



Guide to Home Warranty Insurance in British Columbia



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ABOUT THIS GUIDE

The purpose of this guide is to provide prospective new home buyers and owners of new homes with information on home warranty insurance in British Columbia.

HOMEOWNER PROTECTION OFFICE

This guide is brought to you by the provincial government's Homeowner Protection Office (HPO), a branch of BC Housing that works to strengthen consumer protection for buyers of new homes in British Columbia. The HPO is responsible for:

- licensing residential builders and building envelope renovators, and administering Owner Builder Authorizations,
- ensuring that new homes are covered by home warranty insurance,
- monitoring the provision of third-party home warranty insurance, and
- carrying out research and education to benefit the residential construction industry and consumers.

The HPO does not provide home warranty insurance, nor does it mediate or otherwise adjudicate disputes between home buyers and builders or private sector warranty providers.

We welcome your questions and comments. You can reach us at:

Homeowner Protection Office	650 – 4789 Kingsway	Fax: 604-646-7051
Branch of BC Housing	Burnaby, BC V5H 0A3	Email: hpo@hpo.bc.ca
	Telephone: 604-646-7050	Website: www.hpo.bc.ca
	Toll-free: 1-800-407-7757	

ACKNOWLEDGEMENTS

The HPO would like to thank the representatives of many organizations involved in the residential construction industry in B.C., including warranty providers and consumer, builder and real estate organizations, which provided valuable input in the development of this guide.

DISCLAIMER

This guide is intended to provide readers with general information only and provides only summary descriptions of the protections and exclusions of home warranty insurance coverage. Readers are urged not to rely simply on the contents of this guide, but to review the *Homeowner Protection Act*, the regulations and their warranty insurance documentation. If necessary, readers should consult with appropriate and reputable professionals and construction specialists, including lawyers, notaries, accountants, architects, engineers and building inspectors, as appropriate. The authors, contributors, funders and publishers assume no liability for the accuracy or the statements made or for any damage, loss, injury or expense that may be incurred or suffered as a result of the use of or reliance on this guide. The views expressed herein do not necessarily represent those of individual contributors or the Homeowner Protection Office.

Table of Contents

Protecting Your Largest Investment	5
What is home warranty insurance?	5
About this guide	5
Who's Involved in Home Warranty Insurance Protection	6
Owners	6
Builders	6
Warranty Provider	6
The Homeowner Protection Office	7
The Financial Institutions Commission	7
The Insurance Council of B.C.	7
Home Warranty Insurance: How It Protects You	8
Mandatory Home Warranty Insurance	8
What's Included in 2-5-10 Coverage	8
2-year materials and labour warranty	8
5-year building envelope warranty	9
10-year building structural defects warranty	9
What's Excluded from 2-5-10 Coverage	9
Limits on Coverage	10
When 2-5-10 Coverage Begins	10
Single detached dwellings (non-strata)	10
Strata homes	10
Repairs or replacements	10
Buying a Resale Home with Home Warranty Insurance	11
Owner-built Homes	11
Owner builder disclosure notice	11
Buying an owner-built home	12
Building Envelope Renovations	12
Other Types of Protection	13
Builder warranties	13
Manufacturers' warranties	13
Summary of Coverage	13



Table of Contents

Getting the Most Out of Your Home Warranty Insurance

Before You Move In	14
During the Home Warranty Period	15
Know your coverage	15
Make note of coverage expiry dates	15
Make a claim	15
Safeguard your documents	15
After coverage expires	15
Maintenance	16
Strata Properties	16

If You Discover a Possible Defect

Communicating a Possible Defect	17
Working With Your Warranty Provider	18
Access to Inspect and Repair	18
Resolving Disputes	19
Mandatory Mediation	19
Notice to Mediate	19
Defects in Owner-built Homes	20

Checklist

21

Glossary

22

Additional Resources

23

Watch for these icons throughout the document:



GENERAL INFORMATION



STRATA INFORMATION



MORE INFORMATION



Protecting Your Largest Investment

Buying a home is the largest single investment most people make in their lives. Naturally, you want to be protected against as many problems as possible, including construction defects.

That's why home warranty insurance is an important part of buying your home, whether it's brand new or a resale home that still has home warranty insurance coverage. Along with other forms of insurance, such as fire and theft insurance, home warranty insurance is designed to give you some financial security and peace of mind against risks that you can't control.

What is home warranty insurance?

Home warranty insurance protects new homes in British Columbia against construction defects such as materials and labour, building envelope and structural defects. It is Canada's strongest construction defect insurance.

B.C.'s *Homeowner Protection Act* and its Regulations (*Act*) require that all new homes constructed under building permits applied for on or after July 1, 1999 (or where construction started on or after July 1, 1999, in areas not requiring building permits) must be covered by home warranty insurance unless they are specifically excluded by the *Act* or its regulations.

The *Act*, which covers most of the homes built in B.C. since 1999, creates a province-wide system to protect home buyers that is managed by the Homeowner Protection Office (HPO). The HPO is responsible for:

- licensing residential builders and building envelope renovators, and administering Owner Builder Authorizations,
- ensuring that new homes are covered by home warranty insurance,
- monitoring the provision of third-party home warranty insurance, and
- carrying out research and education to benefit the residential construction industry and consumers.

About this guide

This guide describes how the home warranty insurance system works, what home warranty insurance covers, how to get the most out of your insurance, what to do if you discover a possible defect, and where to get more information.

