

Effective: November 27, 2024

## 14. Providing Notice of Material Change

The Home Construction Regulatory Authority (HCRA) is responsible for regulating new home builders and vendors in Ontario. Part of the licensing process includes receiving updates from licensees to ensure they:

- Continue to meet licensing requirements,
- Continue to have the necessary knowledge, skills, and judgment to operate safely and ethically in the public interest.

**Failure to provide updates, or any information/documentation requested by the HCRA in connection to any Notice of Change, within the timeframe outlined below may result in regulatory action being taken against the licensee and/or its directors and officers.** This could include, among other things, being restricted from building or selling new homes or incurring an Administrative Penalty.

### How do I know what changes I need to report?

According to the *New Home Construction Licensing Act* (“NHCLA”), you must report changes to any information you have submitted to the HCRA previously.

### Material changes could impact your licence.

For the purposes of NHCLA, a change is prescribed as a Material Change if it meets the following criteria (Section 52):

- The change is to information that a licensee or an applicant for a licence or renewal of a licence has provided to the regulatory authority, including a change to information regarding the business, operations, personnel, assets, liabilities or affairs of the licensee or applicant,
- The change is proposed, imminent or implemented. **This means you are required to report these changes early – often before they have taken place.**

### Material Changes are:

- **Changes to information regarding the business and its operations**, for example:
  - Primary contact information
  - Business structure (e.g., change in limited partnership, incorporation of a sole proprietorship, sale of a business)
- **Personnel changes**, for example:
  - Changes to the principals, directors, officers, or senior employees



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- Dissolution of a partnership
- **Changes to assets, liabilities or affairs of the licensee or applicant**, for example:
  - Changes to the financial situation of the licensee, including any bankruptcy, insolvency, Division 1 Proposal, or Plan of Arrangement Under the Companies' Creditors' Arrangement Act ("CCAA")
  - Changes to the financial situation of any principal, director or officer listed on the company including bankruptcy or consumer proposal

**You are also required to notify the HCRA about other changes to your business. These are changes to:**

- Your mailing address (Section 49),
- Any change in individuals with controlling interest in your licensee (Section 50),
- Information about any transfer of equity shares of your licensee corporation (Section 51).

**What do I need to do if there is a planned change or if a change has taken place? Why is this important to me?**

Do **NOT** wait until your licence renewal to submit a Notice of Change Form. Notify the HCRA right away. The HCRA will assess if the change constitutes a material change, provide guidance about how your licence may be affected, and help you understand what to do if it is.

For example:

- A change in your primary contact information or your address for service could result in the HCRA not being able to contact you:
  - This could result in customers not being able to reach you through the contact information on the Ontario Builders Directory,
  - Missing reminder emails from the HCRA pertaining to your licence renewal could result in additional costs to you (late fees) and potentially result in your licence expiring without your knowledge.
- The licence may not meet the competency requirement if one of the principals, directors, officers, or a senior employee of your corporation leaves. This could result in not being able to renew your licence:
  - If you or another principal, director, officer, or senior employee who is a competency holder is planning to leave the corporation/business, or if you plan to retire or sell your business in the near future, start your succession planning well in advance.
  - The HCRA can help you determine if you will continue to meet the competency requirement after the proposed change:
    - The competencies are associated with individuals, not with the licence itself. Therefore, if an individual is no longer associated with the licence, any competencies associated with that individual are removed,
    - Simply having one (or more) principal, director, officer, or senior employee who is associated with the licence already does not automatically satisfy the competency requirement when there is a change. This may be true even if the individual has been associated with the licence for some time.



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- If a new principal, director, or officer joins your corporation, the HCRA will work with you to ensure appropriate background checks are completed and that your licence documents are current. Incomplete documentation could affect your licence.
- A change in corporate structure (e.g., a change in partnership or the sale of a sole proprietorship) might require a new licence to ensure you remain in compliance with the law.

## How soon must I report the change? What could happen if I don't report the change properly?

Licensees who fail to report changes to the HCRA within the timelines outlined in the NHCLA (49-52) may be subject to an Administrative Penalty.

The table below includes the timeline to notify the HCRA of each type of change, and the corresponding maximum penalty that may be applied for failure to comply with the law:

Type of Change	Type of Material Change and Timeline to Notify HCRA	Maximum Administrative Penalty
<b>Change in Address for Service (49(1))</b>	Licensee fails to notify the registrar in writing within <b>five days</b> of any change in address for service.	\$5,000
<b>Change of Control (50(1))</b>	Licensee fails to <b>promptly</b> notify the registrar when a person ceases to have a controlling interest in the licensee or acquires a controlling interest in the licensee.	\$10,000
<b>Transfer of Shares (51(1))</b>	Applicant or licensee that is a corporation fails to notify the registrar in writing <b>within 30 days</b> after the issue or transfer of any equity shares in the corporation in the circumstances described in the provision.	\$10,000
<b>Transfer of Shares (51(2))</b>	Applicant or licensee that is a corporation fails to notify the registrar in writing <b>within 30 days</b> after knowledge of the transfer of equity shares in the corporation comes to the attention of the corporation's officers or directors.	\$10,000
<b>Failure to Notify (52)</b>	Licensee who experiences a material change fails to provide information or documents to the registrar in accordance with the provision.	\$10,000

## How do I submit a Notice of Material Change?

To submit updated information, contact Customer Service at [info@hcraontario.ca](mailto:info@hcraontario.ca) to request a *Change Request Form*. If you are unsure about the potential impact of changes to your licence, or if you require assistance, please call: (416) 487-HCRA (4272), or Toll Free: 1-800-582-7994.