

Tarion and the Home Construction Regulatory Authority – Guide for Builders

Starting February 1, 2021, the Home Construction Regulatory Authority (HCRA) will:

- Regulate and licence new home builders and vendors
- Enforce high professional standards in competency
- Handle home buyer concerns about the conduct of their builder or vendor
- Manage the Ontario Builder Directory

Tarion will continue to:

- Backstop the new home warranties, manage warranty claims and claim payouts
- Enrol new home in the warranty and protection program
- Handle underwriting of vendors and builders
- Conduct pre-possession risk-based inspections

What Will Change?

Your Tarion Registration Is Now a Licence Issued by the HCRA

Builders will still need to be licensed to legally build or sell new homes, but licensing will now be conducted by the HCRA.

If you have an existing registration with Tarion, it will transfer to the HCRA without any further action required until your licence is up for renewal. For those who have had their registration renewal extended by 150 days, you will now go through the new HCRA licensing process at that revised renewal date before being returned to your regular renewal date.

For additional information on these changes, please refer to the [Licensing and Compliance page](#) on the HCRA website.

You Must Be Licensed Before You Can Enrol Your Home

You must first be licensed by the HCRA before enrolling homes with Tarion. However, the sequence remains the same.

Tarion previously registered builders and vendors, then confirmed enrolments under the Ontario New Home Warranties Plan Act (ONHWPA), in that order.

Now, you interact with each organization separately for the application process. The HCRA and Tarion are committed to ensuring a streamlined process, including an Information Sharing Protocol to reduce administrative burden and duplication of data collection.

You Are Required to Display Your Licence in More Places

Your previous obligation to prominently display your Tarion certificate of registration at your principal business address is now broadened to include the obligation to display your HCRA licence at your principal place of business, on your website, if any, and at any location where you conduct business with the public such as a sales office, site office or customer care office.

Additionally, you must remove the Tarion Registered Builder logos from your materials, signage, advertising.

For more information on licence display requirements please see the [HCRA Directive](#).

If Your Licence Expires It Cannot Be Renewed

When a licence expires, it cannot be renewed, and a new application must be submitted to the HCRA.

However, the HCRA recognizes that transitioning to the new licensing regime in 2021 is an extenuating circumstance. For the period of February 1, 2021, to January 31, 2022, if a renewal date is missed, special accommodation will allow for late renewals rather than requiring a new application (late renewal fees still apply). During this transition period, late renewals will be accepted for three months after the expiry date. Beyond three months (and in all cases after January 31, 2022), extenuating circumstances will only be considered on a case-by-case basis by the HCRA Registrar.

Though late renewals may be accepted, until the renewal application is approved, your licence is expired. Therefore, you are not permitted to act as a builder or vendor.

Core Competencies Won't Change, but Who Must Complete Them Has

Under Tarion's registration rules, the core competencies had to be held by one or more of a principal, an officer, or a director. Under HCRA's licensing process, if the proposed construction includes what the HCRA refers to as Type C (up to 4 storeys, non-combustible construction) or Type D (business and personal services occupancies) – because of the

complexity of these projects – one or more of the core competencies can be held by another person in the licensee’s business, or by an external person such as a consultant or building professional. In all other cases, competencies must be held by the individual licensee or, if a company, by a principal, officer, director (or senior employee) of the company.

Home Buyers Can Submit Complaints to the HCRA About Their Builder

The HCRA will now address inquiries, concerns, and complaints about builders and vendors. The HCRA will focus on licensing, competency, financial responsibility, and conduct.

All warranty-related claims will still be managed by Tarion.

Additionally, the HCRA will be accepting complaints from homeowners and other stakeholders on suspected cases of illegal building. They will also be responsible for investigating and prosecuting illegal building.

New and Revised Fee Schedules

Both the HCRA and Tarion have posted new and updated fees on their website.

The new HCRA fees can be found [here](#) and the updated Tarion fees can be found [here](#).

The Ontario Builder Directory Will Be Managed by the HCRA

The HCRA will now manage the Ontario Builder Directory.

Please note that the HCRA will not continue the Tarion practice of providing notice to builders and vendors prior to posting conciliation, claims or warranty performance data. This information will be added to the OBD as it is received from Tarion.

What Stays the Same?

Your Warranty Will Not Change

There will be no changes to the warranty as a result of the launch of the HCRA. Tarion will continue to administer the statutory warranty and protection program under the Ontario New Home Warranties Plan Act, including conducting conciliation inspections and backstopping the warranties of vendors who fail to respond to warranty claims.

Performance under the warranty and protection program will be considered in HCRA licensing decisions.

You Will Need to Apply for Qualification for Enrolment (QFE) and Sign a Vendor or Builder Agreement with Tarion

Tarion will continue to require that an application for QFE or Enrolment of a home be obtained before offering to sell a new home, beginning construction, or entering into contractual agreements.

The QFE process is outlined in Registrar Bulletin #10 which can be found [here](#).

A home that is enrolled in the warranty program prior to February 1, 2021, will continue to be enrolled in the program.

You will also be required to enter into a vendor or builder agreement with Tarion that sets out the duties and obligations of the applicant.

The terms of previously signed Vendor Agreements and Builder Agreements will continue to be in force for homes approved by Tarion prior to February 1, 2021. After February 1, 2021, when submitting a new application for QFE and/or Enrolment, you must agree to updated versions of the Vendor Agreement and the Builder Agreement, which will apply to the homes proposed in the new application.

An Interview Will Still Be Part of the Licencing Process

An interview will continue to be an integral part of the licensing process. It will be conducted by the HCRA and will assist in determining whether an applicant for licence meets the competency requirements and can reasonably be expected to be financially responsible, conduct business in accordance with the law, and with honesty and integrity. Tarion will continue to have the authority to require an interview as part of the process of enrolment of homes for statutory warranty and protection coverage.

Illegal Building Will Still Be Investigated and Prosecuted

It is still an offence under the Ontario New Home Warranties Plan Act to sell or build a home without being licensed by the HCRA or without the proper QFE or Enrolment Confirmations from Tarion. Going forward, the HCRA will be accepting complaints from homeowners and other stakeholders and will be conducting the investigations and subsequent prosecutions for illegal building.

If you have questions related to the HCRA's new roles and responsibilities, please contact them at 416-487-HCRA (4272) or by email at info@hcraontario.ca or by visiting hcraontario.ca

If you have questions related to Tarion's continuing roles and responsibilities, please contact them at 1-877-982-7466 or by email at customerservice@tarion.com or by visiting tarion.com