

Registrar's Advisory

Re: Requirement for Tarion approval prior to sales and start of construction and potential consequences for violations

Attention Vendor/Builder:

This notification serves as a reminder to vendor/builders about the Qualification for Enrolment (QFE) Confirmation and Enrolment Confirmation requirements under the *Ontario New Home Warranties Plan Act*. Violations are prosecutable provincial offences that jeopardize a vendor/builder's prospects of carrying on their business. The process to properly apply for and receive QFE Confirmation and Enrolment Confirmation are outlined in [Registrar Bulletin 10](#) available on Tarion's website. You are encouraged to carefully review the Bulletin.

Pre-Construction Sales

Vendor/builders who plan to sell a pre-construction home must obtain Qualification for Enrolment (QFE) Confirmation for each home before offering or entering into an agreement of purchase and sale.

Before commencing construction of each home, the vendor/builder must obtain Enrolment Confirmation.

Homes Sold After Construction Commences

Vendor/builders who plan to commence construction of a home before selling it must obtain Enrolment Confirmation for each home before commencing construction. After construction commences for the home, the vendor/builder may offer and enter into the agreement of purchase and sale.

Contract Homes

Vendor/builders who plan to build contract homes under a construction contract with a landowner must obtain Enrolment Confirmation for each home before (i) offering or entering into a construction contract with a landowner, and (ii) commencing construction of the home.

Confirmations are Required for Each Home

QFE Confirmation and Enrolment Confirmation are not one-time authorizations that allow a vendor/build to sell or build a limitless number of homes. Each home requires QFE and/or Enrolment Confirmation (depending on the process as explained above and in Registrar Bulletin 10).

Should you have questions about these requirements, please reach out to your assigned underwriter or underwriting@tarion.com.

Offences

Violations of the above requirements are prosecutable provincial offences under which offenders risk fines up to \$250,000.00 and imprisonment for a term up to two years less a day. Offenders also risk licensing, compliance action, and administrative penalties by the Home Construction Regulatory Authority. Administrative penalties imposed by the HCRA may include a base penalty up to \$50,000.00 per contravention (for example, up to \$50,000.00 multiplied by the number of pre-construction homes sold without QFE Confirmation) plus an additional penalty that considers any financial benefit the offender gained through their noncompliance. Offenders further risk Tarion refusing to grant future applications for QFE and Enrolment Confirmation.

Signed,

Peter Balasubramanian

Registrar