OHBA 2015 Annual Conference





What's Happening at III TARION



Fall Builder Updates

Builder Updates will focus on:

- What's happening at Tarion
 - A look at the new Builder Education requirements
 - An update on Builder Bulletin 20, Illegal Building Pilot, and Repair Warranty
- What's costing you/Tarion time and money
- Warranty Review Warranted or not?
- Question and answer session

Dates and Locations

9:00 AM - 11:00 AM

Toronto:

Wednesday, October 7

Ottawa:

Thursday, October 15

Ancaster:

Thursday, October 22

Kingston:

Thursday, November 5

London/St. Thomas:

Tuesday, November 10

Toronto:

Tuesday, November 24



And the Survey Says...

- Regular feedback from all stakeholders is important to us.
- It is a key way for us to gauge how we are doing and what improvements we should make.
- Customer Satisfaction Surveys
 - Will be emailed out at the end of October,
 - Sent to every homeowner in 1st year of warranty coverage and a sample of homeowners in years 2-7.

≻ Builder Surveys

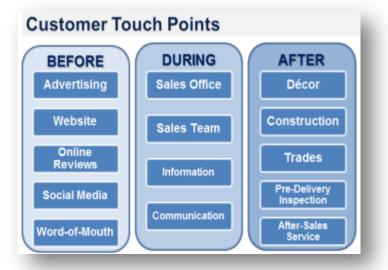
- A phone survey will be conducted in November.
- Include a sample of builders from across the province.



Improving Customer Service Seminar











Delayed Closings and Trade Shortages

- Unavoidable Delay
 - In rare circumstances (for example, in the event of a strike or a fire), an Occupancy Date may be unavoidably delayed.
 - In such cases, a homeowner must be informed at the outset of the delay (including an estimate of how long the delay is expected to last) and must be provided written notice as soon as the delay has ended.
- Currently a labour shortage does NOT constitute an 'unavoidable' delay under the delayed closing rules.

What are you experiencing?



Multi-Language Materials





Proposed Initiative	Rationale / Need for Change	Possible Regulatory Change
Illegal Building	 After public consultation, Tarion opted to pursue an approach to curbing illegal building which adopts parts of the BC Model. The recommended approach is to modify the building permit issuance process as a "gatekeeper" mechanism for illegal building. The proposal would require Tarion to determine if an applicant is a registered vendor/builder or is legitimately an owner-builder. 	 Regulatory changes as may be needed will principally relate to the Ontario Building Code and thus Tarion will be working with the Ministry of Municipal Affairs and Housing.
Review of Vendor/Builder Agreement and Regulation 894	 The goal is to reduce the instruments which set out vendor and builder rights and obligations. Steps will be taken to end the use of Vendor/Builder Agreement and develop new standard terms and conditions which can be adopted through BuilderLink. The exercise will also involve reorganizing, simplifying and clarifying Regulation 894. The exercise will remove discrepancies and inconsistencies as between Regulations and VB agreements. 	Regulatory changes will depend upon changes recommended.



Proposed Initiative	Rationale / Need for Change	Possible Regulatory Change
Review of Builder Bulletins 28, 30R, 35 and 43	 Recognizing that Tarion's rules framework for underwriting and security had not been reviewed in several years, a review was commenced in 2014. Tarion will continue reviewing its framework for underwriting and taking security for new applicants and existing vendors and builders. The next steps will include public consultation. 	 Regulatory changes will depend upon the changes recommended.
Review of CSS; Builder Bulletin 42	 In 2014, Tarion undertook a review of its Customer Service Standard (e.g., claims process, timelines) (BB42). A number of changes were identified relating to updates to make BB42 consistent with new communication adopted by Tarion (Phase 1). In 2015, Phase 2 – a broad review of specific areas of improvement to the Customer Service Standard; Phase 3 – identify recommended areas for improvement, e.g., addressing repair issues; emergency issues; and pre-conciliation timeframes. 	Regulatory changes will depend upon changes recommended.



Proposed Initiative	Rationale / Need for Change	Possible Regulatory Change
Condo Conversions	 A feasibility study was completed in 2014 and the results of that study were communicated to the Ministry. We are awaiting discussions with the Ministry on next steps. Depending on those next steps, regulatory changes may be sought in 2015. 	 Regulatory changes will depend upon recommended changes.
Substitution Warranty	 Tarion is reviewing the substitution warranty, e.g., the nature and extent of substitutions which can reasonably and fairly be the subject of warranty coverage and the appropriate remedy applicable for unauthorized substitutions. A discussion paper is being finalized and will be circulated for public consultation in 2015. 	Regulatory changes will depend upon recommended changes.



Proposed Initiative	Rationale / Need for Change	Possible Regulatory Change
Repair Warranty	 Tarion is reviewing what protection is currently available and what protection might reasonably be made available to protect homeowners where repairs done by builders or Tarion on behalf of a builder are themselves deficient. 	 Regulatory changes will depend upon recommended changes.
	 Tarion has considered the nature and extent of any such warranty, what are the rights and obligations of the parties and how "repair agreements" ought to be addressed by builders and Tarion and how such agreements interact with the statutory warranties. 	
	 A discussion paper is being finalized and will be circulated for public consultation in 2015. 	
Builder Education	 Management is reviewing the types of education programs appropriate for builders applying to obtain or renew their licence. 	 Regulatory changes will depend upon recommended changes.



