

HCRA Launch and New Changes at Tarion

Agenda

1. HCRA Launch and Tarion's Revised Mandate
2. Qualification for Enrolment (QFE) Process
3. Updated Addendum
4. New Warranty Information Sheet
5. New Homeowner Education Tools
6. Retirement of the HIP
7. Requirements for Purchaser Information

Home Construction Regulatory Authority

The Home Construction Regulatory Authority (HCRA) will be the regulator of new home builders and vendors in the province. The HCRA will be responsible for licensing the people and companies who build and sell new homes in Ontario.

The HCRA is due to launch its operations on February 1, 2021



What Changes On February 1?

The 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 homes in the warranty program
- Handle underwriting of vendors and builders
- Conduct pre-possession risk-based inspections

What Will Change for Builders?

- Tarion Registration is now a HCRA Licence.
- Builders must be licensed before they can enrol their homes
- You are required to display your HCRA licence in more places
- Home buyers can submit complaints to HCRA about their builder
- New and Revised Fee Schedules for Tarion and HCRA
- The Ontario Builder Directory will be managed by the HCRA

Tarion will continue to:

Management of enrolment of homes in the program

- Homes & units will still be “enrolled” in the warranty program through Tarion

No Change in your Warranty or Warranty Management

- Tarion will continue to manage the intake of claims, managing the Customer Service Standard, conciliation inspections, issuing of warranty reports, and dispute resolution including mediation.

Claims payouts & recovery

- Tarion will continue to manage the guarantee fund, and handle claims payouts and recovery.

Tarion will continue to:

Perform underwriting of vendors & builders

- Tarion will continue to conduct an underwriting assessment for vendor/builders, including a review of financials and project details.

Pre-Possession Risk Based Inspections

- Tarion will manage a pre-possession risk-based inspection program to reduce risk.

Conditions of Qualifications for Enrolment And Enrolment

- Tarion will require that an application for Qualification for Enrolment (QFE) or Enrolment of a home be obtained before offering to sell a new home, beginning construction, or entering into contractual agreements.
- A home that is enrolled in the warranty program prior to February 1, 2021 will continue to be enrolled in the program.
- Tarion will continue to apply “conditions” of enrolment, which will include pre-condition that vendor/builder is licensed with HCRA.
- Tarion has ability to withhold QFE or enrolment which can be challenged by vendor/builder at LAT

Qualification for Enrolments (QFE)

Process outlined in **Registrar Bulletin 10**.

A Vendor/Builder will be able to submit an application to be qualified for enrolments via BuilderLink or Paper only if they have a valid License with HCRA.

Some of the Information required includes:

- Financial and Bankruptcy information/documents for company and/or guarantors
- Proposed Construction plans for the next 12 months
- For condos, details about the proposed condo project
- Confirmation of the company details being up to date i.e. Address and PDO relationships
- Vendor and Builder Agreements signed for new QFE

QFE continued

Once the application is submitted and received by Tarion it will be assigned to an Underwriting Analyst to assess the file and conduct a risk analysis.

The result of the analysis will be noted in terms and conditions that may include:

- Limits to allowable sales and construction
- Security required amounts
- Requirement to obtain QFE confirmation (homes sold prior to construction)
- Requirement to obtain Enrolment confirmation (Contract homes, home built and sold after construction)
- Other conditions as Tarion sees fit (i.e. targeted inspections)

Pre-Construction QFE

A vendor/builder is not required to agree to the terms and conditions, and they have the ability to appeal them.

For homes where an APS is entered into prior to construction, Tarion will finalize the application after the appeal timeline has been reached for the terms and conditions and/or when the vendor/builder has met any conditions required to obtain QFE confirmation i.e. provide upfront security or security required for condo project.

Tarion will issue a notice to the vendor/builder advising they can proceed to sell or build the homes and be provided with QFE confirmation within the notice.

Contract Homes QFE

For Contract homes, Tarion will finalize the application after the appeal timeline has been reached for the terms and conditions and/or when the vendor/builder has met the conditions required to obtain enrolment confirmation.

Tarion will issue a notice to the vendor/builder advising them:

- that they can enter into the contract to construct the home(s),
- provide them an enrolment confirmation home IDs for the homes being proposed.

For the interim, the vendor/builder will need to provide Tarion with the address details and the contract price once a contract has been entered, so that the information can be updated and accessible on Builderlink.

Eventually, the vendor/builder will be able to update the address and provide contract price once a contract is entered into via BuilderLink.

Enrolment

Upon issuance of a Building permit or 30 days prior to construction a vendor/builder will be required to enroll the homes.

Enrolments can be submitted via Builder link (same as today).

All enrolments will be reviewed by Tarion to ensure that vendor/builder had obtained QFE confirmation; if applicable or has met all the conditions.

If all conditions are met and fees paid, Tarion will provide the vendor/builder with the enrolment confirmation which will be the new Enrolment Confirmation/CCP/Warranty Certificate.

