MEASURES TO BE TAKEN

THE GUARANTEE PLAN

FOR NEW RESIDENTIAL BUILDINGS

This information is valid for houses and dwelling units for which the sale took place or the construction began **BEFORE AUGUST 7, 2006.**

Québec

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THE MANDATORY GUARANTEE FOR YOUR NEW RESIDENCE

Are you thinking about buying a new house or property held in divided co-ownership ("condo")? The Government of Quebec has made the Guarantee Plan for New Residential Buildings mandatory for certain buildings since 1999.[1]

Anyone who acquires a building covered by this guaranteed governmental plan automatically has the right to the prescribed guarantee. This guarantee plan is intended to ensure the execution of certain legal and contractual obligations on the part of your contractor. It differs from private guarantee plans offered on the market, particularly because it is **mandatory**. The guarantee is transferable to any subsequent buyer.

ADVERTISEMENT OF THE MANDATORY GUARANTEE PLAN

NO MATTER WHAT NAME IS GIVEN TO THE MANDATORY GUARANTEE PLAN BY INDIVIDUAL PLAN MANAGERS, THE CONTENT OF THE GUARANTEE PLAN AUTHORISED BY THE GOVERNMENT OF QUEBEC IS THE SAME.

1 This brochure is up to date following the implementation of certain articles of the Regulation to amend the Regulation respecting the Guarantee Plan for New Residential Buildings on February 23, 2006.

WHO MAY OFFER THE MANDATORY GUARANTEE PLAN?

A contractor who would like to sell or construct a building covered by the guarantee plan must be accredited by one of the three plan managers authorised by the Régie du bâtiment du Québec (RBQ) and hold a general contractor's license with the sub-category 3031 or 3032.

Before signing a contract for the construction of your residence, make sure that your contractor is indeed a holder of this license. In order to do this, you can communicate with the guarantee plan manager (p.16). You can also consult the RBQ Contractors' Index (www.rbq.gouv.qc.ca) or contact the Centre de relation clientèle or any other RBQ office (p.17).

You cannot renounce your right to this mandatory guarantee, even if you sign a document stating so.

Moreover, even if the accredited contractor has not registered your residence with a plan manager of the mandatory guarantee plan, it is still covered by the guarantee.

SELF-CONSTRUCTION

IF YOU BUILD YOUR HOME YOURSELF, ALONE OR WITH YOUR OWN EMPLOYEES OR SUBCONTRACTORS, YOU DO NOT HAVE THE RIGHT TO THE GUARANTEE PLAN. **THINK CAREFULLY BEFORE DOING SO!**

BUILDINGS COVERED BY THE GUARANTEE PLAN

The guarantee does not apply to every type of new residential building. These are the new buildings that are covered:

1. For buildings that are not held in divided co-ownership:

- A detached, semi-detached, or row-type single-family dwelling;
- A multifamily building, from a duplex to a quintuplex.

A multifamily building with more than five dwelling units and held by a non-profit organisation or a cooperative is also covered by the mandatory guarantee plan.

2. For buildings held in divided co-ownership ("condos"):

- A detached, semi-detached, or row-type single-family dwelling;
- A multifamily building of combustible construction;
- A multifamily building of noncombustible construction comprising no more than 4 private portions stacked one above the other (4 stacked "condo" units).

3. Prefabricated homes:

Prefabricated homes are also covered by the guarantee plan under the following circumstances:

- If the sales contract concluded with the **manufacturer** includes the complete installation of the home (turn key project);
- If the sales and installation contract is concluded with a **general contractor** (turn key project);
- If the sales contract is concluded with the manufacturer of the prefabricated home and the installation contract is concluded with a **general contractor**, only the on-site installation work, by the contractor, is covered by the guarantee plan.

THE MANDATORY PLAN APPLIES STRICTLY TO **COMPLETELY NEW BUILDINGS**. AS SUCH, A BUILDING CONSTRUCTED ON AN EXISTING FOUNDATION IS NOT COVERED.

COVERAGE PROVIDED

The coverage provided is described in detail in the guarantee contract and in the Regulation respecting the Guarantee Plan for New Residential Buildings. The regulation is available at the RBQ web site (www.rbq.gouv.qc.ca). It is very important to be familiar with it.

