



A PROTECTION PRIMER FOR NEW HOMEBUYERS



All residential builders must be licensed with the HPO, among other requirements.

Legislation and regulations make sure that B.C.'s new home buyers are better protected than ever before.

□ A booming provincial economy and a strong demand for residential real estate have persuaded many prospective homebuyers in B.C. that now is the time to invest.

Consumer confidence in the residential real estate market has been further boosted by legislation and regulations that make buyers of new homes in this province better protected than ever before.

In addition to strong consumer legislation, buyers of new homes built in B.C. also have access to a wealth of free information to help them make informed decisions. Here's a primer.

THE HOMEOWNER PROTECTION ACT

In July 1999, the rules in the new home marketplace in B.C. changed significantly in favour of consumers. The provincial Homeowner Protection Act was introduced to protect buyers of new homes and to bring about improvements in the quality of residential construction. This legislation resulted in two key systems consumers should be aware of – one involves licensed residential builders and the other home warranty insurance.

The Homeowner Protection Act also established the Homeowner Protection Office to administer homeowner protection legislation and regulations and to provide information on these and other topics of interest to buyers of new homes.

HOME WARRANTY INSURANCE

New homes built by a Licensed Residential Builder in this province must come with minimum home war-



ranty insurance established by legislation. This insurance covers buyers of new single family and multi-unit homes for a minimum of two years against defects in labour and materials (some limits apply); five years against building envelope defects, including water penetration; and 10 years against structural defects. Buyers should check to make sure a project has what is often referred to as 2-5-10 coverage.

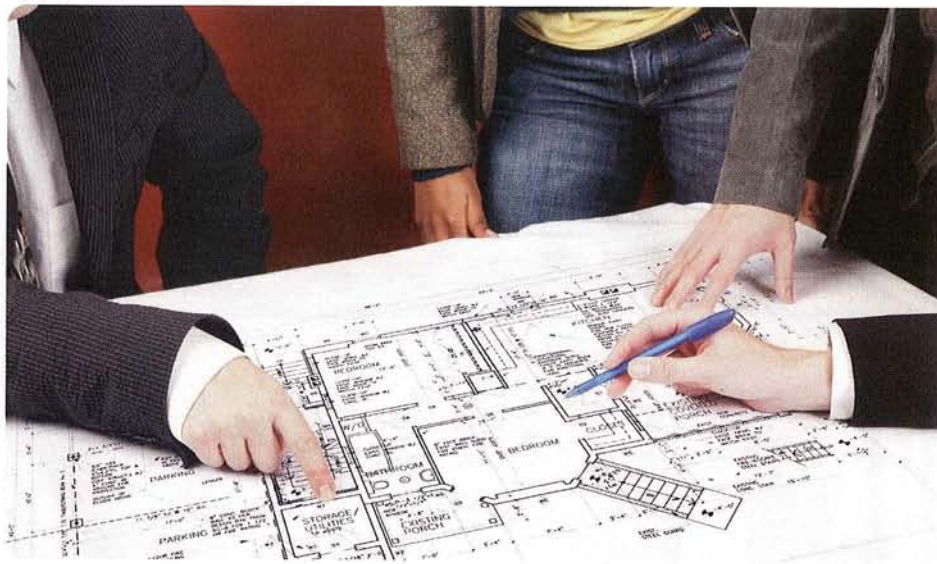
New strata-titled condominiums are covered by two home warranty insurance policies. One applies to the unit for sale, and the other to common areas like building lobbies. The terms and effective and expiry dates of coverage may be different for each policy.

LICENSED RESIDENTIAL BUILDERS

As of 1999, all residential builders must be licensed with the HPO and must arrange for third-party new home warranty insurance for a project in order to get a building permit or commence construction. Consumers should check to see if a builder is licensed by visiting the HPO website, where the HPO maintains a province-wide registry of licensed residential builders.

OWNER-BUILT HOMES

Prospective purchasers of new homes should be aware that owner-built homes are not required to be built by a licensed residential builder or to be covered by home warranty insurance. Issues that arise after purchase concerning defects would have to be settled directly with the owner-builder. Failing that, the purchaser's only recourse may be in the courts.



WHERE TO GET MORE INFORMATION

For more information on licensed residential builders, home warranty insurance, owner-built homes or a free consumer protection guide for home buyers, contact the HPO by telephone toll-free: 1-800-407-7757 or by visiting the HPO website: www.hpo.bc.ca. □

Homeowner Protection Office

Residential builders must arrange for third-party new home warranty insurance in order to start construction.