

# REGISTRAR INTERPRETATION BULLETIN

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## PRIVATE SEWAGE DISPOSAL SYSTEMS

### DISCUSSION

This bulletin provides further information on private sewage disposal systems that are prescribed as a delivery and distribution system under section 1(2) of the New Home Buyer Protection General Regulation and the requirements for home warranty coverage.

### DEFINED TERMS

The words and terms in italics in this Bulletin have the following meanings that are specific to this Bulletin only.

***Private sewage disposal system*** means a plant for the treatment and disposal of sewage, including a septic tank and absorption field, that is not connected to a municipal sewage disposal system as defined under section 1(1)(z) of the *Safety Codes Act*.

### **1A. Home warranty requirements for private sewage disposal systems installed after February 1, 2014**

Home warranty coverage for defects in materials and labour related to delivery and distribution systems under section 3(6)(b) of the *New Home Buyer Protection Act* is required for private sewage disposal systems that

- serve a single property;
- are designed to receive not more than 25 cubic metres of sewage each day; and
- are designed to dispose of sewage either on the property that the system serves or in a holding tank.

Home warranty coverage is required for defects in materials and labour related to delivery and distribution systems for a period of at least two years starting on the date on which the coverage begins.

Section 1(2)(b) of the New Home Buyer Protection General Regulation prescribes as a delivery and distribution system all components of a delivery and distribution system in a new home that are

- present on the date that coverage in respect of a new home commences under a home warranty insurance contract, and
- installed during construction by the builder of the new home.

If all components of a private sewage disposal system are not present on the date that coverage in respect to a new home commences under a home warranty insurance contract and are not installed during the construction by the builder of the new home or the builder's sub trades, the private sewage disposal system is not considered a prescribed delivery and distribution system and will not be subject to the home warranty coverage under section 3(6)(b).

**1B. Permitted exclusions*****Septic Tanks and Septic or Absorption Fields***

Section 6 of the Home Warranty Insurance Regulation allows for permitted coverage exclusions.

In relation to private sewage disposal systems, section 6(d) of the Regulation states that a warranty provider may exclude from coverage under a home warranty insurance policy septic tanks and septic or absorption fields, unless constructed or otherwise provided during construction of the new home by the residential builder, the builder's sub trades or owner builder.

Under these circumstances, if the owner of the home purchases and installs a septic tank or septic or absorption field on their own property, the builder may be exempt under the Home Warranty Insurance Regulation from providing coverage for that specific delivery and distribution system.

**Issue of this Registrar's Interpretation Bulletin is authorized by the Registrar.**



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Diane McLean

April 8, 2014

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