

CHOOSING THE RIGHT BUILDER FOR YOUR HOME

Is it best to use a licensed residential builder or can you build your own home? Knowing your rights and obligations will help you make an informed choice.

□ LICENSED BUILDERS

Effective July 1, 1999, the Homeowner Protection Act (the Act) regulations established mandatory requirements for residential builders in order to protect buyers of new homes.

Residential builders must be licensed by the Homeowner Protection Office and must arrange for third-party home warranty insurance in order to build a new home in British Columbia.

The licensing and home warranty insurance required ensure that your builder has met minimum standards and that you are protected by the most comprehensive construction defect insurance in Canada.

The Act sets out a minimum standard of insurance coverage that provides two years' coverage on labour and materials (some limits apply), five years on the building envelope and 10 years on the structure.

OWNER-BUILT HOMES

The Act defines an "owner-builder" as a person who builds a single, detached home for their own personal use. Owner-builder eligibility can occur once in every 18 months from occupancy of a previous owner-built home.

An owner-builder does not have to be licensed or arrange for third-party home warranty insurance on their home.

An owner-builder who sells their home without home warranty insurance is subject to a 10-year Statutory Protection provision of the Act. This means that an owner-builder who sells their home within 10 years after first occupancy could face legal action by the purchaser if construction defects are discovered.

In this case, the owner-builder is personally liable to subsequent purchasers that the home is reasonably fit for habitation, built from materials of good quality, and designed and constructed with ordinary competence, skill and care.

The Act requires that an owner-builder build or directly manage the construction of their new home, otherwise they may face prosecution for offences under the Act. If someone else other than the owner-builder performs a management or builder function, they must



be a Licensed Residential Builder and arrange for home warranty insurance for the owner.

Beware of unscrupulous individuals who might try to convince you that posing as an owner-builder and hiring them as an unlicensed builder will save you money. Ask yourself why this individual is not able to obtain a builder licence, and why they don't want to provide you with home warranty insurance.

Be mindful of these considerations when making the decision to either have your new home constructed by a Licensed Residential Builder or build it on your own.

Contact the HPO for more information on Licensed Residential Builders and owner-builders. A public registry of Licensed Residential Builders is also available on the HPO website at www.hpo.bc.ca or phone the toll-free information line at 1-800-407-7757. □

Homeowner Protection Office

Homeowner Protection Act regulations include mandatory requirements for residential builders that protect new-home buyers.