

## LOW-RISE CONDOMINIUMS INSPECTION PROGRAM

*This Bulletin replaces Builder Bulletin 38, issued January 01, 1995.*

### What this Bulletin is about

Effective January 1, 1995, the Ontario new Home Warranty Program (ONHWP) [now Tarion Warranty Corporation (“Tarion”)], implemented the Low-Rise Condominium Inspection Program to provide on-site technical coaching and training at benchmark stages of construction to help new and problem builders make informed decisions on good construction practice.

Developed as an element of Tarion’s prevention strategy, the focus of the Low-Rise Condominium Inspection Program is not as much on the project as it is on the builder’s performance over the long term. It enables Tarion both to monitor and assess the technical competence of new builders joining Tarion and to monitor and correct the construction practices of problem builders.

Builders planning to build low-rise condominium projects who, after evaluation by Tarion, are assessed as “new” or “problem” builders must participate in the Low-Rise Condominium Inspection Program. In addition to the criteria listed below, any builder may be considered a problem builder at the discretion of the Registrar. Failure to comply with Low-Rise Condominium Inspection Program requirements will result in the Registrar issuing a Notice of Proposal to Refuse or Revoke Registration.

Note: Low-rise condominium means a project where all of the units and all of the common elements are designed and constructed under Part 9 of the Ontario Building Code (OBC).

The Low-Rise Condominium Inspection Program does not apply to high-rise condominium projects required to meet the provisions of Builder Bulletin 19, nor freehold units, required to meet the provisions of Builder Bulletin 31.

### What has changed

This Bulletin was revised to clarify the application of applicable taxes to inspection fees.

### What’s Involved

#### “New” Builder Requirements

Based on the information gained through the registration interview and technical test (see [Builder Bulletin 30, Revised](#)), Tarion may decide that a Low-Rise Condominium Inspection Plan is one of the terms and conditions of registration for a builder new to or re-entering the low-rise condominium construction industry. If an inspection plan is required, the applicant will receive notification from the Registrar. Some new builders will be exempt

because they have demonstrated a high level of business skill and construction knowledge in their interviews and technical tests. A Technical Representative will initiate the Inspection Plan and may conduct the inspections personally. Tarion reserves the right to employ a qualified fee-for-service inspector to conduct the inspections under the supervision of the Technical Representative. Low-Rise Condominium Inspection Plan fees for the total number of inspections required for the entire condominium project are payable at the time of its enrolment.

### **“Problem” Builder Requirements**

For problem builders, the Low-Rise Condominium Inspection Plan development process is more complex. The Technical Representative will thoroughly research and analyze the builder’s file to pinpoint past performance issues. An appropriate inspection plan will be implemented or, in some cases, custom designed, depending on the builder’s past performance. Participation in the Low-Rise Condominium Inspection Program becomes an amendment to the terms and conditions of registration. The inspection plan will begin on the next condominium project submitted to Tarion for enrolment. The Regional Manager and Technical Representative will meet with the builder to outline the reasons for implementation and to review the inspection plan requirements. Inspections will be conducted by the Technical Representative.

In all instances, Tarion will make every effort to respond within 24 hours to inspection or re-inspection requests. However, responsibility lies with builders to ensure that their staff is present on-site at the pre-arranged time.

### **Definition of a New Builder**

Applicants to Tarion who meet any of the following conditions are defined as “new” builders:

- New applicants who have never registered with Tarion.
- Applicants whose registration has been expired for three years or more.
- Previously-registered applicants who have unsettled claims outstanding.
- Applicants who have been previously refused or revoked by the Registrar but have satisfied Tarion that their circumstances have changed materially.
- Applicants who are re-registering and changing their status from “Vendor Only” to “Vendor/Builder”.
- Previously-registered applicants who have made a significant change in principals, including those responsible for construction or the day-to-day operations of the company.
- Applicants who are presently registered with Tarion but have no experience in the low-rise condominium construction industry.

### **Definition of Problem Builder**

Builders whose track record with Tarion demonstrates either of the following criteria during the previous 12 months are classified as problem builders:

- Any paid warranty claim. Regional Managers have discretionary power to waive the problem builder classification in certain situations, e.g., if a homeowner has refused entry to the builder, and, with the builder’s agreement, Tarion makes the repair and charges back to the builder.
- Unacceptable ratio of chargeable conciliations to possessions according to the builder rating system in the Home Buyer’s Guide to After Sales Service. The current formula for the “below average” rating, i.e., a ratio of two or more chargeable conciliations in 25 possessions or fewer will also apply to builders who are not rated in the home Buyer’s Guide.

