



FACT SHEET

Licensing and Consumer Services (formerly the Homeowner Protection Office)

Licensing and Consumer Services is a branch of BC Housing, a provincial government agency, established to improve the quality of residential construction and strengthen protection for new home buyers.

Licensing and Consumer Services is responsible for:

- overseeing compliance with the [Homeowner Protection Act](#) and the [Homeowner Protection Act Regulation](#);
- [licensing qualified residential builders and building envelope renovators](#);
- [monitoring the provision of mandatory third-party home warranty insurance](#);
- [administering owner builder authorizations](#); and
- [carrying out research and education that benefits the residential construction industry and consumers](#).

Homeowner Protection Act

The [Homeowner Protection Act](#) requires all new homes built in BC to:

- be built by a licensed residential builder;
- be covered by home warranty insurance; or
- have an approved exemption.

Licensing qualified home builders

As of November 19, 2007, changes to the Homeowner Protection Act and Regulation regarding owner-built homes enhanced protection for homebuyers, including the following changes:

- individuals planning to build a new home for their personal use are required to meet stricter eligibility requirements, pay a fee, and obtain an Owner Builder Authorization from Licensing and Consumer Services before starting construction;
- owner builders must occupy the new home themselves for at least one year after obtaining an occupancy permit and aren't permitted to sell or rent the new home during the one-year period;
- the owner builder is not permitted to sell a new home during construction "as is" without permission from Licensing and Consumer Services; and
- owner builders who sell their home within the first 10 years after obtaining an occupancy permit are obligated to subsequent purchasers for defects in the new home during that 10-year period.

Owner builder Disclosure Notice

- An owner builder who has built their home under a BC Housing Owner Builder Authorization, who decides to sell their new home within a 10-year period of first occupancy must get an Owner Builder Disclosure Notice and provide it to prospective buyers before they enter into a purchase and sale agreement for their home. This notice informs buyers whether the home was built under an Owner Builder Authorization, when the 10-year period started and if there is a voluntary policy of home warranty insurance in place.
- If an owner builder built their home before November 19, 2007, they must give prospective buyers the old-form Owner Builder Declaration and Disclosure Notice.
- Any subsequent owners must provide the Owner Builder Disclosure Notice if they sell the home to another buyer within the 10-year period.

Owner builder liability

If owner builders sell their homes within the first 10 years of occupancy, they stay liable to any subsequent purchasers for defects in the home during that 10-year period.

An owner builder's obligations are similar to those of a licensed residential builder under a policy of home warranty insurance as follows:

- two years for material and labour;
- five years for defects in the building envelope; and
- 10 years for structural defects.

Subsequent purchasers can take legal action against an owner builder to correct defects. There are some reasonable exceptions to the statutory protection, such as defects caused by someone other than the builder or natural disasters. These are described in detail in the *Act* and *Regulation*.

Owners wanting to rectify defects within the 10-year period must contact the owner builder.

New homes

Before a builder starts construction on a new home, it must be either enrolled in home warranty insurance or have an applicable exemption and the builder must register the project on the [Licensed Residential Builders Portal](#) and pay relevant fees.

New Homes Registry

Check to see if a home can be offered for sale by searching the [New Homes Registry](#). Here you can check the status of a new home under construction or built on or after November 19, 2007, and find out if the home:

- has a home warranty insurance policy;
- is built by a licensed residential builder; and
- is built without home warranty insurance under an exemption, for example, an Owner Builder Authorization.

The new homes registry also includes:

- the builder's warranty number;
- the name and contact number of the warranty provider; and
- whether there is an Owner Builder Disclosure Notice on file for an owner built home.

If you're searching for a home registered between July 1, 1999 and November 18, 2007, or you can't find a property on the Registry:

- phone: at 604-646-7050 or 1-800-407-7757 (toll free); or
- email licensinginfo@bchousing.org.

Registry of residential builders

BC Housing's [Registry of Residential Builders](#) includes individuals and companies with a valid licence issued by BC Housing. Search by license number, company name, or primary contact name at <https://lms.bchousing.org/LIMSPortal/registry/Licence>.

Laneway, coach houses or detached legal suites

Laneway or coach houses or other types of detached legal suites fit within the definition of a "new home" under the *Homeowner Protection Act*.

A builder planning to build these types of units must be licensed by Licensing and Consumer Services and provide home warranty insurance. A laneway home could potentially be eligible for an Owner Builder Authorization, but would likely not be approved if the

unit was built by a third-party builder instead of the owner, and not if it was rented out instead of used personally in the first 12 months.

Substantially reconstructed home

The *Homeowner Protection Act* defines a new home as a building, or portion of a building, that is newly constructed or being constructed and is intended for residential occupancy and includes a home that is being substantially reconstructed.