While this guide is useful, there is no substitute for reviewing your home warranty insurance policy carefully and understanding more precisely what is covered.



Home warranty insurance is designed to give you some financial security and peace of mind against risks that you can't control.



MORE INFORMATION

Visit www.hpo.bc.ca to view the [Homeowner Protection Act and Regulations](#) or check out helpful online resources.

Who's Involved in Home Warranty Insurance Protection

Owners

Owners of homes protected by home warranty insurance are expected to be familiar with their home warranty insurance policy and carry out maintenance in accordance with maintenance information from your warranty provider or builder. If a suspected defect arises, they are to address it immediately and take steps to minimize further damage. See the [Getting the Most out of Your Home Warranty Insurance](#) section in this guide for further details.

Owners of strata-titled homes have coverage for both their unit and common property, and should make themselves aware of the coverage in both policies.

Builders

Under the *Homeowner Protection Act*, every new home offered for sale or built under a construction contract in B.C. must be constructed by a Licensed Residential Builder (owner-built homes are an exception to this; see page 8 for exemptions). Licensed Residential Builders can be either builders or developers, and your home warranty insurance rights are the same whether your policy was provided by a builder or developer. For convenience, this guide refers to both as builders. Builders are responsible for arranging home warranty insurance on the homes they sell or build under contract with an owner.

After a new home is completed, most builders (or your warranty provider) will give you a home maintenance manual or other information describing how the mechanical and other systems work, where to find controls, and a schedule of maintenance work that will prevent damage to the home. Your warranty insurance coverage is contingent on the proper maintenance of your home being carried out in accordance with the maintenance manual if one has been provided.

Although the warranty provider is ultimately responsible for repairing any construction defects covered by a home warranty insurance policy, in many cases the original builder will have a contractual obligation with the warranty provider to carry out warranty repairs. Always notify both the warranty provider and the builder in writing for any work to be done under the home warranty insurance policy.

Warranty Provider

The warranty provider issues a home warranty insurance policy when the home is completed or occupied. Only insurance companies authorized by the provincial Financial Institutions Commission are permitted to provide mandatory home warranty insurance in B.C. A [list of authorized home warranty insurance companies](#) is available at www.hpo.bc.ca.



ROLE OF STRATA LOT OWNER AND STRATA CORPORATION

Strata-titled homes have two different types of home warranty insurance coverage: one that covers each individual unit and one that covers the common property. It is important for unit owners and strata corporations to understand the differences between these different policies and their respective expiration dates.



Who's Involved in Home Warranty Insurance Protection

The Homeowner Protection Office

The Homeowner Protection Office administers the *Homeowner Protection Act* and regulates Licensed Residential Builders to ensure they arrange for warranty insurance as required by the *Act* (or that an applicable exemption from providing home warranty insurance is available and has been obtained). The HPO does not regulate warranty providers or adjudicate warranty claims.

The Financial Institutions Commission

The Financial Institutions Commission (FICom) is a provincial government agency that regulates insurance companies in B.C., including those that provide home warranty insurance. FICom has the authority to investigate the business practices of insurance companies and to take action in cases of appropriate conduct. However, it is not empowered to adjudicate disputes over insurance coverage or to require insurance companies to change decisions on claim issues.

The Insurance Council of B.C.

Some warranty providers choose to act through an insurance broker. Insurance brokers are licensed by the Insurance Council of B.C. This Council has the authority to investigate the business practices of insurance brokers and to take action in cases of appropriate conduct.



Only insurance companies authorized by the provincial Financial Institutions Commission are permitted to provide mandatory home warranty insurance in B.C.



MORE INFORMATION

You can learn more about FICom at www.fic.gov.bc.ca.

MORE INFORMATION

You can learn more about the Insurance Council of B.C. at www.insurancecouncilofbc.com.

MORE INFORMATION

A [list of authorized home warranty insurance companies](#) in B.C. is available on the HPO's website at www.hpo.bc.ca.

Home Warranty Insurance: How It Protects You

Mandatory Home Warranty Insurance

Home warranty insurance is required for all new homes offered for sale or under a construction contract with an owner unless there is an applicable exemption.¹

This warranty insurance is sometimes called a third-party warranty, the mandatory warranty or the 2-5-10 warranty. The cost of the warranty insurance is included in the purchase price of your home.

The insurance protects homeowners from a range of construction defects for designated periods of time: two years on labour and materials (some limits apply), five years on the building envelope, including water penetration, and 10 years on the structure.

The requirement for a minimum 2-5-10 warranty insurance policy cannot be waived by any separate contract between you and the builder.

Some residential buildings may be exempt from the requirement for home warranty insurance, including:

- homes built by owner builders (a separate section of this guide describes provisions for owner-built homes),
- manufactured homes (mobile homes and factory-built units) that have not been significantly modified and/or added onto on site,
- non-stratified hotels, floating homes, motels, dormitories and care facilities,
- multi-unit rental buildings where the sale of any individual unit is restricted by a 10-year covenant registered against the title, and
- social housing.

What's Included in 2-5-10 Coverage

2-YEAR MATERIALS AND LABOUR WARRANTY

- Covers any defect in materials and labour or violation of the Building Code² for 12 months for all new homes, other than the common property of a strata corporation, and 15 months for the common property of strata corporations.
- Covers defects in materials and labour supplied for the electrical, plumbing, heating, ventilation and air conditioning delivery systems, as well as for the exterior cladding, caulking, windows and doors, that may lead to detachment or material damage to the new home and violation of the Building Code,² for 24 months for all new homes, including the common property of strata corporations.

