

## NEWS RELEASE



CPBH President Karen Somerville (right) with Barrie, ON homeowner Cindy Griese at the March 7, 2007 news conference at Queen's Park, Toronto, ON.

**TORONTO, ONTARIO – March 7, 2007** Canadians for Properly Built Homes (CPBH) is **calling on the Government of Ontario** for significant changes to the *Ontario New Home Warranties Plan Act* and related Regulations **in order to transform the Tarion Warranty Corporation (Tarion) into the consumer protection organization it is intended to be.**

Many Ontario homeowners continue to express their dissatisfaction with Tarion's services to CPBH. The most important changes include:

- Ensure that it is clearly stated in the *Ontario New Home Warranties Plan Act* that the primary purpose of Tarion is to provide consumer protection.
- Limit builders (or builders' representatives) to one seat on the board of directors of Tarion, as more than one seat presents a conflict of interest.
- Require a minimum of 50% of the Tarion board of directors be representatives from Canadian incorporated consumer protection organizations.
- Require a position of Senior Vice President, Consumer Protection on the leadership team of Tarion.
- Require that the Senior Vice President, Consumer Protection (or his/her delegate) approve the rejection of any consumer's claim or request.
- Require Tarion to be subject to Ontario's *Freedom of Information and Protection of Privacy Act*.

Further: In order to **reduce the need for a legalistic approach to resolving disputes**, the Government of Ontario must pass legislation to extend the Ombudsman of Ontario's mandate to include Tarion.

In order to **ensure that the Licence Appeal Tribunal (LAT) provides a fair, impartial and independent means to appeal decisions concerning compensation claims**, the Government of Ontario must commission an independent study of the 2006 Decisions of the LAT relating to the *Ontario New Home Warranties Plan Act*. Appendix 1 provides a summary of the negligible success of consumers at the LAT in 2006.

Appendix 2 provides some of the additional changes required by Tarion to protect consumers.

Ontarians deserve and need meaningful consumer protection on the largest purchase most of them ever make; a new home. CPBH supports this goal for Ontarians and all Canadians.

Canadians for Properly Built Homes (CPBH) is a national, not for profit corporation dedicated to healthy, safe, durable, energy efficient residential housing for Canadians, and is the only organization of its kind in Canada. Working for consumer awareness and protection, CPBH is run by a volunteer Board of Directors and is supported by a volunteer Advisory Council of industry experts and other key stakeholders. CPBH has supporters in different parts of Canada, is undertaking projects at the municipal, provincial and federal level and offers a variety of ways for Canadians to get involved. Visit [www.canadiansforproperlybuilthomes.com](http://www.canadiansforproperlybuilthomes.com).

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**Appendix 1**

**Analysis of Homeowner Success at the Licence Appeal Tribunal in 2006**

CPBH analyzed the 52 decisions rendered by the LAT concerning Tarion complaints brought forward by consumers in 2006, based on information available on the Licence Appeal Tribunal's Website. Consumer success rates related to warranty issues and major structural defects are summarized below.

**Table 1: Homeowner success related to warranty issues**

Number of issues presented by homeowners	Success of homeowner claims
208	33 (15.8%)

**Table 2: Homeowner success related to major structural deficiencies**

Number of major structural deficiency claims presented by homeowners	Success of homeowner claims
23	0

CPBH will release a report on the results of its analysis in the days to come.

## Appendix 2

Some of the additional changes required to Tarion to protect consumers:

**A.** In order to **at least match the coverage currently provided by other home warranty programs in Canada, Tarion must increase its standard coverage.** For example, the following table compares some aspects of the current basic warranty in British Columbia with comparable basic warranty provisions in Ontario:

Warranty Coverage	British Columbia	Ontario
Water Penetration	Five years	Two years
Major Structural Defects	Ten years	Seven years

**B. Additional warranty coverage required** to be provided by Tarion:

- Reimbursement of professional fees to homeowner if Tarion requires homeowner to substantiate claim by a professional, and the construction defect is ultimately deemed warrantable;
- All Code violations, such as the building code, the electrical code, the plumbing code;
- Sales offices;
- Model homes;
- Grading of the lot;
- Condominium conversion projects;
- Design flaws;
- A home that includes existing foundations or framework; and
- Temporary accommodation that is required in order to conduct major warranty repairs.

**C.** In order to **eliminate the current ambiguity that surrounds Section 17** of the *Ontario New Home Warranties Plan Act*, the Act must be revised to:

- Ensure that it is clear that in addition to:
  - The Senior Vice President, Consumer Protection,
  - The Ombudsman of Ontario and
  - The Licence Appeal Tribunal,

**D.** In addition to complying with the requirements of the *Ontario Freedom of Information and Protection of Privacy Act*, in order to make Tarion **more transparent**, the *Ontario New Home Warranties Plan Act* and/or related Regulations must be revised to:

- Ensure that Tarion reports quarterly, on its Web site, the number of consumer complaints/claims that it accepts and rejects for the previous quarter.

