

# BUILDING YOUR OWN HOME IN ONTARIO?



## BEFORE YOU START — KNOW YOUR RIGHTS

All builders in Ontario must provide a seven year statutory warranty on every home they build. This coverage includes:

- Protection on 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

In addition to providing a warranty, anyone in the province of Ontario who plans to build a home for the purpose of sale or sells a new home must be registered with Tarion.

Every registered builder is listed on the Ontario Builder Directory, searchable on Tarion.com. This directory shows a 10-year history for each builder, and displays if a builder has had their license revoked or refused. Any builder that is not listed in this directory is not a registered builder in Ontario, and may be building illegally.

**By building your own home, your home will not qualify for the statutory warranty.**

Owner-built homes are not enrolled with Tarion and do not have a statutory warranty. This means that by building your own home, you are responsible for defects in construction that may arise when building your own home.

**Owner builders are not required to register with Tarion, but they must first obtain a Letter of Confirmation from Tarion to build their own home.** If the owner sells the home without first legitimately residing in the home, he or she must register with Tarion. 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 prosecution and face significant fines and/or imprisonment.

Becoming a registered builder requires an interview, testing on knowledge of the Ontario Building Code, and the posting of security to Tarion. These requirements, along with the mandatory warranty coverage, are in place to protect new home buyers from purchasing substandard homes.



To learn more, visit [tarion.com](http://tarion.com)

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## When do I need a Letter of Confirmation to build my own home?

A Letter of Confirmation is required when building a new home prior to obtaining a building permit in the following circumstances:

- You are building a home on land that you own AND
- You exercise significant control over the construction of all or part of the home AND
- You (or a tenant) will live in the home

**NOTE:** An owner-built home is NOT a contract home constructed under a contract between a builder and an owner of land where the builder provides for the construction of a home on the land. Contact Tarion to ensure your builder is registered with Tarion and your new home is covered under the warranty.

## What are you responsible for by building your own home?

By building your own home, you are taking on the role of a builder. By acting as the builder your responsibilities include:

- Workplace safety and insurance, which includes being responsible for the workers on your site.
- Obtaining the correct city permits for the different stages in construction such as hydro and electrical work.
- Selecting, contracting directly with, terminating contracts with or directly paying subcontractors, trades or suppliers.
- Reviewing, revising, approving, supervising or directing work or materials.

## Requirements for owner-builders

To build your own home, you must first obtain a Letter of Confirmation from Tarion, which allows you to build your own home in Ontario without registering as a builder, and means that your home will not qualify for the Tarion warranty.

Once a **Letter of Confirmation** is granted, a homeowner can then complete a building permit application to build their own home in Ontario.

To learn more, visit [tarion.com](http://tarion.com)

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## How to obtain a Letter of Confirmation from Tarion to build your own home

To be eligible to obtain a Letter of Confirmation, you must include the following information:

- A complete and signed application form (signed by all land owners)
- A submission of proof of land ownership
- A copy of the Project Management contract, if applicable

### Next Steps:

Go to [www.tarion.com/ownerbuilder](http://www.tarion.com/ownerbuilder) to complete your application. If you require assistance, contact us at [ownerbuilder@Tarion.com](mailto:ownerbuilder@Tarion.com) or 1-877-696-6497 ext. 3284

## FAQs

### Q: Is there a fee to apply for a Letter of Confirmation?

A: There is no fee to apply for or receive a Letter of Confirmation.

### Q: What happens if my application gets rejected?

A: Tarion may reject an application from a homeowner to build their own home based on the belief that the home does not fit within the parameters of the Letter of Confirmation requirements. The homeowner will receive a letter of rejection in this circumstance.

A homeowner can appeal this decision. Instructions for making an appeal will be included in the letter of rejection.

A rejection letter for a Letter of Confirmation may have an impact on subsequent applications.

### Q: What if I want to sell my owner-built home?

A: If a homeowner receives a Letter of Confirmation to build his/her own home, but decides to sell the home instead, the homeowner must register with Tarion. 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 prosecution and face significant fines and/or imprisonment.

### Q: How many Letters of Confirmation can I apply for at one time?

A: An owner-builder can only apply for one Letter of Confirmation at a time.

### Q: How many owner-built homes can I build?

A: Although there is no limit to the number of subsequent owner-built homes a homeowner can build, the homeowner must legitimately reside in the home after completion. Should Tarion feel that the regulations are not abided by, an investigation may be conducted.

To learn more, visit [tarion.com](http://tarion.com)

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## **Q: Can I rent my owner-built home?**

**A:** Yes. An owner-built home can be rented.

## **Q: Who can apply for a Letter of Confirmation?**

**A:** The applicant maybe an individual or a corporation who owns the land the home is to be built on, and intends to have the home legitimately occupied prior to any sale.

## **Q: How long does it take to obtain a Letter of Confirmation?**

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

## Are you hiring a contractor to build your new home?

Are you hiring a contractor to build your new home? Be suspicious of a builder who says things like:

- **"You don't need a Tarion warranty because I offer my own."**
  - Every builder in Ontario is required to be registered with Tarion and provide their clients with the statutory warranty.
- **"I could enroll the home in the warranty program, but it would cost you around \$10,000."**
  - Home enrolment fees range from \$385 - \$1500.
- **"We don't need to enrol custom homes."**
  - Every builder in Ontario must warrant their homes.



*Beware of builders who claim that they have a special exemption or that they don't need a Tarion warranty because they offer their own.*

***Being licensed and providing a Tarion Warranty isn't optional – it's the law!***

## QUESTIONS?

For questions about obtaining a Letter of Confirmation to build your own home, e-mail us at [ownerbuilder@Tarion.com](mailto:ownerbuilder@Tarion.com), call us at **1-877-696-6497 ext. 3284** or visit [www.tarion.com/ownerbuilder](http://www.tarion.com/ownerbuilder)

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