¹ This applies to new homes built under building permits applied for on or after July 1, 1999. In areas where building permits are not required, it applies to new homes if construction began on or after July 1, 1999.

² To be covered, a violation of the Building Code must constitute an unreasonable health or safety risk, or cause (or be likely to cause) material damage to the new home.



MORE INFORMATION

Check out the [New Homes Registry](http://www.hpo.bc.ca) at www.hpo.bc.ca. This free online tool allows you to quickly find out if a new or resale home or new under construction has a policy of home warranty insurance and is built by a Licensed Residential Builder.



Home warranty insurance covers:

- *two years on labour and materials (some limits apply)*
- *five years on building envelope*
- *10 years on the structure*

Home Warranty Insurance: How It Protects You

5-YEAR BUILDING ENVELOPE WARRANTY

The building envelope includes the components that separate the indoors from the outdoors, including the exterior walls, foundation, roof, windows and doors. The minimum warranty coverage is five years for defects in the building envelope, including a defect that permits unintended water penetration such that it causes, or is likely to cause, material damage to the new home.

10-YEAR BUILDING STRUCTURAL DEFECTS WARRANTY

The minimum warranty coverage is 10 years for defects in materials and labour that result in the failure of a load-bearing part of the new home, and for any defect that causes structural damage that materially and adversely affects the use of the new home for residential occupancy.

What's Excluded from 2-5-10 Coverage

Coverage may exclude:

- design, materials or labour supplied by the owner or by someone other than the builder or their workers or sub-trades
- landscaping
- non-residential detached structures (but parking structures, recreational and amenity facilities in multi-unit buildings are covered)
- commercial use areas
- roads, curbs and lanes (but walkways and driveways are covered)
- site grading and surface drainage, except as required by the Building Code
- the operation of municipal services
- septic tanks and fields, and water quality and quantity.

In addition, some specific defects can be excluded, including the following:

- normal wear and tear
- normal shrinkage of materials from construction
- those arising from the use of the home for non-residential purposes
- damage caused by anyone other than the residential builder
- damage caused by insects or rodents
- failure of an owner to prevent or minimize damage
- acts of nature, and
- failure to carry out proper maintenance.

See your policy documents for full details. Consult the HPO's [Residential Construction Performance Guide](#) at www.hpo.bc.ca.

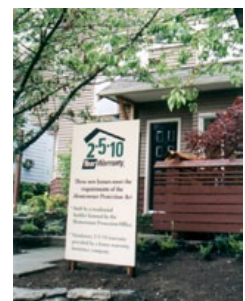


WHAT'S A DEFECT?

Defects are defined by the *Homeowner Protection Act* as damages resulting from design, materials and labour that are contrary to the Building Code, or damages that require repair or replacement due to the negligence of the builder or a person or company working for the builder.

Non-compliance with the Building Code is considered a defect covered by home warranty insurance if the non-compliance constitutes an unreasonable health or safety risk, or if it has resulted in, or is likely to result in, material damage to the new home.

Check with your warranty provider about exceptions to your coverage.



Home Warranty Insurance: How It Protects You

The [Residential Construction Performance Guide](#) explains how new homes should perform and which defects are covered under home warranty insurance in British Columbia. This includes defects in design, labour or materials. The guide is designed primarily for conventional low-rise, wood-frame homes which is the main method of residential construction in B.C.

Homeowners can use the guide to determine whether a possible construction defect might be covered by home warranty insurance and to better understand how warranty providers may evaluate claims in new homes.

Limits on Coverage

Coverage offered on claims is the lesser of \$200,000 or the first owner's purchase price for fee-simple single-family homes, and the lesser of \$100,000 or the first owner's purchase price for strata homes. For common strata property, coverage is limited to the lesser of \$100,000 times the number of units, or \$2.5 million per building.

When 2-5-10 Coverage Begins

Knowing starting dates for home warranty insurance coverage is important to determine when coverage expires. See your policy documents for details.

SINGLE DETACHED DWELLINGS (NON-STRATA)

- Contract or custom homes (built on land owned by the homeowner): date of first occupancy, date of occupancy permit, or date the home was completed and ready for occupancy, whichever comes first.
- Spec homes (built on land that was owned by the builder or developer): date of first occupancy or date of transfer of legal title to first owner, whichever comes first.

STRATA HOMES

- Strata units: date of first occupancy or date of transfer of legal title to first owner, whichever comes first.
- Common property: date of first unit occupancy in strata building or date of transfer of legal title to first owner in building, whichever comes first.

REPAIRS OR REPLACEMENTS

Repairs or replacements made under home warranty insurance are covered until the later of the first anniversary of their completion or the expiry of the original warranty.



STRATA INFORMATION

Strata owners have responsibilities in addition to those described above. Strata-titled homes have two different types of home warranty insurance coverage: one that covers each individual unit and one that covers the common property. It is important for unit owners and strata corporations to understand the differences between these different policies and their respective expiration dates.

