

HASKINS SETTLEMENTS AND CONVEYANCING SERVICES HOUSING INDEMNITY INSURANCE

Housing Indemnity Insurance protects the owner and any subsequent owners for a period of six years from practical completion for defective workmanship. Whilst the builder who built the home or completed the extensions is still in business, any claims for defective workmanship must firstly be made on the builder. The insurance only comes into play should the builder have died, disappeared or is insolvent.

During the settlement process we as the Buyer's conveyancer will request certain information from the Council including but not limited to details of any building licences that have issued since 1st February 1997 for works of a value over \$20,000.00. If any building licenses have been issued the Council will provide information including; the building licence number; date and/or year of the licence; name of the builder; name of the insurer and the policy number. This information is provided to the Buyer.

It is important to establish the date of the building licence, the date the building was completed and the name of the builder. This enables us to determine whether or not there is a need to obtain details of Housing Indemnity Insurance and also identify whether the builder is a registered builder or an owner/builder.

OWNER BUILDERS

If the Council advises that the property or renovations were undertaken by an owner builder enquiries are made to confirm the date the building licence was granted.

Owner builders are NOT permitted by law to sell the home within three years from the date of the licence without firstly obtaining written permission from the Department of Commerce.

Pursuant to the HII Legislation if the owner builder chooses to sell the property they MUST put in place HII for the remainder of the period from the date the building licence was granted to a date which is seven years from the date the license was issued e.g. if the building license was granted on the 1st February 2007 and the property is sold in February 2009, the Seller must put in place HII for the period from February 2009 to February 2014 being 7 years from the date the building licence was granted. A copy of the insurance must be given to the Buyer at the time the contract is signed. Failure to obtain HII and provide a copy to the Buyer could result in the owner builder incurring a penalty of up to \$10,000.00.

Buyers should be aware that unless your Contract is conditional upon HII being provided by the Seller (Owner/Builder) prior to Settlement you are unable to delay Settlement until the HII is provided.

For more information visit the Department of Commerce website at www.docep.wa.gov.au

Valerie Haskins
10th February 2009