

INDUSTRY BULLETIN – BUILDERS SELLING THEIR LICENSE



WHAT IS “SELLING A BUILDER’S LICENSE”?

Under the provisions of the Homeowner Protection Act (HPA), any licensed builder who enrolls a home must engage in or manage all or substantially all of the construction of the new home.

Selling a Builder’s License would be if a Licensed Builder were to enroll a home and allow another person or entity to engage in or manage the construction on their own. There are major financial risks in allowing someone else to manage the construction of a home that is registered to a licensed builder, as the licensee would be completely responsible for the home warranty.

If a licensed builder chose to allow this to happen, they would also be in direct violation of the HPA and could face a fine of up to \$25,000 per person involved and possible imprisonment.

IMPORTANT INFORMATION

We understand that this is not likely to be any of our member builders, however, we do feel obligated to remind you of your responsibilities as a member of National Home Warranty.

We would like to help you be above board to reduce any confusion. If you have a project manager or site supervisor responsible for your sites, this person should be a full-time employee. If you are using project managers or site supervisors, let us know and we'll add them to your membership so that our team knows who to be contacted for information on that job. If we call the point of contact on the registration for any reason, assessment, claims assistance, etc. and you point us to someone else, that would be a red flag.

There should not be a contract involved between any licensed builder and another individual or company for the management of construction. This may falsely represent who is building the home. Also, all or mostly all the sub-trades involved should have contracts directly with the licensed builder to eliminate any potential for misrepresentation.

MEMBERSHIP

At a minimum, our members are required to substantially complete the home as per the regulations set out by BC Housing. This means that the superstructure must be completed and no part of the structure or building envelope be excluded from the warranty coverage.

It is also important to understand a large amount of risk that this could put you, the member in if you were to engage in this type of project. The warranty agreement you signed is tied to you alone, not to the person that you agreed to offer coverage for. No matter the agreements you have in place, a handshake or written agreement, your insurer will only look to you if problems arise in the future.

BC HOUSING COMPLIANCE

The government registrar has its division of compliance investigators who ensure that residential builders are following the guidelines of the HPA properly. They, along with the warranty providers, strive to ensure that all homeowners in the province are properly protected within our industry. Should you have any questions, concerns or would like to file a formal complaint about any potential violation of the HPA, you can contact BC Housing's compliance department by clicking [here](#).

If you have any questions about this document’s intention or message, please email or call us. We’ll answer!

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.