Builder Education

Applies to NEW registrations processed after September 1, 2015, in a 2-phased approach

- September 1, 2015 current test and interview, plus one year to achieve core competencies
- September 1, 2016 Full launch: new entrants will be refused without core competencies

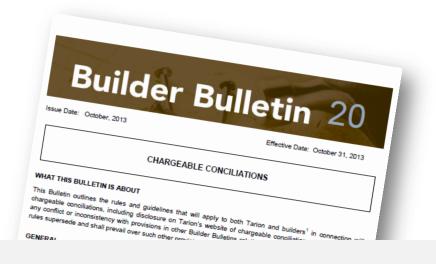




2015 Condo Act – Condo Conversions







Builder Bulletin #20 Effective July 1st, 2015





Early Intervention Process

- Introduced an 'Early Intervention Process'
 - Initiated by homeowner and/or builder
 - Voluntarily involve Tarion earlier into the process for certain situations when relationship has disintegrated
 - No cost to either party



Early Intervention Process

- Since this process began Tarion has scheduled 59 early interventions.
 - 38 initiated by Tarion.
 - 5 requested by the builder.
 - 13 requested by the homeowner.
 - 5 requested by both the builder and homeowner.



Illegal Building Prevention

We're working with OHBA, locals and media to deliver key messages that illegal building:

- Puts homeowners at risk
- Hurts the reputation of the industry
- Is harmful to the local economy
- Costs Tarion millions of dollars in annual claims





Illegal Building Prevention Strategy

- Tarion/OHBA/municipal partnership to get legislative change
- Prevention vs. Enforcement
- July 1, 2015 to December 31st, 2015
- 6 participating building departments:
 - Sarnia
 - Middlesex Centre
 - Barrie
 - Belleville
 - Sudbury
 - Niagara Falls



Realities

- > Doesn't apply to condo construction
- Does not directly address failure to enrol homes
- > Won't prevent building without a permit



Realities

- Will not prevent builders from obtaining permits if they:
 - Obtain an exemption letter under false pretenses
 - Forge or falsify an exemption or authorization letter
 - Borrow or use another's authorization letter
 - Legitimately obtain an exemption letter and then change their intention and sell
- Won't be able to stop all illegal "owner built" activity



Opportunities

- Work more closely with municipalities and local industry on illegal building leads
- Better communication to educate the public about owner-builds
- Provide more intelligence to our enforcement team on repeat offenders
- Focus more on prevention of illegal building, rather than enforcing after the fact
- Encourage consumers to buy from a licensed builder



Repair Warranty

- Formalize a process to warrant items that have already been repaired by the builder or Tarion
- Currently, long standing informal policy to warrant repairs for one year
- Generally accepted by industry and Licence Appeal Tribunal



Repair Warranty

- A written, formal policy will provide clarity and consistency to all parties
- Better understanding = better consumer protection
- Also helps ensure repairs stand the test of time



Repair Warranty – Current Challenges

- Builders are not required by law to follow this policy and it is beyond Tarion's power to enforce
- Not always consistently applied by industry or Tarion





Repair Warranty – Current Challenges

- Tarion does not currently promote this practice, so many homeowners don't know about this protection
- Calculation of 'start date' is difficult – no guidelines for tracking
- How do you determine that the repair was successful?



Repair Agreements

- Sometimes builders and homeowners enter into agreements on their own relating to repairs of items within warranty scope
- No formalized policy for such repair agreements, so Tarion has no authority to enforce



Repair Agreements – Current Challenges

- Lack of homeowner understanding on how an agreement could take them out of warranty coverage
- By the time Tarion is involved, it is too late – a properly crafted agreement can avoid loss of warranty rights



Considerations

- A new claims process and form for a repair warranty
- Guidelines for or a standardized repair agreement
- Specifying a further repair period for remedial work



Considerations

- A mechanism to determine if repair has been properly fixed
- Builders should be accountable for the repairs they make
- Policy should be simple: easy to understand and administer



Considerations

- Homeowners and builders should be encouraged and permitted to resolve deficiencies between themselves
- Builders should not be dissuaded from their current business practices to make 'courtesy repairs'



Principles of Review

- Repairs should be performed with same diligence and level of construction standards as expected by the original work
- Builders should be accountable for the repairs they make



Pre-Consultation with OHBA

- Discussed at OHBA Liaison Meeting in June
- OHBA Sub-Committee identified issues for Tarion to consider, including:
 - Each business has its own tracking systems and documenting practices
 - Don't create extra burden
 - Clarity and consistency is important to all parties!
 - The policy should continue encourage builders to make 'courtesy repairs'
 - Keep new policy aligned with BB#20 and BB#42



- 1. How would repairs never seen by Tarion be addressed?
- 2. Should Tarion be involved in courtesy repairs, generally outside of the mandated warranty scope, when agreements are made directly between the builder and the homeowner?



- 3. Do you believe that there should be a formal, written policy on how to address failed repairs?
- 4. a) Should repairs continue to be warranted for another year?
 - b) Should the repairs be warranted for the same length of time as the warranty period it was covered under?





- 5. What would be the simplest way for all parties to keep a record of the 'start date', in case they need to involve Tarion at a later date?
- 6.a) Should builders have to fix failed repairs, on an originally warranted item, even if it is after the warranty period?



- 6. b) Should there be a cutoff threshold for when Tarion should step in (e.g. 6 failed repairs on same item)?
- 7.a) How do you determine that the repair was successful?
 - b) When is the start date for this type of repair scenario?





- 8. Should there be a consistent builder repair period for failed repairs?
- 9. Should Tarion develop a standardized repair agreement, so there are no misunderstandings between parties and the homeowner doesn't inadvertently take themselves out of warranty coverage?





- 10. Who is responsible for determining if the repair has been properly made? Tarion, builder or homeowner?
- 11. How do we ensure that the process is fair and balanced for all parties?



Next Steps

- Put these questions out to public, for feedback:
 October – December 2015
- Review feedback and develop formal policy – early 2016
- Regulatory change (Reg. 892) in mid-2016





Contact Us



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