

## **Owner Builder Home Warranty/Indemnity Insurance** (NSW only)

### **What is it?**

A compulsory insurance required by the Home Building (HB) Act 1989 (NSW).

If you are selling a property on which you constructed, managed or arranged “residential building works” as an owner builder (ie the total project was not the subject of a contract with a Licensed Builder, who provided a separate Warranty Policy), and those works were completed within the last 6 years, then there are certain implied statutory warranties, and you may be required to provide residential building (warranty) insurance for the benefit of the purchasers.

### **What Statutory Warranties does an owner builder have to give?**

There are several implied warranties that an owner builder is accountable for under s18B of the HB Act, and include but are not limited to:

1. The owner builder warrants that all residential building work carried out in relation to the construction by, or on behalf of the owner builder of the home, was carried out in a proper and workmanlike manner and in accordance with the plans and specifications.
2. The owner builder warrants that all materials used were good and suitable for the purpose for which they were used and that, unless otherwise stated in the contract, those materials were new.
3. The owner builder warrants that residential building work was carried out in accordance with all laws and legal requirements, including, without limiting the generality of this warranty, the Act and the regulations.

The Contract of Sale must:

- Include a note that an Owner Builder Permit was issued in relation to the work; and
- that this work requires Home Warranty Insurance; and
- that the Certificate evidencing the Home Warranty Insurance is attached.

### **Who should have it?**

The legislation applies to any residential building work undertaken by an Owner Builder, over \$12,000 in value. This insurance only applies where the property is sold within 6 years of completion in NSW. It is not required if the Owner Builder does not sell the property within this period.

#### **ACT**

First Floor, Unit 6, 31-37 Townshend Street, Phillip ACT 2606  
P: 1300 767 741 F: 02 6282 7163  
E: [actsales@property-works.com.au](mailto:actsales@property-works.com.au)

#### **NSW**

45 Pyang Avenue, Malua Bay NSW 2536  
P: 02 4471 3175 F: 02 4471 1736  
E: [southsales@property-works.com.au](mailto:southsales@property-works.com.au)

### **Do owner builders need to obtain an Inspection Report?**

All insurers require the Owner Builder to obtain an Inspection Report for any residential building works over \$12,000 in value, prior to obtaining the required insurance, along with the following documents:

- Copy of owner builder permit
- Copy of building application or development approval from council, or completion certificate
- Copy of all mandatory inspections, copy of electrical & plumbing certificates
- Copy of land title

### **Period of Insurance?**

Owner Builder Warranty Insurance commences from the Certificate of Occupancy permit or Certificate of Final Inspection and extends 6 years. The maximum limit of liability is \$300,000 (NSW).

### **What happens if an Owner Builder sells without Owner Builder Warranty Insurance?**

An Owner Builder who sells within 6 years of completion and fails to obtain Owner Builder Warranty Insurance, or attach an insurance certificate to the contract of Sale, can face a fine of up to \$22,000 (NSW). If a contract of Sale has been entered into without Owner Builder Warranty Insurance, the purchaser can void the contract at any time before completion of the contract.

### **How can Property Works help you?**

Property Works is accredited with all the major insurers, and therefore can assist you with your Inspection report as required under the Home Building Act 1989.

### **Please phone:**

**Property Works (South Coast): 02 4471 3175**

**Property Works (ACT): 1300 767 741**

### **Who can Provide your insurance?**

Below is a selection of Owner Builder Warranty Insurance providers.

**Australian Home Warranty:** Ph: 1300 300 115

**OBE:** Ph: 1300 790 723

**Building Industry Solutions:** Ph: 1800 244 224

**Buildsafe:** Ph: 1300 763 016

***Note:** Property Works Pty Ltd has no preferences or recommendations and receives no referral fee; the above list is provided as a guide only.*

*The content of this flyer is a general understanding of the Home Building Act 1989. All this information is provided as a guide and should be confirmed with your insurance provider.*