



# New Home Warranty Now Required

**No new residential building permits will be issued by the municipality until builders acquire a New Home Warranty. Starting February 1, 2014, every new home built in Alberta will require a New Home Warranty under Alberta's New Home Buyer Protection Act (NHBPA).**

New homes (single detached family homes/duplexes/multi-family homes/condominiums/manufactured homes/recreational properties) would at minimum, include a warranty for:

- One year labour and materials;
- Two years for defects in labour and materials related to delivery and distribution systems;
- Five years building envelope protection, with a requirement for the warranty provider to offer the consumer the option to purchase additional years of coverage; and,
- 10 years coverage for major structural components.

Learn more about Alberta's better warranty standards and get to know your role at <http://homewarranty.alberta.ca>

**For More Information  
Municipal Affairs Public Safety Division  
Phone (Toll Free): 1-866-421-6929**

## Frequently Asked Questions

### **What buildings are covered under this Act?**

All new residential construction for which a building permit is issued after the in-force date of February 1, 2014 will need to comply with the Act. This includes houses, condominiums, recreational properties (cottages and cabins), and modular and manufactured homes.

Owner-builders will be allowed to not procure a warranty. If they choose to sell their home before the 10-year term of warranty, they must purchase warranty coverage to match the remaining 10-year term, similar to manufactured homes.

Any manufactured/modular homes moved to Alberta from another province or country would be required to carry warranty if they were new enough to fall under the warranty periods. For example, a manufactured home that is four years old and is being moved into Alberta from Saskatchewan would have to have warranty of one year for building envelope and six years for major structural.

Dorms, work camps, hotels and rental apartments will be exempt, as they follow a different ownership model.

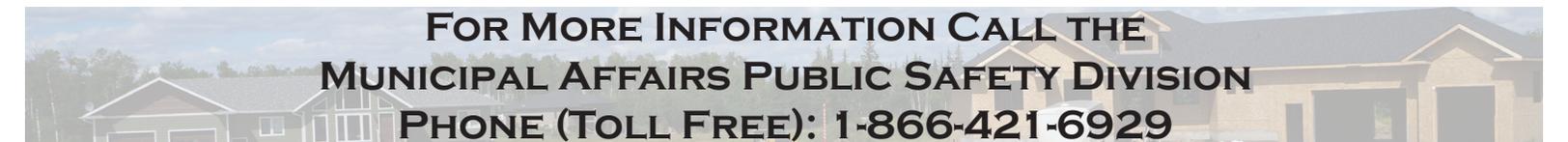
### **What are the minimum required terms of coverage under the NHBPA?**

The minimum required warranty coverage terms are:

- One year labour and materials for detached homes and non-common property in condominiums;
- Two years for defects in labour and material related to delivery and distribution systems;
- 10 years for major structural; and
- Five years on building envelope, with a requirement for the warranty provider to offer the option to purchase additional years of coverage.

### **What will warranty coverage cost?**

The cost of warranty for an average house is estimated to be \$1,700 to \$2,000. Exact cost will vary, depending on the warranty provider, the builder, and the home. In January 2012, the average price of a home in Alberta was \$342,000. Based on that average, warranty coverage would cost less than one per cent of the price of the home, and less than many of the upgrades often made to a home during construction to protect the biggest investment most people make.



**FOR MORE INFORMATION CALL THE  
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**As of February 1, 2014, all new residential buildings across the Province of Alberta will require a New Home Warranty before a building permit can be issued by the municipality. Read below for more information.**

**Will renovations be covered?**

Renovations and substantial reconstruction will be defined in regulation, and a reconstruction threshold that will trigger warranty will be identified. In British Columbia that threshold is set at 75% of the home above grade that has been rebuilt. The province is evaluating the threshold for Alberta. Municipal Affairs will develop guidelines and assist municipalities in determining when the threshold for substantial reconstruction is met.

**I am building my own home. How will I apply for an owner/builder authorization after the Act comes into force?**

After the Act comes into force, owner/builders will take the following steps to apply for an owner builder authorization:

- Contact Municipal Affairs to become an authorized user of the online new home registry.
- Apply for an owner/builder authorization online. This will include stating your intent to live in the home, indicating whether you have a registered interest in the land, and paying the applicable fee.
- Your application for owner/builder authorization will be assessed. If it is approved, you will be able to receive a building permit.

**How will permit issuers know that warranty coverage or an owner/builder authorization is in place on my project?**

Permit issuers will be able to use the Government of Alberta's online New Home Registry to determine whether warranty coverage or an owner/builder authorization is in place on a project.

As well, the system will enable builders and owner/builders to provide printed confirmation, if required by the permit issuer.

**How will buyers know which builders are a good risk?**

Buyers should research the builders they are considering contracting with to build their new home, including how long the builder has been in business and asking for and following up on references.

**How will the implementation of the program affect municipalities?**

Municipalities and permit issuers will be required to check for proof of warranty before issuing construction permits. They will have access to an online database to confirm warranty coverage.

The New Home Buyer Protection Act does not affect a municipality's requirement to comply with the Safety Codes Act. Accountabilities set out in the Safety Codes Act, and the accreditation agreement remain the same.

Municipalities will have to do a small amount of additional data entry upon issuing the permit. Municipal Affairs will provide guidelines, materials and advice to assist municipalities in meeting the new requirement.

**What are the penalties for non-compliance under the Act?**

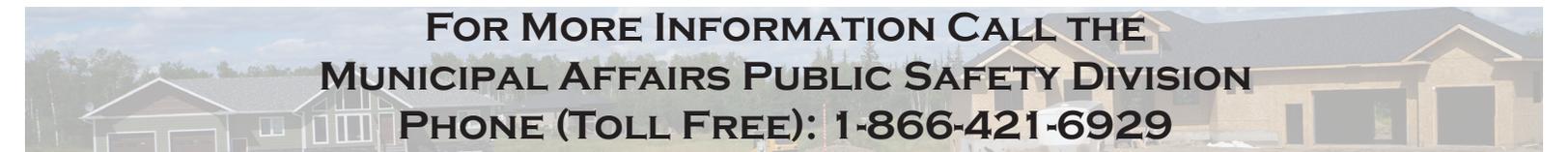
Penalties are up to \$100,000 for a first offence and up to \$500,000 for second and subsequent offences.

**When does the NHBPA take effect?**

The NHBPA will take effect on February 1, 2014. The Act will apply to new homes constructed under a building permit applied after the Act comes into force.

**If you have more questions, call the Alberta Municipal Affairs Public Safety Division at 1-866-421-6929 or visit**

**[http://www.municipalaffairs.alberta.ca/alberta\\_home\\_warranties.cfm](http://www.municipalaffairs.alberta.ca/alberta_home_warranties.cfm)**



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