1. The guarantee plan provides, in short, the following coverage.

FOR BUILDINGS THAT ARE NOT HELD IN DIVIDED CO-OWNERSHIP

Before the acceptance of your home

In the case of a *sales contract*[2], the coverage provided is:

- partial payments made up to a maximum of $30,000;

or

- completion of the work where you are the holder of the ownership titles (meaning that you have signed the sales contract for your home before a notary) and where an agreement has been made with the plan manager concerning the work to be completed.

In the case of a *job contract*[3], the coverage provided is:

- partial payments made up to a maximum of $30,000, on the condition that there is no unjustified profit on your part;

or

- completion of the work where an agreement has been made with the plan manager concerning the work to be completed.

The cost of relocation, moving, and storage of your property is also covered if there is a delay in the delivery of your building, given certain conditions.

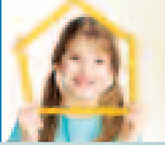
PARTIAL PAYMENTS ARE COVERED UP TO A MAXIMUM OF **$30,000**.

2 A sales contract is one signed between you and a developer or general contractor for the construction of your home and the purchase of the building site.
3 A job contract is one signed between you and a general contractor for the construction of a home on a piece of land that you already own.

After the acceptance of your home

- The completion of the work related to your building and declared in writing at the time of acceptance;
- The repair of apparent defects and poor workmanship declared in writing at the time of acceptance;
- The repair of existing poor workmanship that is non-apparent at the time of acceptance of your building and is discovered within one year following the acceptance;
- The repair of latent defects that are discovered within 3 years following the acceptance of the building;
- The repair of faulty design, construction, or production, or the unfavourable nature of the ground that becomes apparent within 5 years following the end of the work.

www.rbq.gouv.qc.ca



YOU HAVE 6 MONTHS TO DECLARE DEFECTS AND POOR WORKMANSHIP

You must inform the contractor and the plan manager, in writing, of defects and poor workmanship discovered after the acceptance of the building **within 6 months following their discovery**.

In other words, if you discover defects or poor workmanship on a certain date, you have a maximum of 6 months to make a claim in accordance with the guarantee plan. **Be vigilant**, because you run the risk of losing your guarantee if 6 months have passed and you have not declared, in writing, the defect or poor workmanship.

For the completion of the work and the repair of defects and poor workmanship, the amount covered by the guarantee is equal to the sum indicated in the sales or job contract up to a maximum of:

- $200,000 per single-family home (detached, semi-detached, or row-type);
- $100,000 for each dwelling unit, with a limit of $1,500,000 in the case of a multifamily building.

2. FOR BUILDINGS HELD IN DIVIDED CO-OWNERSHIP ("CONDOS")

Before the acceptance of your "condo"

In the case of a *sales contract*[4], the coverage provided is:

- partial payments made up to a maximum of $30,000;

  or

- completion of the work where you are the holder of the ownership titles (meaning that you have signed the sales contract for your private unit and the common portions before a notary) and where an agreement has been made with the plan manager concerning the work to be completed.

In the case of a *job contract*[5], the coverage provided is:

- partial payments made up to a maximum of $30,000, on the condition that there is no unjustified profit on your part;

  or

- completion of the work where an agreement has been made with the plan manager concerning the work to be completed.

The cost of relocation, moving, and storage of your property is also covered if there is a delay in the delivery of your building, given certain conditions.

AMOUNTS ARE PREDETERMINED FOR THE COMPLETION OF THE WORK AND THE REPAIR OF DEFECTS AND POOR WORKMANSHIP.

4 A sales contract is one signed between you and a developer or general contractor for the construction of your home and the purchase of the building site.

5 A job contract is one signed between you and a general contractor for the construction of a home on a piece of land that you already own. This situation is unlikely for properties held in co-ownership.

After the acceptance of your "condo"

- The completion of the work related to your private unit and declared in writing at the time of acceptance;
- The completion of minor work (ex.: the installation of a light fixture) declared in writing by the professional mandated by the syndicate of co-owners to carry out the pre-acceptance inspection of the common portions;
- The repair of apparent defects and poor workmanship declared in writing at the time of acceptance of a private unit or the common portions;
- The repair of existing poor workmanship that is non-apparent at the time of acceptance of a private unit or the common portions and is discovered within one year following the acceptance;
- The repair of latent defects that are discovered within 3 years following the acceptance of a private unit or the common portions;
- The repair of faulty design, construction, or production, or the unfavourable nature of the ground that becomes apparent within 5 years following the end of the work.

YOU HAVE 6 MONTHS TO DECLARE DEFECTS AND POOR WORKMANSHIP

You must inform the contractor and the plan manager, in writing, of defects and poor workmanship discovered after the acceptance of your private unit or the common portions **within 6 months following their discovery**.

