarion was planning to hold the 2020 Annual Public Meeting in person, but due to the COVID-19 outbreak and Government of Ontario requirements it will be necessary to hold this meeting virtually. <p>Steps to be Taken:</p> <ul style="list-style-type: none"> • Subject to public health restrictions, Tarion will host an in-person Annual Public Meeting in 2021 and will do so every year thereafter. <p>Anticipated full implementation date: June 2021</p> | |