- Ensure that Tarion provides quarterly reporting on its Web site relating to individual builders' performance including:
  - The total number of warrantable defects for a conciliation inspection;
  - The nature of the warrantable defect, such as a Code violation (specifying the Code), and a major structural defect;
  - Whether the resolution of a warrantable defect was resolved by:
    - The builder;
    - A contractor hired by Tarion;
    - A cash settlement by the builder
    - A cash settlement by Tarion.
  - For each warrantable defect, the length of time it took to have the defect resolved, from the time it was first reported by the homeowner to Tarion.

E. In the case of warrantable defects, ensure that the defects are:

- properly and promptly repaired by the builder or a contractor hired by Tarion, which then carries at least one additional year of warranty protection,

**or**

- if the homeowner prefers, promptly provide the homeowner with a reasonable and fair cash settlement.

F. In order to ensure that Ontario's home warranty legislation is a North American leader that is equipped to forecast changes required to provide leading edge consumer protection, the *Ontario New Home Warranties Plan Act* must be revised to require an **Ontario Home Warranty Strategic Council**. This Council must:

- report to the Government of Ontario through the Minister of Government Services;
- fall within the responsibility of the Auditor General of Ontario; be comprised with representatives from: Tarion, the Canadian Home Warranty Council, private insurance companies, the Ontario Home Building Association, other building expertise, and at least 20% of its members representing Canadian incorporated consumer protection organization(s);
- meet at least semi-annually;
- have adequate research and administrative support to address its mandate; and
- within 60 days of each meeting, make the minutes of its meeting available on the Ontario Government's web-site, as well as Tarion's web-site.

## **Canadians for Properly Built Homes: Background**

Canadians for Properly Built Homes (CPBH) was founded in 2004 by Karen Somerville and Alan Greenberg, a couple who faced serious problems with their newly built home in Ottawa, Ontario. In trying to solve their own home problems, they talked to many homeowners, as well as builders, home inspectors, engineers and others involved in the home construction process. They learned that there are serious problems in Canada from coast to coast. Undoubtedly, the worst housing disaster in Canadian history relates to the “BC leaky condo” crisis, which continues to this day. While there are good builders, there are, unfortunately, also poor builders, and consumers currently have no objective, reliable means of knowing who the good builders are.

CPBH is a national, not for profit corporation dedicated to healthy, safe, durable, energy efficient residential housing for Canadians, and is the only organization of its kind in Canada. Working for consumer awareness and protection, CPBH is run by a volunteer Board of Directors and is supported by a volunteer Advisory Council of industry experts and other key stakeholders. CPBH’s Advisors and Board members have diverse backgrounds including the following professions: architecture, engineering, home building, home inspection, real estate, home renovation, environmental medicine, industrial hygiene, insurance, law, academe, political science and business. CPBH has more than 40 volunteers in different parts of Canada.

Consumers from many regions of Canada communicate with CPBH regularly, raising their issues and concerns and asking for assistance. Unfortunately, home construction defects present considerable problems for homeowners at all stages of life: from young adults barely able to scrape together their down payment for their first home through to senior citizens who are often on fixed incomes. While there are builders who will quickly and appropriately address these construction defects, there are also builders who will not. In some of these cases, warranty programs and government officials are unwilling or unable to assist the homeowners, which, unfortunately leaves the homeowners to fend for themselves. Once faced with this situation, homeowners quickly learn that there is insufficient consumer protection for the largest purchase most consumers ever make: a home.

In less than three years, CPBH has already had considerable successes. For example, CPBH representatives have appeared on television, for instance, CTV’s W-Five in 2005 as well as a variety of appearances on local news broadcasts on CBC and CTV, and radio talk show programs such as Peter Warren’s program from Victoria, BC.

Articles written by CPBH representatives have been published in national magazines such as The Canadian Home Inspector and Real Estate Marketing. Numerous newspaper articles have referenced the work of CPBH, including the Toronto Star and the Ottawa Citizen, which, in a Sept. 2006 article, referred to the CPBH web-site [www.canadiansforproperlybuilthomes.com](http://www.canadiansforproperlybuilthomes.com) as “among the most consulted real estate websites in Canada”. Further, a number of different organizations seek the input from CPBH as government programs are developed. CPBH was recently advised by the Federal Minister of

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Health, Minister Clement, that it will be contacted in the near future to provide input relating to the *Clean Air Act*. As well, a CPBH representative recently participated as an expert on a national round table relating to indoor air quality.

In addition, CPBH has recently made presentations to officials with Environment Canada and Natural Resources Canada in relation to energy efficiency issues and opportunities in newly built homes. CPBH also received key campaign promises from the Conservative Party of Canada prior to the Jan. 2006 federal election, and is very pleased to see the federal government moving forward to keep these campaign promises.

CPBH enjoys considerable grass roots support from across Canada from many homeowners, and potential homeowners. As well, many professionals working in the home inspection industry, the home construction industry, and government officials have expressed their support for CPBH and its work. CPBH receives no government funding, and relies on donations to cover its operating costs.