

Application for Letter of Confirmation Information Sheet

The application for a Letter of Confirmation and all required documents should be submitted to Tarion's Licensing & Underwriting Department at 5160 Yonge Street, 12th Floor, Toronto, Ontario M2N 6L9, via the Contact Us link at www.Tarion.com, or by email at ownerbuilder@Tarion.com.

You must meet the requirements outlined below, submit the completed application and all required documentation before a Letter of Confirmation may be issued.

What is a Letter of Confirmation?

In the Province of Ontario, anyone acting as a Vendor/Builder (referred to as "Builder") of a new home must be registered and must enrol the home with Tarion. The *Ontario New Home Warranties Plan Act* stipulates that they are also responsible for all on-going warranty obligations on the home.

Effective July 1, 2015, applicants for a building permit to build a new home, in certain municipalities (Barrie, Belleville, Centre Middlesex, Niagara Falls, Sarnia and Sudbury) will need to provide either their Tarion registration number or a Letter of Confirmation (LoC) to the municipality before a Building Permit will be issued.

The LoC will provide two key pieces of information:

1. Tarion has determined the applicant does not need to be registered with Tarion and;
2. this home meets the home exemption requirements.

An "Owner/Builder" who seeks a permit for the construction of a new home would have to provide an LoC to the building department when submitting the building permit application.

An applicant *may* receive an LoC if they are building:

- a home on their own land that will be occupied prior to any sale
- a home built to part 9.36 of the Ontario Building Code

These types of homes may not meet the requirements of the Ontario New Home Warranties Plan Act (the "Act"), and therefore would not be eligible for any of the provincially mandated warranties. For clarity, these warranties include:

- 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; and,

- A seven year warranty for major structural defects.

For homes substantially or entirely built by a Builder, as defined by the Act, there is an automatic warranty required by law. For homes that are exempt and a LoC has been issued there is no warranty coverage under the Act so long as the home remains outside the legislation after the LoC has been issued.

The following may be eligible for an LoC:

Owner-Builder

An Owner-Builder would apply when:

- i. The owner builds the home him/herself on land that he/she owns; or
- ii. The owner hires someone else to build the home on the owner's land but the owner exercises significant control over the construction of all or part of the home;

and, in both cases, the owner (or his/her tenant) then resides in the home.

Exercising control over construction includes, for example:

- Selecting, contracting directly with or terminating contracts with subcontractors, trades or suppliers; and/or
- Reviewing, revising, approving, supervising or directing work or materials.

Whether the control exercised by the owner is significant depends on the nature, value and quantity of the work or materials controlled or contributed by the owner. For example, installing interior finishes will not disqualify the home from warranty coverage but would exclude from coverage those finishes and any defects relating to those finishes. On the other hand, controlling the construction of the foundation – an essential element of the home – may be significant enough to make the home an owner built home. Owner built homes are not covered under the statutory warranties.

If the owner sells the home without first legitimately residing in the home, the home will no longer be considered an owner built home and the home will be entitled to statutory warranty coverage from the vendor. Under these circumstances the homeowner(s) will be required to become registered with Tarion.

Be advised that it is an offence to sell a new home without being a registered builder or vendor and enrolling the home with Tarion.

Owners who wish to list the home for sale must first register with Tarion and meet all of Tarion's registration requirements. Further, the owner will be responsible for warranty coverage on the home. If the owner fails to register with Tarion and enrol the home before the home is sold, the owner may be subject to charges and prosecution under the Act.

Completing the Application for a Letter of Confirmation

Complete the attached application form and submit it along with the required documents. Incomplete applications will not be considered.

The application form requires the applicant to provide their name and contact details as well as the names of all the owners of the land. All applications must include the full municipal and legal address for the home proposed to be built. ALL applicants must complete all sections of this application.

All owners of the subject property must read and acknowledge the declarations regarding the application (section E).

In addition to the foregoing, each Applicant must also provide the following:

1. Copy of Project Management contract, if applicable; and
2. Submission of proof of land ownership (copy of title or GEO search); and

Consideration of an application may take **approximately** three to five days following the receipt of your **completed** application package **with all necessary documentation**.

Should you have any questions or require assistance contact us via the Contact Us link at www.Tarion.com, by email at ownerbuilder@Tarion.com or at 1-877-696-6497 ext. 3284.

Appendix 1

Existing Foundation

When over 40% of the foundation of a home is pre-existing, as determined by linear measurement (footprint), the home does not qualify for coverage under the Act.

“Foundation” means an arrangement of various “foundation units” through which the loads from a building are transferred to supporting soil or rock. A “foundation unit” refers to any one of the structural parts of a permanent foundation, such as footings, foundation walls, block, piers and pier type foundations constructed of cement products such as concrete, concrete block, wood or any other approved material.

“Foundation” does not include parts of the system that are not load bearing, such as non-load bearing partition walls, weeping tiles, damp proofing, waterproofing, and parging. Nor does it encompass load bearing structures that form part of the above ground construction such as columns, beams, posts and above ground load bearing walls.