

Regulatory Bulletin

Information for Owner Builders

Constructing an Owner-built Home

An owner builder is an individual authorized by BC Housing, to build a new home for their personal use. An owner builder is not required to be licensed to build a new home or arrange for third-party home warranty insurance on that home.

Under the Homeowner Protection Act (the Act) and Regulation, individuals wanting to be an owner builder of a new home are required to obtain an Owner Builder Authorization prior to commencing construction of that new home. This requirement is in effect for all areas of British Columbia, regardless of whether building permits are required.

Before You Start...

Owner builders must build or directly manage the construction of their new home themselves. If an owner builder engages a builder, construction manager, project manager, or any third party to perform these functions, both the owner builder and the hired construction manager/builder are committing offence(s) under the Act and could face monetary penalties of up to \$25,000 and/or prosecution. Unlike homeowners who hire a Licensed Residential Builder to construct their new home, an owner builder usually does not have home warranty insurance to rely on should construction defects occur, nor would any subsequent purchaser. Although an owner builder may be able to look to tradespersons to deal with some problems that occur, it is the owner builder who is ultimately responsible for the overall construction of the home for a period of 10 years.

This is particularly important should an owner builder sell their new home within 10 years of first occupancy. The owner builder must provide a disclosure notice obtained from the Licensing Department to any prospective purchasers. The disclosure notice will inform the purchaser that the home was built by the owner builder and whether or not there is a policy of home warranty insurance in place for the home. In addition, unless they have arranged for home warranty insurance coverage, owner builders are personally liable for construction defects in the new home during this 10-year period to any and all subsequent purchasers during this same period.

The statutory protection provision of the Act outlines the specific obligations of the owner builder during this period. These obligations are similar to the protection from defects under a policy of home warranty insurance. That is, two years against defects in material and labour, five years against defects in the building envelope, and 10 years against structural defects. Please refer to section 23 of the Act for details.



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Regulatory Bulletins are a series of publications developed by BC Housing to provide information on the Homeowner Protection Act. All Regulatory Bulletins can be viewed at www.bchousing.org.

This bulletin and the website are for convenience only, they do not constitute legal advice. For complete details consult the Act and its regulations. For more information contact:

Licensing and Consumer Services | Branch of BC Housing

Phone: **604-646-7050**

Toll-free: **1-800-407-7757**

Fax: **604-646-7051**

E: licensinginfo@bchousing.org

W: www.bchousing.org

[@RegistrarBCH](https://twitter.com/RegistrarBCH)

Statutory protection enables subsequent purchasers to take legal action against an owner builder to correct defects as set out in the provision and is a liability that cannot be waived by agreement or contract. Owner builders who opt to arrange for a voluntary policy of home warranty insurance, however, are not subject to the statutory protection provision of the legislation.

Eligibility Checklist for Owner Builder Authorization

An individual who wishes to build a new home as an owner builder must apply for an Owner Builder Authorization and meet the following criteria:

- ✓ Must be an individual (not a company, except a director of a family farm corporation) with a registered interest (fee simple, life interest or long-term lease of at least 15 years) in the land upon which the new home is to be built
- ✓ Must intend to build a single dwelling unit which is either a detached home, attached to a pre-existing building older than 10 years, or attached to a new non-residential building
- ✓ Must not offer to sell, or sell, or otherwise transfer their interest in the land either during construction or for at least one year after the new home has been built
- ✓ Must intend to use the home for personal use for at least one year after first occupancy
- ✓ Must not have previously been issued an Owner Builder Authorization for a period of at least 18 months from first occupancy of last owner-built home (period increases for repeat owner builders)
- ✓ Must not be ordinarily resident with an individual who was issued an Owner Builder Authorization for a period of at least 18 months (or increased period for repeat owner builders)
- ✓ Must intend to build, or directly manage the construction of, all or substantially all of the new home
- ✓ Must not have been in non-compliance with previous owner builder requirements

- ✓ Must successfully complete the Owner Builder Authorization Examination with a passing grade of 70 per cent or greater overall
- ✓ Must pay the \$425 Owner Builder Authorization fee (including a \$50 non-refundable application fee)

Step-By-Step Guide

STEP 1 – Pre-screening

Complete the Application for an Owner Builder Authorization online at www.bchousing.org. You can find the application under the Licensing and Consumer Services section of the BC Housing website. Individuals who do not have access to the internet should contact Licensing and Consumer Services for a manual application. Applicants will be pre-screened online with a series of questions to determine their eligibility for an Owner Builder Authorization.