Home Warranty Insurance: How It Protects You

Buying a Resale Home with Home Warranty Insurance

Because the warranty applies to the home and not the owner, it remains active if the house or unit is sold within the warranty period. Tips when buying a resale home:

- Before completing the sale, review the policy documents to find out coverage expiry dates and ask the seller if any claims have been made. Only an owner is entitled to get a claims history report from the warranty provider (available for a \$25 fee), so you may want to make it a condition of sale.
- If the home was constructed with a building permit issued after November 19, 2007, look it up on the HPO's online New Homes Registry, searchable by legal or civic address. It will tell you whether the home has a home warranty insurance and the name of the warranty provider, or whether the home was built by an owner builder. If you cannot find the address and you think the home is less than 10 years old, call the HPO.
- Make sure you obtain the policy documents, maintenance manual (if one was provided to the original purchaser; if not, ask the warranty provider), and other manuals from manufacturers and warranties for appliances, products or systems.

Owner-built Homes

An owner-built home is a single dwelling unit constructed for personal use by a land owner. Owner builders are exempt from the *Homeowner Protection Act* requirement to obtain a licence as a residential builder and to arrange for home warranty insurance. However, prior to starting construction, they must obtain an authorization from the HPO.

Owner builders must also build or directly manage the construction of the new home. If someone other than the owner builder performs a construction management or builder function, that person must be a Licensed Residential Builder and must arrange for home warranty insurance. Owner builders must own and use the home for their personal use for at least one year after obtaining final inspections before offering it for sale.

OWNER BUILDER DISCLOSURE NOTICE

A home built by an owner builder must not be sold for at least one year after first occupancy of the home, unless the owner builder has obtained a special exemption from the HPO. Check the HPO's [New Homes Registry](http://www.hpo.bc.ca) at www.hpo.bc.ca to see if an owner-built home can be legally sold. If an owner-built home is sold within 10 years of first occupancy, the seller must provide any prospective purchaser with a copy of the Owner Builder Disclosure Notice issued by the HPO indicating the home was not built by a licensed builder and if it has home warranty insurance (most owner-built homes do not).



MORE INFORMATION

To find out more about the buying process, visit the HPO website at www.hpo.bc.ca to view the [Buying a Home in British Columbia: A Consumer Protection Guide](#) or see [Buying a Home](#) by the Real Estate Council of BC at www.recbc.ca.



Home Warranty Insurance: How It Protects You

BUYING AN OWNER-BUILT HOME

An owner builder who sells a home without home warranty insurance is subject to the 10-year statutory protection provision of the *Homeowner Protection Act* and agrees with subsequent purchasers that the home is free from:

- defects in materials and labour for at least two years after original occupancy,
- defects in the building envelope for at least five years from original occupancy, and
- structural defects for at least 10 years after original occupancy.

Some exceptions apply and are listed in the [Homeowner Protection Act and its Regulations](#).

If you are purchasing an owner-built home, find out how much time is left on the 2-5-10 year components of the statutory protection. The date of original occupancy is determined by looking at the date of the occupancy permit or, if there is no permit, the date of actual first occupancy. This date will be shown on the Owner Builder Disclosure Notice, as well as the New Homes Registry.

Although the minimum standards of statutory protection may appear similar to those provided by home warranty insurance, it is important to understand that if the owner builder is unwilling or unable to attend to defects, there is no third-party home warranty insurance policy backing them up. Litigation may be the only remedy available.

Building Envelope Renovations

Owners of homes in some multi-unit buildings built before July 1999 may need significant repairs to the building envelope. The *Homeowner Protection Act* requires that building envelope renovations on multi-unit buildings be covered by materials and labour and water penetration warranty if they are less than 25 years old, if three or more units are involved.

Warranty insurance coverage on building envelope renovations begins on the date the repairs were substantially completed. The minimum coverage includes materials and labour for two years and the building envelope for five years, but does not include coverage for structural defects. As well, the work must have been done by a Building Envelope Renovator licensed by the HPO.

If you are considering buying a unit in a building that has had building envelope repairs, find out if the repairs are covered by home warranty insurance on the common property, and, if so, how much time is left on the policy. Get written confirmation of any warranty insurance provided. Owners are responsible for carrying out regular inspection and maintenance of the building envelope renovation as part of their warranty insurance policy. Make sure to inspect the components for defects before the warranty period expires.

Some multi-unit homes in which building permits were obtained or building envelope renovations commenced after October 2000 will have warranty insurance on the repair; those repaired before October 2000 will not.



A home built by an owner builder must not be sold for at least one year after first occupancy of the home.

MORE INFORMATION

To learn more about [Buying and Selling an Owner-built Home](#), check out the HPO's Regulatory Bulletin on this topic at www.hpo.bc.ca.

MORE INFORMATION

Check out the HPO's [Maintenance Matters](#) series at www.hpo.bc.ca. These helpful bulletins and companion videos explain the importance of building maintenance and provide tips and checklists for homeowners and stratas.

Home Warranty Insurance: How It Protects You

Other Types of Protection

BUILDER WARRANTIES

Some builders may offer additional warranties as a part of their customer service, but the government does not regulate these builder warranties, and they must be enforced as you would any other contract. Be sure to get any warranties from the builder in writing.

MANUFACTURERS' WARRANTIES

Many building components (such as flooring, cabinets, windows, plumbing fixtures and fittings) come with a warranty from the product manufacturer that extends beyond the mandatory home warranty insurance coverage. Ask the builder for copies of any manufacturer's warranties. These warranties may be in the name of the builder, so find out if you need to have the warranty transferred to you.



Summary of Coverage

Homes built before the *Homeowner Protection Act* came into effect in 1999 may or may not have warranty protection. The table below summarizes the home warranty insurance protection that may apply to homes in B.C.

