

DEVELOPER LICENSE



WHAT IS A DEVELOPER?

As defined by BC Housing, a developer is a residential builder that sells the residential builder's ownership in a new home and includes a vendor that contracts with a general contractor for the construction of a new home.

- Ex. If you buy land and develop it to sell new Part 9 homes on speculation and hire a licensed general contractor to arrange the construction, you are a developer.

Simply put, a developer is the person(s) or entity that hires a general contractor to build a house for them to sell. An application will need to be submitted to BC Housing for the developer license if required. This application will also require warranty acceptance from a warranty provider.

WHO NEEDS TO APPLY AND WHAT SITUATIONS REQUIRE A DEVELOPER LICENSE?

A person or company acting as a developer requires a residential builders license if they are hiring a general contractor to build a home for them on land they own, to sell as brand new after completion. A person or company acting as a developer has no intent on living in the home. A license is required to be in place before the new home is listed for sale.

- Ex. As the general contractor, a client approaches saying they would like you to build a duplex for them that they intend to sell after completion. The client will need to apply for a license of their own (developer license) to sell the units.

A general contractor will also require a separate license if the vendor of the home is a company or entity other than the company that holds the general contractor builder's license, and the home will be sold as new after completion.

- Ex. Bob the builder wants to build a home on land he owns under 123456 BC Ltd, however he will be building using his company ABC Building's builder's license. Bob will need to apply for a developer license under 123456 BC Ltd so he can sell the home as new, provided 123456 BC Ltd is the seller of the home. The license he holds under the company ABC Building to construct the home/register for warranty does not allow him to sell the home owned by 123456 BC Ltd as brand new. It is not transferable.
- Ex. Michelle is building a home as the general contractor through her licensed company, 604 Building Ltd. and wants to sell the home once completed but the land is owned under her and her partner's own names. Michelle and her partner will need to apply for a developer license under their personal names so they can sell the home.

SO, YOU OR YOUR CLIENT NEED A DEVELOPER LICENSE, HOW DO YOU GET STARTED?

Contact our office and speak with one of our representatives! They will collect the information needed to set up a developer application in our system and will provide you with the next steps. The application will need to be filled out and sent back to our office for processing. We will then inform BC Housing of the warranty acceptance.

You will also be required to apply at BC Housing as a 'Developer'. This is a much simpler process than the General Contractor licensing and is usually processed within 1-2 weeks. There are limitations to this type of license. Be sure to review these prior to making your license application.

BC Housing Licensing & Consumer Services

Phone: 604-646-7050

Toll Free Number: 1-800-407-7757

► **WHAT HAPPENS IF YOU OR YOUR CLIENT DON'T APPLY FOR A DEVELOPER LICENSE?**

The sale of a new home is deemed the business of the residential builder. Selling a home as new without the required license may be considered a breach of the Homeowner Protection Act. Parties failing to comply may be subject to compliance orders, or monetary penalties as determined by BC Housing.

► **WILL THE DEVELOPER LICENSE NEED TO BE RENEWED?**

The developer license will need to be renewed and kept active as long as the projects are on the market. Once all projects have been sold, you can choose not to renew your developer license membership.

► **WHEN DOES THE WARRANTY START IF THE HOME IS HANDED OVER TO THE DEVELOPER TO SELL?**

The warranty coverage will start once the first purchaser takes possession and there is a transfer of title.

The warranty coverage does not start at the time the home is handed over to the developer unless the developer is now renting the home out or occupying the home themselves.

- Ex. The home is completed and handed over to the developer to put on the market January 1st. The home is listed but does not sell to the first purchasers until May 1st, then the warranty will start May 1st.

► **HOW SHOULD THE COMMENCEMENT FORM BE FILLED OUT WHEN THE LICENSED DEVELOPER SELLS THE HOME?**

The general contractor will be provided with a Commencement Form at the time they enroll the project with warranty. To start the warranty on the home(s), the licensed general contractor will need to ensure that a Commencement Form is filled out by themselves and the first owners (not with the Developer), then submitted back to our offices. The party carrying the home warranty with National Home Warranty should be executing the Home Orientation and Commencement Form with the purchaser as well as executing their after-sale service plan to rectify defects as they arise.

► **WHAT ARE SOME THINGS TO KEEP IN MIND WHEN BUILDING FOR A LICENSED DEVELOPER?**

- There is the potential that the warranty start date will be delayed if the home doesn't sell right after the home is handed over to the developer.
- If the developer decides to do any construction on the home during the time they have the home in their possession, the builder could be responsible for any warrantable repairs on those items.
- The home will also be considered a spec home in the warranty and BC Housing portals, as it would not be considered pre-sold to the developer.
 - Spec or speculative home: A home that is built to sell and crafted to suit the average homebuyer.
 - Pre-sold or custom home: A home that is built for a specific client to live in after completion of the home.

This document is intended as general recommendations and best practices for home maintenance and does not replace or alter the warranty certificate nor the obligations of the builder and/or homeowner with regard to the warranty policy.