In other words, if you discover defects or poor workmanship on a certain date, you have a maximum of 6 months to make a claim in accordance with the guarantee plan. **Be vigilant**, because you run the risk of losing your guarantee if 6 months have passed and you have not declared, in writing, the defect or poor workmanship.

For the completion of the work and the repair of defects and poor workmanship, the amount covered by the guarantee is equal to the sum indicated in the sales or job contract up to a maximum of:

- $200,000 per dwelling unit, never to exceed $2,000,000 for the total number of dwelling units provided for in the declaration of co-ownership, in the case of single-family detached, semi-detached, or row-type houses;
- $100,000 per private portion, not to exceed, however, $2,000,000 in the case of a multifamily building.

PRECAUTIONS TO TAKE BEFORE SIGNING

- Make sure that your general contractor holds a license from the RBQ with the sub-category 3031 or 3032, according to the type of building that you wish to buy. This can be done easily by communicating with the RBQ Centre de relation clientèle or by consulting the Contractors' Index at the RBQ web site (www.rbq.gouv.qc.ca).
- Find out with which plan manager your general contractor is accredited, as the administration of the Guarantee Plan for New Residential Buildings has been turned over to private plan managers that have been authorised by the RBQ (see page 16). Make sure that the guarantee contract mentions that it has been approved by the RBQ.

CHECK YOUR CONTRACTOR'S LICENSE.

PRE-ACCEPTANCE INSPECTION: A KEY STEP

No matter what kind of residence you buy, you must complete a pre-acceptance inspection in the company of your contractor in order to protect your rights and to mark the beginning of certain guarantees. If you do not have a good knowledge of construction, **it is in your best interest to be accompanied during this very important step** by somebody who is knowledgeable on the subject (see contact information for professional inspection associations on page 16).

BE VIGILANT!

The pre-acceptance inspection is completed using a pre-established list of elements to verify that is furnished by the plan manager.

Using this list, you must completely inspect your home or private co-ownership unit and take note of the quality and level of completion of the work that has been done. You must verify whether or not all of the work agreed upon in writing with the contractor has been done and make a list of those things that will have to be completed or corrected. Pay particular attention to any extra work that you have requested of your contractor.

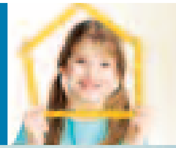
Examine every component of your residence. **Make a list of all elements to be completed or corrected**, for example, a door that has not been properly adjusted, a scratch in the bathtub or shower, etc.

If you are not in agreement with your contractor about the work to be done, clearly indicate this on the inspection list.

Above all, do not hesitate to talk to or question your contractor.

ACCEPTANCE OF THE COMMON PORTIONS OF A PROPERTY HELD IN CO-OWNERSHIP

www.rbq.gouv.qc.ca



The pre-acceptance inspection of the common portions of a building held in divided co-ownership (“condo”) must be completed together with the contractor, the syndicate of co-owners, and a building professional (an architect, engineer, or technologist, p. 16) chosen by the syndicate. This inspection is done only after the contractor has sent an end-of-work notice to the syndicate and to every known owner and after this notice has been received. The inspection must be done using a pre-established list of elements to verify that is furnished by the plan manager.

At the time of this inspection, the building professional chosen by the syndicate produces a written declaration in which he/she establishes the end-of-work date and details, on the one hand, work that is to be corrected and, on the other, *minor* work that may have to be completed, such as seasonal work that cannot be done in the short term or small-scale work (ex.: a missing light fixture). If work other than minor work still needs to be done, the acceptance does not take place and the syndicate must request, in writing, sending a copy to the plan manager, that the contractor finish the work. The declaration prepared by the professional constitutes the **acceptance of the common portions** and it marks, in particular, the beginning of the one-year guarantee (for poor workmanship) and the three-year guarantee (for latent defects).

MAKE SURE THAT YOUR SYNDICATE OF CO-OWNERS CORRECTLY FOLLOWS ALL OF THE PROCEDURES FOR THE ACCEPTANCE OF THE **COMMON PORTIONS** THAT ARE OUTLINED IN THE GUARANTEE CONTRACT!

Once the end-of-work notice for the common portions has been sent to the co-owners syndicate by the contractor, **it is important for the syndicate to mandate a professional** to carry out the acceptance of the common portions without delay.