TYPE OF HOME	TYPE OF PROTECTION
New home constructed under a building permit applied for on or after July 1, 1999*	Mandatory third-party home warranty insurance applies (with certain exceptions, as described in this guide).
Resale home constructed under a building permit applied for on or after July 1, 1999*	Some or all of any existing third-party home warranty insurance may have expired, but any remaining coverage applies. Subsequent purchasers automatically inherit the benefit of the remaining warranty insurance coverage.
Owner-built home constructed by an owner builder under a building permit applied for on or after July 1, 1999*	Statutory protection applies for the first 10 years after occupancy. Some owner builders also arrange for home warranty insurance. Check Owner Builder Disclosure Notice provided by the seller.
Home constructed under a building permit applied for before July 1, 1999	No home warranty insurance coverage.

* Or a new home in a geographic area in which building permits are not required, where construction commenced on or after July 1, 1999.

Getting the Most Out of Your Home Warranty Insurance

If you don't have your policy documents when you move in, contact your builder or check the HPO's [New Homes Registry](#) to find out who your warranty provider is and contact them as soon as possible to obtain the documents.

As the homeowner, you have responsibilities under a home warranty insurance policy. Read the policy documents carefully to find out what is excluded and under what conditions you risk limiting your coverage. For example, home warranty insurance coverage may be limited if:

- the original owner supplied design, materials or labour,
- you don't adequately maintain your home in accordance with the maintenance information provided by your builder or warranty provider,
- changes, alterations or additions are made to your home, after initial occupancy, by anyone other than the builder,
- you do not take timely action to prevent or minimize loss or damage, including the failure to give prompt written notice to the warranty provider of a defect or discovered loss or a potential defect or loss,
- the home is used for non-residential purposes, or
- you don't follow the specified procedure for reporting claims.

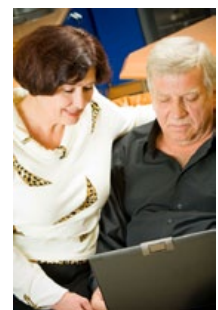
To be covered, you must report a problem in writing to both the warranty provider and the builder before the applicable warranty coverage expiry dates.

Before You Move In

In a new home, the buyer and builder inspect the property together prior to closing or settlement. This is called a walk-through, new home orientation or pre-delivery inspection, and this is usually your first opportunity to inspect the new finished home.

During the walk-through, you and your builder will verify that all terms of the contract have been met, that the home is substantially completed and that major items are in working order.

If your builder has brought an inspection form, make sure to fill it out completely, note any incomplete or deficient work in writing and set a reasonable date for the builder to complete any repairs needed. Home warranty insurance providers generally rely on this form to determine if they will cover physical damage to materials such as finished flooring, countertops and plumbing fixtures. Document the inspection by taking pictures.



Do not delay calling or writing the warranty provider with questions about coverage, forms, deadlines.

Getting the Most Out of Your Home Warranty Insurance

During the Home Warranty Period

KNOW YOUR COVERAGE

Make sure you understand the extent and limitations of your coverage by reading through your insurance documents. You can also search the HPO's free online [Residential Construction Performance Guide](#). It explains how new homes should perform and which defects are covered by the home warranty insurance.

MAKE NOTE OF COVERAGE EXPIRY DATES

Make note of what is covered, the expiry dates and what your responsibilities are. Keep in mind that strata-titled homes have separate warranties for the unit and common property, and their expiry dates are likely different. Before each expiry date, carefully inspect everything that is covered by the warranty.

MAKE A CLAIM

If you need to make a claim for defects, not otherwise taken care of by your builder, be sure to send details in writing to your warranty provider. You must make claims in writing to the builder and the warranty provider before the expiry date to be covered.

Call or write the warranty provider if you have questions about coverage, forms, deadlines, the builder's obligations or your responsibilities.

SAFEGUARD YOUR DOCUMENTS

Store the warranty insurance policy in a safe place, together with your other documents relating to the home, such as the maintenance manual, manuals for appliances, walk-through inspection report and other warranties.

In addition, your policy will include a sticker for you to place on or near the main electrical switch box identifying the warranty provider and coverage expiry dates

AFTER COVERAGE EXPIRES

Problems that arise after coverage expires are your responsibility. However, if the builder repaired or replaced items during the coverage period, those items are covered for at least one year from the date the repairs were completed.



MORE INFORMATION

Check out the HPO's free online [Residential Construction Performance Guide](#) at www.hpo.bc.ca.



Getting the Most Out of Your Home Warranty Insurance

Maintenance

Maintaining your home is important to protect your home warranty insurance rights. If you are the first owner of a new home, make sure to obtain a copy of a maintenance manual from the builder or warranty provider (if buying a resale home, obtain it from the seller).

The manual provides information on the care and maintenance of the new home, including the maintenance of common property for stratas. If a manual has been provided and you don't perform the maintenance as outlined, the warranty provider may deny your claim. Be aware that Licensed Residential Builders and warranty providers have a responsibility to provide maintenance information to the original buyers of a home if they want to make home warranty insurance coverage conditional upon proper maintenance.

Strata Properties

Unit owners are responsible for maintaining their units and reporting any problems under the individual unit policy to the builder and warranty provider, while the strata corporation is responsible for maintaining the common property (e.g. exterior walls, windows, floors, roofs, piping and electrical systems that make up an individual unit) and reporting any problems under the policy covering common property.

