



TARION NEW HOME WARRANTY

Builders in Ontario are deemed to provide statutory warranty coverage as described in the Ontario New Home Warranties Plan Act. The coverage includes:

- Protection for deposits;
- Protection against Financial Loss for Contract Homes;
- Compensation for delays in closing or occupancy;
- Protection against unauthorized substitutions;
- One and two year warranties for certain defects in work and materials;
- A seven year warranty for major structural defects; and
- Coverage for condominium common elements (the common or shared area of condominium buildings).

The maximum statutory warranty coverage available for new homes and condominium units is \$300,000. The maximum coverage for condominium common elements is \$50,000 times the number of units, up to a maximum of \$2.5 million. There is a maximum of \$15,000 for warranted damage caused by environmentally harmful substances or hazards and a maximum of \$25,000 for coverage of septic systems.

TARION'S ROLE

Tarion ensures new home buyers receive the statutory warranty coverage they are entitled to under the Act. Most issues are resolved by builders without involvement by Tarion, however the Law Society of Upper Canada will intervene if a builder fails to honour their warranty obligations.

Statutory warranty coverage is different from the warranties for items provided by manufacturers, suppliers or subcontractors (such as appliances or flooring). Claims for these items should be made directly to the product provider.

The statutory warranty protection is broad, but it is not all inclusive. The warranty coverage has limitations and exclusions. Home buyers are encouraged to understand the scope of warranty coverage by reading the Homeowner Information Package, which is an important publication created by Tarion, providing a general overview of warranty coverage. The statutory warranties are in addition to any warranties or rights the homebuyer may have under contract or otherwise.



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The information provided in this article is necessarily of a general nature and must not be regarded as legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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