

Warranty Coverage for New Homes in Ontario

Freehold and Contract Homes Edition

This brochure provides a brief introduction to the warranty that comes with your new home. For more details about warranty coverage and the warranty process, please visit tarion.com.



Your Builder's Role

The warranty coverage outlined in this brochure is provided to you by your builder. Your builder's responsibilities under the warranty include:

- Ensuring that your new home is built properly. This means that it is constructed in accordance with Ontario's Building Code, is fit for habitation, and is free from defects in workmanship and materials and major structural defects
- Providing you with information about your warranty coverage at the time of purchase
- Conducting a pre-delivery inspection (PDI) with you, on or before the closing date and explaining how the various systems in your home work
- Providing you with a warranty certificate upon your home's completion, which indicates when your new home warranty takes effect
- Being reasonably accessible to you to address customer service issues, including investigating issues with your home to determine if they are covered by the warranty and
- Resolving valid warranty requests in a timely manner by performing repairs or offering an acceptable alternative resolution

Your Role as Homeowner

As a new homeowner, you have certain rights, responsibilities and obligations under the new home warranty. These include:

- Understanding your warranty coverage and the process for making warranty service requests and claims
- Participating in the pre-delivery inspection (PDI) by making note of incomplete, damaged, or missing items, and learning how to operate your home's systems
- Properly maintaining your home in order to preserve your warranty coverage
- Bringing any warranty service requests to your builder's attention in writing as soon as possible
- Providing your builder with reasonable access to your home to investigate and address warranty service requests
- If you need warranty assistance from Tarion, ensuring that your claim is submitted within the appropriate timelines

What is Tarion?

Tarion is a private, not-for-profit consumer protection organization established by the Ontario government in 1976 to administer the province's new home warranty program.

Tarion's Role:

By law, all new homes built in Ontario are provided with a warranty by the builder. Tarion's role is to ensure that buyers of newly-built homes in Ontario receive the coverage they are entitled to under their builder's warranty. Tarion's responsibilities include:

- Administering the MyHome online portal, which allows homeowners to manage their warranty and report defects to the builder and Tarion
- Facilitating the fair resolution of disputes between homeowners and builders over warranty coverage, repairs or customer service
- Assessing warranty claims to determine if they are valid either through an on-site inspection or an alternative method of investigation
- In cases where a builder fails to address a valid warranty claim, resolving the claim directly with the homeowner either through compensation or repairs by a third party and,
- Managing a guarantee fund to protect new home buyers, out of which compensation for warranty claims is paid



Deposit Protection

The deposit you provide to your builder is protected up to certain limits if:

- Your builder goes bankrupt
- Your builder fundamentally breaches your agreement
- You exercise your right to terminate the agreement

Deposit coverage limits are as follows:

- Purchase price \$600,000 or less: \$60,000
- Purchase price over \$600,000: 10% of purchase price to a maximum of \$100,000

This protection includes the money you put down towards upgrades and other extras.

Delayed Closing Coverage

Your builder guarantees that your home will be ready for you to move into either by a date specified in the Purchase Agreement or by a date that has been properly extended if circumstances occur that delay the home's completion.

For information about your closing date and any extensions your builder is allowed, please refer to the Statement of Critical Dates in the Addendum to your agreement.

You may be able to claim up to \$7,500 from your builder in compensation for an improper delay in your closing date.

Financial Loss Protection for Contract Homes

A "contract home" refers to a home that is built on land that is already owned by the purchaser. If you enter into a contract with a builder for the construction of a new home on property that you own, some or all of the money you give your builder may be protected.

If your builder fails to substantially perform the contract, you may be entitled to compensation for the difference between the amount you paid the builder and the value of the work and materials that were supplied, up to a maximum of \$40,000.

Work & Materials

The warranty on work and materials lasts for seven years from the date you take possession of your new home, and provides up to a maximum of \$300,000 in coverage. It is divided into three coverages as follows:

ONE-YEAR WARRANTY

- Requires that your home is built properly and free from defects in materials
- Ensures your home is fit for habitation
- Protects against Ontario Building Code violations

TWO-YEAR WARRANTY

- Protects against water penetration through the basement or foundation walls
- Protects against defects in materials, including windows, doors and caulking, or defects in work that result in water penetration into the building envelope
- Covers defects in work or materials in the electrical, plumbing, and heating delivery and distribution systems
- Covers defects in work or materials that result in the detachment, displacement, or deterioration of exterior cladding (such as brick work, aluminum, or vinyl siding)
- Protects against Ontario Building Code violations that affect health and safety

SEVEN-YEAR WARRANTY

Provides coverage against major structural defects. These include:

- Defects in work or materials that affect a structural load-bearing element of the home, resulting in a structural failure, or that could materially and adversely compromise the home's structural integrity
- Defects in work or materials that materially and adversely affect the use of a significant portion of the home



Making a Warranty Claim

As the provider of the warranty, your builder is responsible for resolving warranty claims directly with you. You must notify them when an issue arises and give them an opportunity to review it and address it. As part of this process, you will need to provide the builder access to your home to make any necessary repairs.

If your builder fails to resolve your claim, or does not feel that the item is warranted, that is when Tarion can help. We can assess your claim and, if warrantable, ensure that the issue is resolved. However, to be eligible for Tarion's assistance, you must report your warranty claim within the relevant warranty timeframe.

Tarion's MyHome online portal is an easy-to-use and convenient way to manage your warranty claims. MyHome notifies you of important warranty timelines, lets you submit warranty claims to both your builder and Tarion simultaneously, and allows you to request Tarion's assistance if you need it. We recommend that you register for MyHome as soon as you take possession of your new home.

Your builder is responsible for resolving your claim items that are warranted regardless of whether you ask for Tarion's help.

There are other possible ways to get your warranty claims resolved other than through Tarion. These include the civil court system, the small claims court system, or through private arbitration or mediation (this is separate from mediation offered through Tarion). The alternative resolution methods available to you may depend on what you and your builder agree to.

If you choose to resolve your warranty claim through alternative methods such as those mentioned above, you should ensure that you have complied with warranty timing requirements. We also recommend that you seek legal advice.



Your Pre-Delivery Inspection (PDI)

Before you take possession of your new home, your builder is required to conduct a pre-delivery inspection, also known as a PDI.

The main purpose of the PDI is to make a note of items in your home that are damaged, missing, incomplete, or not working properly. Your builder will include these items on a PDI Form, and give you a copy for your records.

The PDI is also an opportunity to learn how to operate and maintain parts of your home, such as the ventilation, plumbing, and heating systems.

Your builder is required to address any items noted on your PDI Form that are covered under the warranty as soon as possible. If necessary, you can ask Tarion for assistance in getting these items resolved. For more information on how to make a warranty claim to Tarion, visit Tarion.com.

Important Next Steps

1. Visit Tarion.com to learn more about your warranty coverage and the process for getting warranty assistance, as well as your rights, responsibilities, and obligations as a new homeowner.
2. Prepare for your Pre-Delivery Inspection. Visit Tarion.com for helpful resources, including a PDI Checklist and educational videos.
3. Register for MyHome right after you take possession. MyHome is an online service that allows new homeowners to request warranty assistance from Tarion.



To learn more about how Tarion backstops your builder's warranty and protects your new home, you can:

 [Head to our website](#)

 [Visit our YouTube channel](#)

 [Email us at customerservice@tarion.com](mailto:customerservice@tarion.com)

 [Call us at 1-877-982-7466](tel:1-877-982-7466)

 **TARION**
BUILDING CONFIDENCE