

INCREASED DEPOSIT COVERAGE FOR FREEHOLD HOMES AND FINANCIAL LOSS COVERAGE FOR CONTRACT HOMES

WHAT THIS BULLETIN IS ABOUT

This bulletin introduces a change to the Ontario New Home Warranties Plan.

Until now, new home buyers have been protected for up to \$20,000 under the *Ontario New Home Warranties Plan Act* for the loss of a deposit on a freehold home or for financial loss on a contract home. That amount was set 26 years ago, when the *Act* came into effect. During that time, the consumer price index has tripled. In an effort to keep up with these rising costs, a buyer will now be able to receive up to \$40,000 in compensation from the Ontario New Home Warranty Program (ONHWP).

Note: Deposit coverage will remain at \$20,000 for condominium units. Condominium purchasers are already protected for deposits over \$20,000 by the trust and excess deposit insurance provisions of the *Condominium Act, 1998*.

WHEN DOES THE CHANGE COME INTO EFFECT?

Freehold Homes – affects buyers who enter into a purchase agreement on or after February 1, 2003.

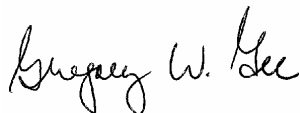
Contract Homes – affects buyers who enter into a construction contract on or after February 1, 2003.

ARE ANY OTHER ONHWP POLICIES IMPACTED?

Bulletin 28 *ONHWP Requirements for Receipt and Release of Security* specifies that some freehold builders must post security. It is being revised and re-issued to adjust freehold security requirements based on the increase in deposit coverage above.

FOR MORE INFORMATION

If you have any questions, please contact the ONHWP Regional Office in your area. See attached list for contact information.



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