Once the vendor/builder obtains enrolment confirmation, they can proceed to build the home and provide the warranty information as in the current state.

Updated Addenda

With the launch of the HCRA, Tarion has updated the Addendum to ensure consistency with the new regulator.

Every new APS signed on, or after, February 1 must have a new version (dated Oct 7, 2020) attached.

There are no substantive changes.

- Small changes to reflect the new regulator
- For example - the Tarion Registration number being replaced by a HCRA licence number.

The new Addenda are available through:

- Tarion's website,
- on Builder Link,
- or upon request from customerservice@tarion.com

Warranty Information Sheets and New Requirements for Purchaser Information

- All Agreements of Purchase and Sale signed on, or after, February 1, 2021, have a new requirement for a **Warranty Information Sheet** to be attached to provide clear and helpful warranty information at the time of sale, including information about the PDI.
- Additionally, regulatory changes last fall now require builders to provide Tarion with purchaser contact info to allow for earlier communication about the importance of the PDI as well as key elements of the new home warranty that would apply during the pre-possession period.

New Homeowner Education Tools

A Homeowner Learning Hub

- An online hub on Tarion.com where homeowners can access individual learning modules and other materials which will provide them with plain language information relevant to various stages in the home buying process.
- This hub will include a lot of the information which was previously included in the HIP.

A Warranty Coverage Brochure

- An additional homeowner education piece which will expand upon the warranty info sheet and talk about the roles of the builder, Tarion and homeowner.
- This brochure will be available for download by builders from Tarion's website for you to provide at the time of sale if you wish.

Warranty Information Sheets

- Required February 1, these sheets will replace the physical copy of the HIP which you provide currently and give a basic overview of warranty coverage to the homeowner.

Retirement of the HIP

As of February 1, 2021, the Homeowner Information Package (HIP) will no longer be available on Tarion's website and all links to the HIP will be redirected to Tarion's new Learning Hub.

For purchase agreements **signed prior to February 1, 2021** which are governed by the previous requirement for vendors to provide the HIP, vendors can fulfill their obligation via the following:

1. Vendors who already have a copy of the HIP (a printed version or a previously downloaded PDF) can provide it to purchasers
2. Vendors who do not have a copy of the HIP (either physical or digital) can:
 - provide purchasers with a link to the Learning Hub; or
 - provide their existing link to the HIP (if it's already embedded in other materials) which will be automatically re-directed to the Learning Hub.

For vendors who may have already provided a link to the HIP to your purchasers, this link will be automatically redirected to the Learning Hub effective February 1, 2021.

New Requirements for Purchaser Information

This must be submitted for each home sold within 30 days of the purchase agreement (or construction contract) being signed.

Vendors/builders are required to provide the following **minimum** information:

- HCRA Licence Number
- Name of purchaser(s)
- Email address
- Mailing address (if email is not available)

The information can be submitted in one of three possible formats:

1. Tarion's Template Excel spreadsheet (available on BuilderLink)
2. A vendor/builders own Excel spreadsheet
3. Image/scan of contact page from purchase agreement

To submit the purchaser information, vendors and builders have two options:

1. Submit via email:

- a. Spreadsheets or images/scans of the APS contact page which contain the identified minimum information can be emailed to purchaserinfo@tarion.com

1. Submit via BuilderLink: (available as of February 10)

- a. Vendors/builders will have the ability to use BuilderLink to upload the Tarion spreadsheet, or their own spreadsheet.
- b. Once the spreadsheet is uploaded to BuilderLink, an auto response is generated by BuilderLink and will appear on-screen to confirm that the purchaser information has been successfully uploaded.

New Requirements for Purchaser Information

Purchaser contact information will need to be updated if the information changes to ensure that Tarion is sending communications to the right purchaser.

Purchase agreement is terminated and home is re-sold by builder to a new Purchaser.

- The VB will be responsible for providing the new purchaser's contact information for the home. Tarion will then update the information associated with that home in our files.

Purchasers assign their interest in Purchaser Agreement to a new Purchaser

- If the purchasers assign their interest in a purchase agreement to another buyer as this is a purchaser initiated change the original purchaser will be responsible for advising Tarion and providing contact information (name and email address) for the new purchaser. Tarion will then update the information associated with that home in our files. The first email purchasers receive from Tarion will inform them of this responsibility.

Purchaser changes their contact information prior to possession/occupancy.

- If there are any changes in the purchaser's contact information, it will be their responsibility to advise Tarion. The first email purchasers receive from Tarion will inform them of this responsibility.

Stay Up-to-Date and Keep in Touch

Homeowners and builders are encouraged to keep the lines of communication open

Contact Tarion's Customer Service team at:



Phone (toll-free): 1-877-982-7466



Email: customerservice@tarion.com

Contact the HCRA's Customer Service team at:



Phone (toll-free): 416-487-HCRA (4272)



Email: hcra@hcraontario.ca

**Check Tarion.com frequently for
up-to-date advisories and resources**



Thank you