However, you should report any problems with common property to the strata council and/or the building manager, and follow up to make sure they act on any problems prior to coverage expiry.

The strata corporation may hire a property manager to keep track of documents, organize inspections and oversee maintenance and repairs, but it is still the corporation's responsibility to ensure that the terms of the policy are met.

Strata corporations should:

- keep warranty insurance documents and records secure,
- have common property inspected before each part of the warranty insurance expires (at 2, 5 and 10 years),
- notify the warranty provider and builder in writing of a possible defect as soon as possible and before the expiry of the applicable home warranty insurance coverage,
- monitor repairs carried out by the warranty provider or builder as part of a claim, and
- conduct maintenance to keep the building in good order and to maintain any warranties.



DETACHED HOME OR STRATA UNIT

An owner of a detached home or strata unit should have the home warranty insurance policy from the warranty provider, and any maintenance information provided by the builder or warranty provider.



OWNER-BUILT HOME

A buyer of an owner-built home that does not have home warranty insurance should have the Owner Builder Disclosure Notice.



STRATA CORPORATION

A strata corporation should have the home warranty insurance policy for the common property from the warranty provider, and maintenance requirements for the common property, if any were provided by the builder or warranty provider.

If You Discover a Possible Defect

If a possible construction defect is discovered in your home (or in common property for stratas) while the policy coverage is in effect, review the policy immediately to see if the defect may be covered by home warranty insurance.

If the damage could harm the building, you must do what you reasonably can to keep the damage from getting worse; if you don't, the warranty provider may limit coverage. For example, if a plumbing leak occurs in the first two years, you should shut off the water supply and immediately notify your builder and warranty provider. Make sure the warranty provider approves of what you intend to do to limit damage, however, because labour supplied by anyone other than the builder and warranty provider may limit your coverage.

Strata Properties: In some cases the cause of damage in a unit will originate on common property. Check with your strata council, review your warranty insurance policy or call your warranty provider to determine what is covered under your unit policy and common property policy.

FIND OUT HOW NEW HOMES SHOULD PERFORM

View the free online [Residential Construction Performance Guide](#) on the Homeowner Protection Office website. The guide explains how new homes should perform and which defects are covered by home warranty insurance, including defects in design, materials and workmanship.

Communicating a Possible Defect

Communicate a possible construction defect *in writing* to both the builder and warranty provider as soon as possible and before the expiry date of coverage.

This notice of claim should include:

- your name, address and day-time phone number(s),
- your warranty insurance policy number,
- a thorough description of the problem and its specific location within the home, and
- any other applicable documentation, including previous communications you may have had with the builder.

Keep a copy of your letter. Do not rely on email to communicate this information; a regular or registered letter mailed through Canada Post is recommended. Follow up to verify the warranty provider has received the notice of claim, especially if the warranty expiry date is approaching.

Strata properties: Individual unit owners are responsible for communicating a possible defect regarding their individual unit, while strata corporations are responsible for communicating possible defects in common property.



STRATA INFORMATION:

For strata owners, it is important to remember that individual unit owners are responsible for communicating a possible defect regarding their individual unit, while strata corporations are responsible for communicating possible defects in common property. If you are not sure if the possible defect pertains to your individual unit or to the strata's common property, it is best to also send your letter (notice of claim) to your strata corporation as well.

If You Discover a Possible Defect

Working With Your Warranty Provider

After receiving your claim letter, the warranty provider must contact you to arrange an evaluation of the possible defect. If the warranty provider rejects your claim as not valid or not covered under your policy, the company must give you reasons in writing and inform you of your rights to involve a mediator.

If the warranty provider accepts your claim, the company must arrange for the repairs to be done in a reasonable time, and give you a written description of the work done, when it was completed and any new warranty insurance expiry date established as a result of the repair. The warranty provider makes the decision on whether the original builder or another contractor will correct defects. Keep any documentation you receive with your other warranty papers.

Under the *Homeowner Protection Act*, repairs must be undertaken in a timely manner, with reasonable consideration given to weather conditions and the availability of materials and labour.



WHO'S YOUR WARRANTY PROVIDER?

Know who your warranty provider is. To find out which company covers your next home:

- ask your builder or real estate salesperson,
- look for a sticker on your main electrical switch box,
- check your policy documents or your home maintenance manual if you have one,
- check the HPO's online New Homes Registry for homes built after November 19, 2007, or
- contact the HPO for homes built between July 1, 1999 and November 19, 2007.



Access to Inspect and Repair

You must allow the warranty provider or the original builder access to your home to investigate claims, inspect damage you have reported and inspect for maintenance requirements at reasonable times, provided you are given advance notice. You must also provide the warranty provider with all the information and documentation they need to properly investigate the claim. You are also required to give the builder and trades people reasonable access to make repairs. The involvement of the original builder must not delay a warranty provider's obligation to have repairs completed in a timely and appropriate manner.

If You Discover a Possible Defect

Resolving Disputes

MANDATORY MEDIATION

The *Homeowner Protection Act* and its Regulations give owners the option of initiating mandatory mediation of disputes with their warranty provider over claims filed before the expiry date of coverage. This process is explained in your policy.

Before the mediation session, the warranty provider and owner (or strata council exchange statements of the facts and the matters in dispute. The mediator then conducts the mediation session to help the parties reach a solution that is fair, timely and cost-effective.