Although each case is examined on its own merits, a new home includes a home with 25 per cent or less of the original structure above foundation remains, or 75 per cent or more of the reconstructed home is new.

Licensing and Consumer Services requires proof that a licensed builder has arranged for home warranty insurance for the new home or some formal exemption (such as an Owner Builder Authorization) from requirements.

Additions to existing homes

Licensing and Consumer Services New Home Registration Form:

- isn't required when a legal suite is created as part of a renovation; and
- is required when a duplex or triplex is created.

If an addition doesn't create a new unit, the 75 per cent rule applies.

If the addition results in a home where the new portion of the construction is at least three times the size of the original structure remaining (and therefore 75 per cent of the whole) it would be substantially reconstructed and require residential builder licensing and home warranty insurance.

Buying or selling an owner-built home

The bulletin, [Buying or Selling an Owner-Built Home](#), explains:

- occupancy and disclosure requirements for owner-built homes; and
- requirements for selling an owner-built home during construction or before the occupancy requirements are met.

Request for permission to sell

Owner builders can apply to BC Housing for permission to sell during construction or earlier than one year after occupancy for reasons of hardship.

Licensing and Consumer Services may approve the application, and may also impose conditions. The home can only be sold if there is legal protection for a new home buyer.

When representing a seller

Before listing a home, REALTORS® should perform due diligence by asking the builder or owner:

- Is the home under construction?
- Is it being built by a licensed residential builder?
- Is the home new and never been owner-occupied? Is the home substantially reconstructed?
- Was it built by a licensed residential builder or by an owner builder?
- Is the home less than or more than 10 years old?

Confirm the accuracy of information received in the [New Homes Registry](#) and the [Registry of Residential Builders](#).

When representing a buyer

When representing a buy, a Realtor must:

- confirm the home is built by a licensed residential builder and is registered with home warranty insurance;
- obtain and then supply to the buyer, a copy of the insurance policy;
- obtain and supply a copy of the owner builder disclosure notice for homes built on or after November 19, 2007 to the buyer; or

- obtain and supply a copy of the owner builder declaration and disclosure notice for homes built before November 19, 2007 to the buyer.

Penalties

A Realtor and their broker listing or offering to buy a home not in compliance with the *Homeowner Protect Act* may receive an information/demand letter from Licensing and Consumer Services.

Under the *Offence Act*, Realtors and/or their managing broker who commit an offence could be fined up to \$25,000 for each offence. Licensing and Consumer services can also go through the course where penalties are as much as \$25,000 for an individual, and up to \$100,000 for a corporation and/or one year in prison for each conviction.

Resources

Real Estate Council, [Professional Standards Manual](#). Search "owner builder."

Real Estate Council, "[Can you legally sell that owner-built home?](#)"

Useful clauses include:

- Receipt of owner builder disclosure notice clause;
- Mandatory warranty insurance coverage clause;
- Licensed builder and warranty insurance clause; and
- Receipt of home warranty insurance clause.

Licensing and Consumer Protection:

- [Registry of residential builders](https://lms.bchousing.org/LIMSPortal/registry/Licence/) <https://lms.bchousing.org/LIMSPortal/registry/Licence/>
- [New Homes Registry](https://lms.bchousing.org/LIMSPortal/registry/Newhomes/) <https://lms.bchousing.org/LIMSPortal/registry/Newhomes/>

Bulletins

- [2-5-10 Year Home Warranty Insurance \(No. 03\)](#): an overview of 2-5-10 home warranty insurance coverage, including minimum coverage, commencement dates, exclusions and coverage limits.
- [Buying or Selling an Owner-Built Home \(No. 5\)](#): an overview of owner builder authorizations, including cancellation and compliance.
- [Substantially Reconstructed Homes and the Homeowner Protection Act \(No. 6\)](#): explains how an existing building, including a manufactured home, under renovation or reconstruction becomes a "new home."
- [Registering and Enrolling New Homes for Home Warranty Insurance Coverage \(No. 8\)](#): outlines the legal requirements for home warranty insurance and the steps to obtain it so construction can begin on a new home.
- [De-enrolling Homes from Home Warranty Insurance and the Homeowner Protection Act \(No. 10\)](#): if a new home is de-enrolled from home warranty insurance, construction stops, and de-enrollment may result in penalties for the builder, developer and/or owner.
- [Consumer Protection Disclosure Requirement \(No. 11\)](#): describes how applicants for a new or renewed residential builder licence must disclose orders, monetary penalties, convictions or judgments against them for fraud, breach of contract, or for contravening specified legislation.
- [What Builders Need to Know About Owner Builder Projects \(No. 25\)](#): an overview of owner builder authorizations and the level of involvement a builder may have in building a home under an Owner Builder Authorization.