

---

# *New Home Warranties*

## **British Columbia Homeowner Protection Act**

Under the Homeowner Protection Act (HPA) all new homes constructed after July 1, 1999 must be built by residential builders licensed with the Homeowner Protection Office and covered by a policy of home warranty insurance. The Act's main purpose is to strengthen consumer protection for buyers of new homes and improve the quality of residential construction. See [www.hpo.bc.ca](http://www.hpo.bc.ca).

National Home Warranty is an insurance company that covers the mandated warranty benefits for B.C dwellings. ([www.nationalhomewarranty.com](http://www.nationalhomewarranty.com)) This includes:



## **Detached Homes:**

- A one-year warranty against defects in materials and labor.
- A two-year warranty against defects in the major systems in the home, the exterior cladding and the Building Code. This includes delivery and distribution systems for gas, electrical, plumbing, heating, ventilation and air conditioning. It also covers exterior cladding, caulking, windows, and doors that cause damage. Coverage for non-compliance with the building code is also provided.
- A five-year warranty for any building envelope defects including water penetration that causes material damage to the structure.
- A ten-year warranty for any structural defects. This includes defects for material and labour that result in a failure of the load-bearing structure. The warranty also covers structural damage that makes a dwelling unfit to live in.
- If you are required to move out of your home while repairs are being made, a maximum of \$100 a day is allotted.

## **Strata:**

- In your unit, a one-year warranty against defects in materials and labour.
- In your unit, a two-year warranty against defects in the major systems, the exterior cladding and the Building Code. See Detached Homes above for more details.
- \$100 a day if you are required to move out of your home while repairs are being made.
- With the common property, a fifteen-month warranty against defects in materials and labour.
- With the common property, a two-year warranty against defects in the major systems in your home, the exterior cladding and the Building Code.
- With your common property, a five-year warranty against building envelope defects.
- With your common property, a ten-year warranty against structural defects.



### Structural Defect Coverage:

The maximum protection available for a strata owner is \$100 thousand for the unit and \$2.5 million for the common property.

For a detached dwelling, the maximum is \$200,000.

### Tips

- It is important that you understand your responsibilities under a warranty. Read the warranty documents carefully to find out what is *excluded* and under what conditions you risk losing coverage. Ask if the builder is offering a warranty *in addition* to the mandatory coverage.

Defect related exclusions can include: normal wear and tear; normal shrinkage of materials from construction; use of the new home for non-residential purposes; materials, labour and design supplied by the owner; damage caused by anyone other than the residential builder; damage caused by insects or rodents; failure of an owner to prevent or minimize damage and acts of nature. Water quality and quantity and septic tanks and fields can be excluded as well.

- It is a good idea to consider having your home inspected by a professional engineer before the end of the 2, 5 and 10 year warranty periods. This will help you determine if there are deficiencies that may otherwise be discovered only after the warranty expires.
- When purchasing a resale home, it is important to check the amount of time left under the various home warranty coverages. You can be rest assured that if the warranty has not expired, your home will still be covered. All the benefits under the mandatory home warranty insurance policy are automatically transferred to any subsequent owner.
- Ask the builder for copies of all additional manufacturers' warranties for components of the home, including the roof, flooring, cabinets, windows, plumbing fixtures, appliances, fittings, etc.
- Items the builder repaired or replaced during the warranty period are warranted for an additional period of time from the date repairs were completed.

**Home warranty insurance may be void if it is found that illegal activity has occurred in the premises – i.e. Grow-Ops. Also, non-residential use or failure to properly maintain the premises may void this insurance as well.**