Otherwise, the acceptance will be presumed to have taken place at the latest six months after the reception of the end-of-work notice, if all of the 4 following conditions are met:

- The work related to the common portions is completed;
- The syndicate has been formed and is no longer under the contractor’s control;
- The end-of-work notice has been sent by the contractor to the syndicate (which is no longer under the contractor’s control), detailing the syndicate’s obligations concerning the acceptance of the common portions;
- A period of 6 months has passed since the reception of this notice by the syndicate and the syndicate, without motive, has not accepted the common portions.

If any one of these 4 conditions is not satisfied, there is no presumed acceptance of the common portions.

PROCEDURE FOR MAKING A CLAIM

Every buyer hopes that the acquisition of his/her new residence will take place without any problems. Despite all of the precautions taken, it can happen, unfortunately, that a contractor does not meet his contractual obligations. What should you do if you are not satisfied with the work done by the contractor?

In such a case, when the work is covered, you can make a claim in accordance with the guarantee plan. The procedure to follow varies, depending on the time at which the problems manifest. It is described in detail in the *guarantee contract* and in the Regulation respecting the Guarantee Plan for New Residential Buildings. The regulation is available at the RBQ web site **(www.rbq.gouv.qc.ca)**. It is important to be aware of and **respect the indicated time limits for making a claim**. See COVERAGE PROVIDED after the acceptance of your home (p. 4) or "condo" (p. 6), given your situation.

If you are not satisfied with the work done by your contractor, you must inform the contractor **in writing** and send a copy to the plan manager. Use registered mail so that you can keep the receipt as proof.

If the contractor does not respond to your satisfaction, inform the plan manager in writing. This action begins the process outlined in the guarantee plan for monitoring a claim. If the situation is not resolved within the agreed time period, the plan manager will issue a decision along with an explanation in writing regarding your claim, detailing the possible recourses and the time limits for contesting the decision, if that be the case.

The fee for opening a file with the plan manager is $100. It is refundable if the plan manager's decision is in your favour, in whole or in part, or if you sign an agreement with the contractor.

RECOURSE

If you, the syndicate of co-owners, or your contractor disagree with the decision issued by the plan manager following your claim, each party involved can submit the file to an **arbitrator** within **30 days** following the plan manager's decision.

The arbitrator's decision is final and without appeal. If the arbitration request comes from the beneficiary, the arbitration fees are charged to the plan manager, unless the beneficiary does not obtain a favourable decision on any aspect of his/her claim. In this case, the arbitrator will split the fees.

Within the aforementioned 30 day time limit, it is also possible, before turning to arbitration, to submit the dispute to a **mediator** chosen from a list issued by the Labour Minister. The mediation fees are shared equally between the beneficiary and the contractor, unless the parties agree otherwise. However, the plan manager assumes one third of the cost if it participates in the mediation.

RECOURSE MUST BE TAKEN WITHIN **30 DAYS** FOLLOWING THE PLAN MANAGER'S DECISION.

Both of these recourses are explained in detail in the *guarantee contract* and in the Regulation respecting the Guarantee Plan for New Residential Buildings. The regulation is available at the RBQ web site **(www.rbq.gouv.qc.ca)**.

AT A GLANCE

SINCE JANUARY OF 1999, THE GUARANTEE PLAN FOR NEW RESIDENTIAL BUILDINGS HAS OFFERED BUYERS OF NEW RESIDENCES A MANDATORY GUARANTEE.

In order to be a beneficiary, you must:

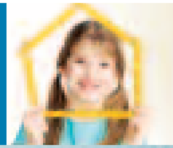
- Do business with a contractor holding an RBQ license with the sub-category 3031 or 3032 and who is accredited by one of the plan managers;
- Make sure that the guarantee contract has been approved by the RBQ;
- Do an inspection, before the acceptance of the building, in the company of the contractor (you may also be accompanied by a person of your choice) ;
- Inform the contractor and the plan manager in writing of all construction defects discovered after the acceptance of the building;
- Respect the outlined time limits for declaring defects and taking recourse in case of a dispute.

WATCH OUT FOR LEGAL MORTGAGES! The guarantee plan does not cover legal mortgages. Therefore, you should ask the notary, at the time that the transaction is concluded, to take the appropriate steps to protect you against the debts of those who participated in the construction of the building.