If there is no agreement, the mediator will end the mediation. The dispute must then be resolved some other way, usually through the court system. The owner can choose to forego mediation and move directly to some other form of resolution.

NOTICE TO MEDIATE

Separate from the mandatory mediation process, a [Notice to Mediate \(Residential Construction\) Regulation](#) allows owners to compel *any* party to a residential construction dispute to a structured mediation session. This mediation option is available if a court action has been commenced and the mediation session takes place no later than 180 days before the trial date.

MORE INFORMATION

The HPO's publication [Options for Residential Construction Disputes](#) can help you understand the various forms of dispute resolution available. Find it on the HPO website at www.hpo.bc.ca.



If You Discover a Possible Defect

GETTING ACTION

If, after following the information in this guide, you have a problem that you think your builder or warranty provider is not handling properly:

- send a detailed description of the problem, including your policy number, to the warranty provider and the builder,
- make notes of every contact you have with the parties, including the date and the response, and keep all correspondence, and
- get independent legal advice if there is no action in a reasonable time.

Your policy document sets out how your warranty provider is supposed to respond to written claims. If you believe that the warranty provider is not responding in a reasonable way, you can address your concerns to the warranty provider's ombuds-person or complaint liaison office. This information is available from the warranty policy documents, your warranty representative, or on the warranty provider's website. If you are dissatisfied with the final decision of the insurer, there is also the option to pursue the matter with an independent dispute resolution service such as the General Insurance OmbudService at www.giocanada.org.

The HPO may be able to provide assistance if you believe the warranty provider is not acting in keeping with their obligations under the *Homeowner Protection Act*. Other resources may include the BC Financial Institutions Commission and the Insurance Council of BC. The BC Financial Institutions Commission (www.fic.gov.bc.ca) addresses concerns regarding the *Insurance Act*, *Real Estate Development Marketing Act* and other legislation under its jurisdiction. The Insurance Council of BC (www.insurancecouncilofbc.com) handles complaints about the conduct of licensed agents, salespersons and adjustors under its jurisdiction regarding ethical conduct, integrity and competence.

Defects in Owner-built Homes

The 10-year statutory protection provisions of the *Homeowner Protection Act* apply to construction problems in owner-built homes. Under the *Act*, the purchaser of an owner-built home may launch a legal action against the builder if defects covered by the statutory protection arise and the owner builder is not willing to remedy them or reimburse you for the cost of repairing the defects.

Since there is no warranty provider, a subsequent purchaser's right of action is limited to the owner builder and his or her assets. If an action is already filed, any party in a residential construction dispute may file a Notice to Mediate (Residential Construction), described in the [Resolving Disputes](#) section. Other forms of dispute resolution are explained in the publication [Options for Resolving Residential Construction Disputes](#) available on the HPO website at www.hpo.bc.ca.



Checklist

Follow this checklist to ensure you understand and are protecting your home warranty insurance coverage.

- I know the name of my home warranty insurance provider.
- I have a copy of my home warranty insurance policy, as well as any additional builder or manufacturer warranties.
- I know what my home warranty insurance policy covers and the coverage expiry dates.
- I completed a walk-through with the builder before taking possession of my new home. On the form I noted any incomplete or deficient work in writing and set a reasonable date for the builder to complete any repair work needed.
- I received a maintenance manual or maintenance instructions from my builder or warranty provider. I know what I must do to maintain my home in order not to limit my coverage, and I regularly perform the required maintenance.
- If I bought a resale home, I know about the nature and extent of any existing warranty insurance policy.
- I placed the sticker listing my warranty provider and coverage expiry dates on my electrical box.
- Shortly before each expiry date, I carefully inspect my home to identify any problems in areas that are covered by the warranty.
- If I find a possible defect covered by my home warranty insurance, I immediately report the problem in writing to both the warranty provider and the builder.
- I take reasonable steps to minimize further damage to my home that may result from a potential defect.
- I keep copies of all correspondence related to my home warranty insurance policy.
- If I am a strata property owner, I know what is covered by the home warranty insurance policy on my unit and by the policy on the common property.
- As a strata owner, I report any problems with my unit in writing to the warranty provider, and I report any problems with common property to the strata council and/or the building manager.
- If I bought an owner-built home, I have a copy of the Owner Builder Disclosure Notice, and I know what protection the statutory warranty gives me.
- If I bought a home in a multi-unit building that has had building envelope repairs, I know if the repairs on this common property item are covered by home warranty insurance, and, if so, how much time is left on the policy.



Glossary

BUILDING CODE – the British Columbia Building Code or the Vancouver Building By-law in effect at the time the building permit was issued for the new home; in jurisdictions where a building permit is not required, the British Columbia Building Code that was in effect when construction commenced.

BUILDING ENVELOPE – the components that separate the indoors from the outdoors, including the exterior walls, foundation, roof, windows and doors.

BUILDING PERMIT – a certificate that must be obtained from the municipality or regional district by the property owner or contractor before a building may be constructed or repaired.

CUSTOM HOME – a home that is designed and built to the owner’s specifications, usually on land owned by owner.

HOMEOWNER – someone who buys a home, or contracts with a builder to construct a new home.

HOME WARRANTY INSURANCE – a contract of insurance covering defects in the construction of a new home and consequential losses or costs incurred by the owner.

LICENSED BUILDING ENVELOPE RENOVATOR – a repair contractor who is licensed by the Homeowner Protection Office to perform building envelope renovations.

