

2023 Annual Public Meeting

Additional Questions & Answers

- 1. Are Tarion Reps encouraged by management to mitigate their time spent with Home Buyers by offering cash settlement offers or incentivized to tell House Owners to argue their case at the Tribunal so they are free to move on to the next homeowner?**

No, we do not provide incentives to staff to limit their time on files or tell homeowners to bring their case to the Tribunal. Our staff handle warranty claims in a professional manner in keeping with our corporate values. If we make a determination that a homeowner does not agree with, we try to explain our position and we offer to the homeowner options for dispute resolution which may range from mediation to the appealing our decision to the License Appeal Tribunal.

The License Appeal Tribunal is a cost effective appeal forum that is less formal than a court, and it is completely independent of Tarion (the Tribunal is an independent body that reports into the Ministry of the Attorney General). Ontario is the only province in Canada which has a dedicated independent resource like the Tribunal available for consumers.

2. After the homeowner fills out and submits their First Year Report documenting defects, is the homeowner responsible for proving the root causes of defects?

No, a homeowner does not have to establish the root cause of a problem in order to file a warranty claim. The homeowner needs to show credible symptoms of the defect (but not the cause)

3. Tarion paid over \$30 million in claims in 2022; only \$28,000 of that was for HVAC. This amount seems too low for the number of complaints you must have received. Please explain.

The \$28,000 represents HVAC claims which were made to Tarion, which were found to be warranted, and which were not resolved by the builder. The number reflects our 2022 data and does not appear to be in error. We do not have evidence of a larger number of unremedied HVAC issues in 2022.

4. Can the CEO speak to builders' possible misuse of Unavoidable Delay Notices?

If a purchaser believes that the new home vendor has sent an improper notice in connection with unavoidable delay there are two options available to them. First, if the purchaser believes they have a legitimate claim for delay compensation which is thwarted by an improper unavoidable delay notice they can submit a claim for delay compensation and Tarion will look into whether or not delay compensation is properly payable.

Second, if the purchaser believes that the vendor is sending improper notices in a manner which calls into question the conduct of the vendor, then a complaint can be filed with the Home Construction Regulatory Authority.

5. What is the approximate percentage split between legal fees spent in challenging homeowner claims, and legal fees spent in recovering claims from builders?

The premise of the question is not correct as Tarion does not spend resources challenging homeowner claims. Homeowners make claims to Tarion, and Tarion staff investigates the claim and makes a decision as to whether the claims are warranted in whole or in part. Homeowners may challenge Tarion's warranty decision at an independent administrative tribunal or in the courts. In that forum, Tarion may allocate resources to explain its decision. In 2022 Tarion did not spend any funds on external legal representation at the License Appeal Tribunal involving homeowner challenges.

6. There have been several complaints that Tarion has not adequately addressed major warranty issues quickly & efficiently. What are you doing to make it better?

We cannot address the reference to the complaints without more specificity; as a general matter our overall customer service metrics do not suggest that there is a problem with our responsiveness. If there is a concern with a specific case, typically that needs to be addressed having regard to the unique underlying circumstances. If you have a question about your specific claim is being handled, please reach out to us at customerservice@tarion.com

7. How does Tarion define "properly built?"

Under the statutory warranty builders must deliver a home which follows the Ontario Building Code, is fit for habitation, is free from defects in work and materials and free of major structural defects. In addition, when assessing the quality of finishes, builders are expected to meet or exceed the standards set out in the Construction Performance Guidelines (CPG).

8. When & why does Tarion decide to use outside counsel at a LAT hearing when a new home buyer appeals?

From time-to-time Tarion will use outside counsel at a License Appeal Tribunal (LAT) hearing if, for example, the proceedings cause scheduling issues for internal staff (either timing or geographic). In 2022 Tarion did not use outside counsel with respect to the LAT.

9. What is the percentage of approved claims?

In 2022, there were 2,543 homes with a conciliation inspection and of those 70 percent had warranted items.

10. What is your follow up mechanism with HCRA for chargeable conciliations and paid claims?

Tarion continues to regularly provide updated warranty information and failures in builders' warranty obligations to the HCRA – including information on chargeability and claims paid. Tarion data is provided to HCRA automatically through a data sharing arrangement and information is updated on a regular basis ranging from quarterly to daily in some cases depending on the nature of the information.