STEP 2 – Completing the application

If pre-screening is successful, you will be invited to create a unique login ID. Next, complete your personal contact information, details of the proposed site of the new home and information about any previous owner-built homes you have been involved with. The application for an Owner Builder Authorization will be created for you to download, print, sign and send in (by email, mail, courier or by person) to the Licensing Department for review. You can pay the \$425 Owner Builder Authorization fee online when you make your application or send a cheque with your signed application or pay in person by debit or credit card. We must receive your signed application and application fee before the Licensing Department can start reviewing it.

Please note that \$50 of the \$425 fee is non-refundable should the application be rejected or withdrawn prior to a building permit being issued.

STEP 3 – Invitation to write the Owner Builder Exam

Once the Licensing Department confirms that you meet the eligibility requirements, we will send you details of where to take the exam and what to expect at the exam centre. There is no additional cost to take the exam, which is included as part

of the application process. All owner builder applicants must pass the exam, which evaluates your knowledge and understanding of homebuilding basics in two areas: construction basics and the statutory obligations and requirements that owner builders must meet under the Act.

After you have taken the exam, your answers automatically go to the Licensing Department for assessment. You need a score of 70 per cent or higher on the exam to be successful.

STEP 4 – Notifying you of decision

After you have completed the exam, our Licensing Department will conduct a final review of your application. We will then notify you if your application for an Owner Builder Authorization has been approved. If it is approved, we will provide you with a New Home Registration Form, sealed by BC Housing (see sample form). You'll need the form before you start construction of your new home.

If your application is denied, you will be notified of the reasons for denial in writing by mail. A refund will be provided, however, please note that \$50 of the \$425 fee is non-refundable

STEP 5 – Obtaining a building permit

As the owner builder, you then take the New Home Registration Form to the municipality or regional district responsible for the area where your new home will be located in order to obtain a building permit and commence construction. If there are no building permits required, you will need to have the New Home Registration Form in your possession before commencing construction.



STEP 6 – Completion of construction

When the new home is complete and first occupied, you (the owner builder) must supply BC Housing with the occupancy date and a list of the tradespersons used in the construction of the new home. The easiest way to do this is to log in to your account and complete the information online.

STEP 7 – Sale of owner-built homes

An owner builder who wishes to sell their home within 10 years after first occupancy must obtain a disclosure notice for their home from the Licensing Department and provide it to any prospective purchasers. An owner-built home may not be offered for sale, sold or rented any earlier than one year after the new home has been built, except in special circumstances, and only when pre-approved by the Registrar.

Important Note About Occupancy Permits

If you build your new home in a jurisdiction that issues occupancy permits, it is the occupancy permit that is used to determine the start of the:

- › 10-year statutory protection liability
- › minimum one-year personal use of the home requirement
- › waiting period for future Owner Builder Authorizations

For this reason, we encourage owner builders not to delay in obtaining an occupancy permit for the new home.



Terminology

“Registered interest in land”: includes an interest in fee simple, a life interest, or a lease of at least 15 years, all of which must be registered with the Land Title Office in the applicant’s name.

“Persons ordinarily resident”: A person is ordinarily resident if they are normally residing in the home (apart from temporary or occasional absences), and their residence has been adopted voluntarily and for settled purposes as part of the regular order of their life for the time being. Decisions about whether a person is ordinarily resident will need to be based on all the circumstances of the particular case. In homes containing a suite, the residents of the suite are considered to be ordinarily resident for the purpose of the Homeowner Protection Act.

“First occupancy” means:

- (a) the date an occupancy permit has been issued with respect to the new home, or
- (b) if no occupancy permit has been issued with respect to the new home, the date the new home was first occupied.

“Personal use” in relation to an owner builder, means residential occupancy by the owner builder and does not include rental use.