TO FIND OUT MORE

For more information, contact a guarantee plan manager. You may also contact the RBQ or visit their web site **(www.rbq.gouv.qc.ca)**, where you will find the Regulation respecting the Guarantee Plan for New Residential Buildings.

www.rbq.gouv.qc.ca



PROFESSIONAL INSPECTION ASSOCIATIONS

For the pre-acceptance inspection of your **home** or of the **private portion** of your property held in co-ownership, the RBQ suggests that you contact one of the following associations:

- l'Ordre des architectes du Québec (OAQ) **1 800 599-6168** www.oaq.com;
- l'Ordre des ingénieurs du Québec (OIQ) **1 800 461-6141** www.oiq.qc.ca;
- l'Ordre des technologues professionnels du Québec (OTPQ) **1 800 561-3459** www.otpq.qc.ca;
- l'Association des inspecteurs en bâtiments du Québec (AIBQ) **514 703-2315** www.aibq.qc.ca.

For the pre-acceptance inspection of the **common portions** of a property held in co-ownership, the co-owners syndicate must do business with a professional who is a member of one of the three orders mentioned above.

AUTHORISED PLAN MANAGERS

LA GARANTIE HABITATION DU QUÉBEC INC.* (QUALITÉ HABITATION)	7400, boul. Des Galeries d'Anjou Bureau 205 Anjou (Québec) H1M 3M2	514 354-7526 **1 800 956-7526** Fax: 514 354-8292
	375, rue de Verdun Bureau 201 Québec (Québec) G1N 3N8	418 687-1992 **1 800 463-5260** Fax: 418 688-3220
	www.qualitehabitation.com • qh@acq.org • qhquebec@acq.org	
LA GARANTIE DES BÂTIMENTS RÉSIDENTIELS NEUFS DE L'APCHQ INC.* (LA GARANTIE DES MAISONS NEUVES DE L'APCHQ)	5930, boul. Louis-H. Lafontaine Anjou (Québec) H1M 1S7	514 353-1120 **1 800 468-8160** Fax: 514 353-4871
	2825, boul. Wilfrid-Hamel Québec (Québec) G1P 2H9	418 682-3794 **1 800 561-6575**
	www.gomaison.com • garanties@apchq.com	
LA GARANTIE DES MAÎTRES BÂTISSEURS INC.*	4970, place de la Savane Bureau 101 Montréal (Québec) H4P 1Z6	514 344-4228 **1 866 344-4228** Fax: 514 344-9303
	www.maitresbatisseurs.com • info@maitresbatisseurs.com	

* No matter what name is given to the plan, the content of the mandatory guarantee is the same for all three plan managers.

AUTHORISED ARBITRATION BODIES

CENTRE CANADIEN D'ARBITRAGE COMMERCIAL (CCAC) (FORMERLY CENTRE D'ARBITRAGE NATIONAL ET INTERNATIONAL DU QUÉBEC - CACNIQ)	215, rue Caron Bureau 006 Québec (Québec) G1K 5V6	418 649-1374 **1 877 909-3794** Fax: 418 649-0845
	www.ccac-adr.org • info@ccac-adr.org	
SORECONI - SOCIÉTÉ POUR LA RÉSOLUTION DES CONFLITS INC.	1155, boul. René-Lévesque Ouest Bureau 2500 Montréal (Québec) H3B 2K4	514 395-8048 **1 866 998-8048** Fax: 514 875-8967
	www.arbitrage.soreconi.ca • information@arbitrage.soreconi.ca	
LE GROUPE D'ARBITRAGE ET DE MÉDIATION SUR MESURE (GAMM)	1453, rue Duvernay Chambly (Québec) J3L 6G3	450 658-1438 **1 877 677-2722** Fax: 450 447-0032
	www.legamm.com • secretariat@legamm.com	

TO CONTACT THE RÉGIE DU BÂTIMENT DU QUÉBEC

CENTRE DE RELATION CLIENTÈLE (CRC) **(FOR MONTRÉAL AND ALL REGIONS)**	545, boul. Crémazie Est 4e étage Montréal (Québec) H2M 2V2 **crc@rbq.gouv.qc.ca**	514 873-0976 **1 800 361-0761** Fax: 514 864-2903

Bas-Saint-Laurent - Gaspésie, Mauricie - Centre-du-Québec, Québec-Chaudière-Appalaches, Saguenay - Lac-Saint-Jean - Côte-Nord **1 800 463-2221**

Estrie and Montérégie **1 800 363-8518**

Abitibi-Témiscamingue, Laval-Laurentides-Lanaudière, Outaouais **1 800 361-9252**

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