LICENSED RESIDENTIAL BUILDER – a builder who is licensed by the Homeowner Protection Office to build and sell new homes, including developers.

OFFER TO PURCHASE – a written contract setting out the terms under which the buyer agrees to buy a home if signed by both the buyer and the seller, it becomes a legally binding document.

OWNER-BUILT HOME – a new home built by an owner builder who is authorized by the HPO to build a home for personal use without being licensed and without providing home warranty insurance.

RESALE HOME – a home that has been previously owned and occupied and that is being sold to a new buyer.

STRATA – a form of housing ownership in which the buyer owns an individual unit as well as a share of common property with other owners.

WARRANTY PROVIDER – a person or company that is authorized under the *Financial Institutions Act* to carry on home warranty insurance business in British Columbia.



Additional Resources

Applied Science Technologists and Technicians of BC – Property Inspectors (ASTTBC-PI)

10767 - 148th Street
Surrey, BC V3R 0S4
Tel: 604-585-2788
www.asttbcpi.org

British Columbia Real Estate Association (BCREA)

1420 - 701 Georgia Street West
PO Box 10123, Pacific Centre
Vancouver, BC V7Y 1C6
Tel: 604-683-7702
www.bcrea.bc.ca

Building Officials' Association of British Columbia (BOABC)

Suite 205 - 3740 Chatham Street
Richmond, BC V7E 2Z3
Tel: 604-270-9516
www.boabc.org

Canadian Association of Home and Property Inspectors of British Columbia (CAHPI-BC)

#5 - 3304 Appaloosa Road
Kelowna, BC V1V 2W5
Tel: 250-491-3979 (outside B.C.)
Toll-free: 1-800-610-5665
www.cahpi.bc.ca

Canadian Bar Association, British Columbia Branch

10th Floor, 845 Cambie Street
Vancouver, BC V6B 5T3
Tel: 604-687-3404
Toll-free: 1-888-687-3404
www.cba.org

Canadian Home Builders' Association of BC (CHBA BC)

B.C.I.T. Campus, Bldg. NW5
3700 Willingdon Avenue
Burnaby, BC V5G 3H2
Tel: 604-432-7112
Toll-free: 1-800-933-6777
www.chbabc.org

Canada Mortgage and Housing Corporation (CMHC) BC & Yukon Regional Business Centre

#200 - 1111 West Georgia Street
Vancouver, BC V6E 4S4
Tel: 604-731-5733
Toll-free: 1-800-309-3388
www.cmhc-schl.gc.ca

Condominium Home Owners' Association (CHOA)

Suite 202 - 624 Columbia Street
New Westminster, BC V3M 1A5
Tel: 604-584-2462
Toll-free: 1-877-353-2462
www.choa.bc.ca

Financial Consumer Agency of Canada

427 Laurier Avenue West, 6th Floor
Ottawa, ON K1R 1B9
Tel: 1-866-461-3222
www.fcac.gc.ca

Financial Institutions Commission (FICom)

Suite 2800 - 555 West Hastings Street
Vancouver, BC V6B 4N6
Tel: 604-660-3555
Toll-free: 1-866-206-3030
www.fic.gov.bc.ca

Government of British Columbia, Building and Safety Standards Branch

Office of Housing and Construction Standards
PO Box 9844, Stn. Prov. Govt.
Victoria BC V8W 9T2
Tel: 250-387-3133
www.housing.gov.bc.ca

Greater Vancouver Home Builders' Association (GVHBA)

Suite 1003, 7495 - 132nd Street
Surrey, BC V3W 1J8
Tel: 778-565-4288
www.gvhba.org

Additional Resources

Homeowner Protection Office (HPO)

650 - 4789 Kingsway
Burnaby, BC V5H 0A3
Tel: 604-646-7050
Toll-free: 1-800-407-7757
www.hpo.bc.ca

Insurance Council of British Columbia

Suite 300 - 1040 West Georgia Street
P.O. Box 7
Vancouver, BC V6E 4H1
Tel: 604-688-0321
Toll-free: 1-877-688-0321
www.insurancecouncilofbc.com

Law Society of British Columbia

845 Cambie Street
Vancouver, BC V6B 4Z9
Tel: 604-669-2533
Toll-free: 1-800-903-5300
www.lawsociety.bc.ca

Manufactured Home Registry BC Registry Services

PO Box 9431, Stn. Prov. Govt.
Victoria, BC V8W 9V3
Tel: 250-387-7848
Toll-free: 1-877-526-1526
www.bcregistryservices.gov.bc.ca

Real Estate Council of British Columbia (RECBC)

900 - 750 West Pender Street
Vancouver, BC V6C 2T8
Tel: 604-683-9664
Toll-free: 1-877-683-9664
www.recbc.ca

Society of Notaries Public of British Columbia

1220 - 625 Howe Street, Box 44
Vancouver, BC V6C 2T6
Tel: 604-681-4516
Toll-free: 1-800-663-0343
www.notaries.bc.ca

Urban Development Institute (UDI)

Suite 200 - 602 West Hastings Street
Vancouver, BC V6B 1P2
Tel: 604-669-9585
www.udi.bc.ca

Vancouver Island Strata Owners Association

Box 601
185 - 911 Yates Street
Victoria, BC V8V 4Y9
Tel: 250-920-0222
Toll-free: 1-877-338-4762
www.visoa.bc.ca