

Warranty Protection

The total coverage available on each home or condominium unit is capped at \$300,000. A maximum of \$15,000 applies to warranted damage that involves environmentally harmful substances. Common elements are covered for a \$50,000 times the number of units, to a maximum of \$2.5 million.

Several types of warranties exist with differing warranty periods. The program includes three warranties with specific coverage for one, two and seven year periods. Each warranty period begins on the date of possession, except for the warranty on a condominium's common elements, which begins on the registration of the condominium declaration and description.

Homeowners and condominium corporations must use the applicable statutory warranty forms during the warranty period. Forms includes a 30-Day Form (used during the first 30 days of possession), a Year-End form relating to outstanding warranty items, a Second-Year Form regarding outstanding warranty items in the two-year warranty period and the Major Structural Defect Form during the third year and no later than the seventh year of possession.

Builders will pass on to the buyer any warranties given by manufacturers, suppliers, and sub-contractors that extend beyond the first year. In these cases, the buyer should make claims directly to the manufacturer or distributor.

One-Year Warranty Protection

The builder warrants for one year from the date of possession that the home is free from defects in workmanship and materials, is fit to live in, meets the Ontario Code requirements and has no major structural defects.

Two-Year Warranty Projection

The two-year warranty covers such items as:

- Water seepage through the basement or foundation walls.(In condominiums, this protection includes all below-grade areas such as parking garages.)
- Defects in materials and work, including caulking windows and doors so that the building envelope prevents water penetration.
- Defects in materials and work in the electrical, plumbing and heating delivery/distribution systems.
- Defects in materials and work that results in the detachment, displacement or deterioration of exterior cladding, leading to detachment or serious deterioration.
- Ontario Building Code violations in relation to health and safety provisions.
- Major structural defects.

Seven-Year Warranty Protection

The seven-year warranty covers major structural defects as defined in the *Ontario New Home Warranty Plan Act* as:

- Any defect in materials or work that results in the failure of a load-bearing part of the home's structure; or
- Any defect in materials or work that significantly and adversely affects the buyer's use of the building as a home.

Types of homes on covered

Condominium Conversions

When shopping for a condominium, you may find projects referred to as "condo conversions". A conversion is an existing building, usually a commercial office building, which has been transformed into condominium units. Because conversion projects are not completely "new" dwellings, they are not covered by the statutory warranty.

Common Element Condominium

Typically, this is a set of common elements (organized as a condominium) that benefits surrounding freehold homes (sometimes called "parcels of tied land" or "POTLs"). The adjacent or benefitted home will typically have statutory warranty coverage but the common elements do not.

Additional Info

- Deposit Protection up to \$40,000 for homes and \$20,000 for condominiums.
- Protection against delayed closing (Freehold homes and condominiums-\$150 per day/\$7,500 Maximum)
- Protection against substitution without buyer's agreement.
- <http://www.tarion.com/Pages/default.aspx>