



NEWS RELEASE

OTTAWA, ONTARIO – Nov. 12, 2013 – Several Ontario MPPs are calling for a Value for Money (VFM) audit of the Tarion Warranty Corporation by the Auditor General of Ontario. CPBH agrees that a VFM audit of Tarion is necessary – immediately - and is announcing its **“Top 10 List”** of key areas that that should be included in the scope of such a VFM audit. Related questions are also included for each key area.

“Top 10 List”

of key areas that that should be included in the scope of the VFM audit of the Tarion Warranty Corporation by the Auditor General of Ontario, and related questions

1. Governance of Tarion:
 - a. As per the Toronto Star investigative published July 6, 2013: *“Former Tarion CEO Greg Gee says it was a challenge to get approvals from the board for consumer initiatives and funding during his tenure.”*
 - i. What were the challenges that Mr. Gee faced concerning consumer initiatives and why did he face them?
 - ii. Have things improved on this front in the past five years since Mr. Gee left the organization?
 - b. The 2009 Delegated Administrative Authority Model Review recommended an: *“Overhaul of the governance structure respecting Board composition...”* (p. 300). Yet this has not yet taken place. Why is that?
 - i. Note: We do not consider the changes to Tarion’s By-law 1 approved Oct. 10, 2013 to be adequate or an “overhaul”.
 - c. What role, if any, has the board played in delaying accurate, prompt and complete builders’ performance records on the Tarion web-site. (Refer to Toronto Star investigative report published on July 6, 2013 that referred to “secret” records.)
 - d. What should be the Tarion’s Board composition, e.g., builders/builders’ representatives vs. Ministerial appointees vs. consumers?
2. High velocity Heating, Ventilation and Air-Conditioning (HVAC) - High velocity HVAC has been a very serious issue for many Ontario home purchasers (as evidenced by the CTV W-Five report that aired in 2012 – : <http://www.ctvnews.ca/seeking-answers-for-home-heating-woes-1.776550>).
 - a. When was this issue first reported to Tarion? (An HVAC expert suggested Tarion started receiving claims for these systems in the mid-1990s.)



- b. How many consumer claims related to high velocity HVAC have been received by Tarion since these were first reported to Tarion – by year?
 - c. How many consumer claims related to high velocity HVAC have been rejected by Tarion since these were first reported to Tarion – by year?
 - d. As per its 1976 Letters Patent, Tarion is: *“through research programs, to achieve a progressive improvement in the quality of housing in Ontario in all aspects.”*
 - i. What research did Tarion conduct, or have conducted, concerning these high velocity HVAC problems? If conducted, when did this research take place? Was it adequate?
 - e. Tarion continues to reject homeowner claims for these systems. Has Tarion handled these claims appropriately?
 - f. In the 2012 CTV W-Five report, the Tarion CEO (Bogach) said that he still didn’t know if the issue with these systems was the installation, design or apparatus. Given the period of time over which Tarion has been receiving claims for these systems, did Tarion handle these claims appropriately up to the point of the W-Five report?
 - g. What has Tarion done to address this issue since the W-Five report aired in March 2012? Has this action been appropriate and sufficient?
3. Heating, Ventilation and Air-Conditioning (HVAC) generally
 - a. Since 2000, what is the total number of HVAC claims received by Tarion?
 - b. How many of these claims have been rejected by Tarion since 2000?
 - c. Of those HVAC claims accepted by Tarion since 2000, what is the average amount of repair cost per claim?
4. Research - As per its 1976 Letters Patent, Tarion is: *“through research programs, to achieve a progressive improvement in the quality of housing in Ontario in all aspects.”*
 - a. In the past 10 years, what progressive improvement in the quality of housing in Ontario in all aspects has Tarion achieved through research programs?
 - b. Has this progressive improvement been adequate, given this Object, changes in homebuilding technologies and practices in the past decade, the surplus funding that Tarion has accumulated, and considering consumer claims?
5. Organization design and structure & Employee compensation
 - a. Tarion appears to have excessive management.
 - i. Compared to other consumer protection agencies, does Tarion have an appropriate number of Vice Presidents?



- i. How much is spent related to consumers, e.g., cases at the Licence Appeal Tribunal (LAT)?
 - ii. How much is spent related to builders, e.g., removal of a licence to build?
 - iii. Are these amounts appropriate, given Tarion's consumer protection mandate?
 - c. When a claim is denied and a consumer appeals to the LAT, Tarion uses mandatory fees paid by consumers to defend the builder. Given that it is the builder's warranty, should the builder not be responsible for defending it?
8. Resellers - Tarion has established a separate process to register a "reseller".
 - a. Why is that?
 - b. What is the difference between a "reseller" and a "vendor" as stated in the Act?
 - c. Does a consumer have exactly the same protection benefits from a "reseller" over a vendor with Tarion's separate process?
 - d. Is Tarion's separate process to register a "reseller" appropriate, e.g., in accordance with the Act, fair to consumers, etc.?
9. Harris-Decima annual survey of consumers
 - a. Homeowners who purchased from small builders are excluded from this survey. Is this appropriate, e.g., does this significantly distort the results, is this fair to consumers who have purchased from a small builder?
 - b. In a Letter to the Editor of the Toronto Star published July 8, 2013 (Most satisfied with Tarion's work), Tarion VP Mortfield said: *"The 85 percent approval rating Tarion received last year would suggest that Ontario homeowners have confidence in Tarion and our work on their behalf."* Using Ms. Mortfield's numbers -- including that there are 380,000 homes under warranty, the remaining 15% suggests that 57,000 purchasers of newly built homes do not have confidence in Tarion. Given that a home is the largest purchase most consumers make, is an 85 percent approval rating adequate? If not, what should be Tarion's goal in relation to an approval rating?
 - c. The winners of the annual builder awards program are determined from this survey, which includes a gala dinner event.
 - i. How much does Tarion spend on the annual builder awards program?
 - ii. Is it appropriate for Tarion to cover the costs of this program, e.g., do any other consumer protection agencies honour their licensees in such a way? If this program is to continue, should the costs of this award