The Registrar may also target any builder as a problem builder if, for example, there is an unacceptable ratio of complaints to possessions or if a builder receives consistently unfavourable results in field inspections carried out by Tarion staff.

## Inspection Plans

Building on the experience of the Targeted Inspection Program for freehold homes, low-rise condominium inspections will focus on Tarion's most costly and frequent claims.

Inspections can be held at the five key stages in the construction process: excavation, foundation, framing, prior to drywall and completion. Depending on the builder's level of technical knowledge or track record with Tarion, Regional staff will select one of the following four levels of inspection:

Level	Stages for Project
Minimum	<ul style="list-style-type: none"> <li>• Foundation</li> <li>• Prior to drywall</li> <li>• Completion</li> </ul>
Moderate	<ul style="list-style-type: none"> <li>• Excavation</li> <li>• Foundation</li> <li>• Prior to drywall</li> <li>• Completion</li> </ul>
Maximum	<ul style="list-style-type: none"> <li>• Excavation</li> <li>• Foundation</li> <li>• Framing</li> <li>• Prior to drywall</li> <li>• Completion</li> </ul>
Custom	<ul style="list-style-type: none"> <li>• Designed to address specific concerns based on the builder's claims history.</li> </ul>

## Timing of Inspections

The following guidelines have been established for the timing of the inspection at each benchmark stage in the construction process:

Stage	Timing
Excavation	After excavation is completed but prior to the erection of foundation walls.
Foundation	Prior to backfill, with damp-proofing applied.
Framing	After roof framing is completed and sheathing installed but prior to insulation and/or vapour barrier being installed.
Prior to drywall	Prior to drywall being applied but with insulation and air/vapour barrier installed.
Completion	When the home is ready for occupancy and exterior grading has been completed.

**Note:** Incomplete seasonal work may be exempted from the completion inspection.

## Inspections

The single most important purpose of the Low-Rise Condominium Inspection Program is the teaching or coaching opportunity that the inspection provides. The Technical Representative will use the review to provide appropriate technical information for the builder to make an informed decision on good building practice. In other words, the inspector focuses on the “builder” not the “project” for the long-term improvement of the builder’s performance.

Each inspection has its own checklist which is based on Tarion’s claims experience and includes the most common construction defects. By keeping track of recurring defects Tarion will be able to revise the checklists and adjust the focus of the inspections accordingly.

Checklists will also include appropriate diagrams to help the Technical Representative explain good construction practice to the builder as well as reference the Ontario Building Code (OBC). Although warranty defects are not always specific OBC infractions, they may have their origins there. Copies of the checklists will be distributed to the builder’s site representative and to the person managing the construction supervision.

When the builder’s construction performance improves to an appropriate level, low-rise condominium inspections will be discontinued. If a problem builder fails to improve, the documentation gathered through the Low-Rise Condominium Inspection Program will be added to the case for revocation of registration.

## Fee Structure

<b>Builder Category</b>	<b>Inspection Plan</b>		<b>Inspection Fees/Project (plus applicable taxes)</b>
<b>New Builder</b>	Minimum	at least 6 inspections (3 inspections x 2 units + common elements)	\$ 750.
	Moderate	at least 12 inspections (4 inspections x 3 units + common elements)	\$1,500.
	Maximum	at least 15 inspections (5 inspections x 3 units + common elements)	\$1,875.
<b>Problem Builder</b>	Minimum	at least 6 inspections (3 inspections x 2 units + common elements)	\$1,350.
	Moderate	at least 12 inspections (4 inspections x 3 units + common elements)	\$2,700.
	Maximum	at least 25 inspections (5 inspections x 5 units + common elements)	\$5,625.

Note: Low-rise Condominium Inspection Plan fees are comparable to total inspection fees by both category and plan required under the Targeted Inspection Program for freehold homes (see Builder Bulletin 31).

Low-Rise Condominium Inspection Plan fees for the total number of inspections required for a project are payable at the time of its enrolment, or, will be invoiced if the project is already enrolled but construction has not yet begun. Applicable taxes must be added to the fees.

For more information regarding this Bulletin, please contact Tarion.

Addendum Date: April 20, 1995 (original October 3, 1994)  
Excavation Inspection Forms not included with online version.

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signed  
"Howard Bogach"  
Registrar