

Tarion needs more accountability: Roseman

Home builders can charge for the warranties they must offer under the law. Some buyers feel they're not getting value for their money.

By: [Ellen Roseman](#) On Your Side, Published on Fri Jun 20 2014

Buying a new home from a builder often leads to disappointment.

Fajian Rao and Wei Tan found a problem when they bought a townhouse in Milton, Ont. from Mattamy Homes last January.

They chose a model from a sales brochure. But they found the dimensions were less than anticipated when they visited the builder's design centre.

"There was a difference of 17 cubic inches in our den," Rao said. "Mattamy had a floor plan only for elevation F and our townhouse was for elevation E. We were never told there would be such a discrepancy."

He tried to cancel the contract or pay a lower price for a smaller floor space. But he didn't get anywhere until he wrote to the Star.

Karen Mortfield, vice-president of stakeholder relations at [Tarion Warranty Corp.](#), said it was a legal matter for the home buyer to address with his lawyer.

"We are contacting the builder to see if we can be a helpful part of the discussion before any legal action takes place," she told me.

The next day, she said the builder was releasing the buyer from his purchase and all deposits were being refunded as a goodwill gesture.

Mortfield also helped a couple get the gas fireplace they wanted after the builder substituted an electric fireplace. They bought their home from plans in April 2012 and were still waiting for construction to start.

"Our sales rep told us if we didn't want the electric fireplace, we could get \$900 back," the husband said. "But the gas fireplace in the model home was in the \$4,000 range. If we installed it after taking possession, we could pay \$7,000 to \$10,000. It's a big deal to us."

The builder offered the couple a workaround, in which a slightly different gas fireplace could be installed at no extra cost, Mortfield said..

Tarion, created in 1976, provides warranty coverage for new homes and condo units in Ontario. There were 370,537 homes under warranty last year.

The corporation, which receives no government funds, works with homeowners and builders to resolve disputes about statutory warranty coverage under the Ontario New Homes Warranty Act.

Most of its revenue comes from enrollment fees paid by licensed builders – from \$385 to \$1,500, depending on the price of the home – which can be passed along to buyers.

Tarion's name is often in the news. Toronto Star reporter Kenyon Wallace wrote several investigative articles about [the lack of disclosure of builders' previous problems to buyers](#).

Disgruntled homeowners, such as [Jeffrey Ferland](#) and [Barbara Captijn](#), use social media to urge making Tarion more accountable to consumers.

Last year, Toronto NDP MPP Rosario Marchese introduced a [private member's bill](#) to allow oversight of Tarion by the Ontario Ombudsman and the Auditor-General. The bill died with the June election call and Marchese lost his seat.

Tarion held a media breakfast June 20, which I attended, to talk about its role in protecting new home buyers.

Chief executive Howard Bogach and board chair Chris Spiteri presented a case study of an eastern Ontario housing development, which ran into problems with land settling and sinking a few years after buyers moved in.

A total of 23 homes had major cracks in their foundations and ceramic tiles. Some had cracks in every room.

Tarion worked with the builder to jack up the homes, remove basement slabs and fill from under garages. Repairs took three years, forcing 10 families to move into hotels for an average 38 days. The total cost was \$5.14 million.

“What if there was no warranty plan? What if there was no money in our guarantee fund?” Bogach asked.

“It was a complete re-engineering of how the homes were put together. Builders wouldn't have the skills to do it on their own.”

He refused to name the builder or the location, saying it could hurt the owners' resale value. He did say the repair project had led to new rules, making builders shoulder the costs in the warranty's later years.

Despite the charm offensive, I think Tarion will continue to draw criticism. It should hire an external organization to audit its performance and see if it meets the high standards that consumers have come to expect.

Ellen Roseman writes about personal finance and consumer issues. You can reach her at eroseman@thestar.ca or www.ellenroseman.com