program be covered by another entity, e.g., the Ontario Home Builders Association, rather than Tarion?

10. Overall financial position of Tarion

- a. When considering current dollars in securities, the amount in the guarantee fund, etc., is Tarion charging consumers an appropriate mandatory fee?

Ontarians deserve and need meaningful consumer protection on the largest purchase most of them ever make: a new home. CPBH supports this goal for Ontarians and all Canadians.

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Canadians for Properly Built Homes (CPBH) is a national, not for profit corporation dedicated to healthy, safe, durable, energy efficient residential housing for Canadians, and is the only organization of its kind in Canada. Working for consumer awareness and protection, CPBH is run by a volunteer Board of Directors and is supported by a volunteer Advisory Council of industry experts and other key stakeholders. CPBH has supporters in different parts of Canada, undertakes projects at the municipal, provincial and federal level and offers a variety of ways for Canadians to get involved. CPBH earned "partner" status with the Canadian Consumer Information Gateway (Industry Canada). Visit www.canadiansforproperlybuiltinhomes.com .

For further information, media may e-mail: media@canadiansforproperlybuiltinhomes.com .

Canadians for Properly Built Homes: Backgrounder, November, 2013

Canadians for Properly Built Homes (CPBH) was founded in 2004 by Karen Somerville and Alan Greenberg, a couple who faced serious problems with their newly built home in Ottawa, Ontario. In trying to solve their own home problems, they talked to many homeowners, as well as builders, home inspectors, engineers and others involved in the home construction process. They learned that there are serious problems in Canada from coast to coast. Undoubtedly, the worst housing disaster in Canadian history relates to the "BC leaky condo crisis", which continues to this day. While there are good builders, there are, unfortunately, also poor builders, and consumers currently have no objective, reliable means of knowing who the good builders are.

CPBH is a national, not for profit corporation dedicated to healthy, safe, durable, energy efficient residential housing for Canadians, and is the only organization of its kind in Canada. Working for consumer awareness and protection, CPBH is run by a volunteer Board of Directors and is supported by a volunteer Advisory Council of industry experts and other key stakeholders. CPBH's Advisors and Board members have diverse backgrounds including the following professions: architecture, engineering, home building, fire safety, real estate, home renovation,



environmental medicine, industrial hygiene, insurance, law, academe, political science and business. CPBH has more than 40 volunteers in different parts of Canada and earned "partner" status with the Canadian Consumer Information Gateway (Industry Canada).

Consumers from many regions of Canada communicate with CPBH regularly, raising their issues and concerns and asking for assistance. Unfortunately, home construction defects present considerable problems for homeowners at all stages of life: from young adults barely able to scrape together their down payment for their first home through to senior citizens who are often on fixed incomes. While there are builders who will quickly and appropriately address these construction defects, there are also builders who will not. In some of these cases, warranty programs and government officials are unwilling or unable to assist the homeowners, which, unfortunately leaves the homeowners to fend for themselves. Once faced with this situation, homeowners quickly learn that there is insufficient consumer protection for the largest purchase most consumers ever make: a home.

CPBH has had a number of notable successes. For example, CPBH hears regularly from Canadian consumers that CPBH has helped them, and that its work is important and necessary. CPBH representatives have appeared on television, for instance, CTV's W-Five on multiple occasions, as well as a variety of appearances on local news broadcasts on CBC and CTV, and radio talk show programs such as Peter Warren's program from Victoria, BC, and Peter Silverman's program in Toronto, ON. Articles written by CPBH representatives have been published in national magazines such as The Canadian Home Inspector and Real Estate Marketing. Numerous newspaper articles have referenced the work of CPBH, including the Globe and Mail, the Toronto Star and the Ottawa Citizen. A number of different organizations seek the input from CPBH as government programs are developed. Also, the Office of the Ombudsman of Ontario began to monitor complaints relating to new home ownership after CPBH presented a detailed submission to the Ombudsman in March 2007. This led to the Ombudsman Ontario's report: *"Building Clarity: Investigation into how the Ministry of Government and Consumer Services represents its relationship with the Tarion Warranty Corporation to the public"*. In 2013, key members of the Canadian heating, ventilation and air-conditioning (HVAC) industry began working with CPBH to try to make necessary improvements in HVAC across the country.

CPBH enjoys considerable grass roots support from across Canada from many homeowners, and potential homeowners. As well, many professionals working in the home inspection industry, the home construction industry, and government officials have expressed their support for CPBH and its work. CPBH receives no government funding, and relies on donations from consumers to cover its operating costs.