

Consumer Protection for Buyers of New Homes



Homeowner
Protection Office

When shopping for a brand new home to purchase, make sure that as a consumer you are informed and protected. Consumer protection laws for new homes were brought into force on July 1, 1999. As of that date, only residential builders licensed with the Homeowner Protection Office are able to obtain building permits to construct homes for sale.

Buyers of new homes should make sure that their builder is properly licensed prior to making a purchasing decision. The Homeowner Protection Office, a provincial Crown corporation that now regulates residential building industry, maintains a public registry of Licensed Residential Builders that can be found at www.hpo.bc.ca or by calling the toll-free information line at 1-800-407-7757.

Licensed Residential Builders are required by law to arrange for home warranty insurance to protect their homebuyers. Home warranty insurance can now only be provided by bona fide insurance companies that are authorized by the British Columbia Financial Institutions Commission. Minimum home warranty insurance coverage is set by legislation and includes 2 years on labour and materials, 5 years on the building envelope and 10 years on structure. This is the strongest construction defect warranty in Canada.

Homebuyers should look for the 2-5-10 year warranty insurance logo when looking for a new home. This logo is an indication that a new home has been built by a Licensed Residential Builder who has arranged for 2-5-10 year home warranty insurance. This logo is trademarked by the Homeowner Protection Office and is only available to Licensed Residential Builders.

Individuals interested in building their own home might be eligible for an owner-builder exemption from licensing and warranty insurance. This exemption only exists for individuals who are building a new home for their own personal use. The owner-builder must either build or directly manage the construction of their new home. If this is not the case, then they must hire a Licensed Residential Builder, who will arrange for mandatory home warranty insurance.

When looking for a new home, purchasers should beware of owner-built homes, as most are not covered by home warranty insurance. In these cases the owner-builder who sells their home within 10 years of occupancy is subject to the Statutory Protection provisions of the *Homeowner Protection Act* and is personally liable to subsequent purchasers for defects in the home. Any issues regarding defects will have to be settled directly with the owner-builder, and in some cases the purchaser's only recourse may be to sue the owner-builder.

Homebuyers should make an informed purchasing decision when buying a new home. It is important to find out if your builder is licensed with the Homeowner Protection Office. You should also ask about the extent of any warranty provided.

More consumer protection information for new home buyers is available free of charge from the Homeowner Protection Office.

Buying a New Home? Look for this



This logo is your only assurance that the home is built by a licensed residential builder and has the 2-5-10 year home warranty insurance now required by the *Homeowner Protection Act* – the strongest construction defect warranty in Canada.

Look for this logo when buying a home. If you don't see it, inquire if the builder is licensed with the Homeowner Protection Office and ask for details on the extent of any existing home warranty that might be in place.

For more free consumer protection information on buying a new home, contact the Homeowner Protection Office at:



Homeowner
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Toll-free: 1-800-407-7757
Email: hpo@hpo.bc.ca
Web site: www.hpo.bc.ca

(Registry of Licensed Residential Builders and Building Envelope Renovators available on Web site.)

