



# GLOSSARY OF COMMON PRE- CONSTRUCTION TERMS

While buying a pre-construction home is exciting, paperwork and sales appointments seem overwhelming with unfamiliar terms. This glossary will help you understand what's being said, what to expect, and what to ask before you say yes.

# PURCHASE & AGREEMENT TERMS

## **Agreement of Purchase and Sale (APS)**

It is a legally binding contract between you and the builder that outlines the purchase price, deposit structure, upgrades, critical dates, and everything else tied to the sale. It becomes legally binding after your cooling-off period ends. In Ontario, every builder must use a standard Tarion-approved format.

## **Cooling-Off Period**

You have 10 calendar days (not business days) to change your mind and cancel the agreement without penalty. Seek a lawyer's help to understand the contract and your rights better.

## **Builder Closing Costs**

These are additional charges, which may include legal fees, Tarion enrollment, utility hook-ups, and development charges. Ask for a breakdown when you first visit the sales office.

## **Adjustments**

Adjustments are added to your final deposits, which include prepaid property taxes, condo fees, or interest if your closing date moves. You will receive a final statement of adjustments.

### **Assignment**

Assignment is when you sell your pre-construction contract to someone else before you take possession. Not all builders allow this, and some charge a fee. If you're considering an assignment in the future, check your agreement during the 10-day cooling off period.

### **Deposit Structure**

Pre-construction homes are often paid through staggered deposits instead of one lump sum. A typical structure might be: \$5,000 on signing, 5% in 30 days, 5% in 90 days, etc. Condos often have longer deposit timelines than freehold homes.

### **Statement of Critical Dates**

Builders must give you a timeline showing the earliest, latest, and firm occupancy dates. These help you track delays and understand your rights if timelines shift. You can find it in your APS.

### **Interim Occupancy**

If you buy a pre-construction condo, you may live in your unit before the building is legally registered. This period is called interim occupancy. During this time, you pay occupancy fees but do not own the unit yet. These fees aren't counted towards your deposit or purchase price and are utilized by the builder to complete construction.

### **Final Closing**

This is when legal title transfers to you, and you officially become the owner. You start making monthly mortgage payments.

### **Title Transfer**

A title transfer is the legal handover of the property's title from the builder to you. It happens on the final closing day and is registered with Ontario's land registry system.

### **HST Rebate**

New homes in Ontario include HST in the price, but you may be eligible for a rebate. Builders often apply for this on your behalf if you plan to use it as your primary residence. If you're an investor or planning to rent it out, you may need to pay the full HST upfront and apply for the rebate later.

### **Builder Incentives**

To attract buyers, builders offer incentives like free upgrades, capped closing costs, or cash-back at closing. These offers can change monthly. Always ask what's included in writing before you sign anything.

### **Development Charges and Levies**

These are fees that cities charge builders to help pay for local infrastructure like roads, parks, and schools. Builders usually pass these charges on to buyers at closing. Some offer a "capped" amount, limiting how much you pay. If uncapped, these fees can be several thousand dollars and is considered a closing cost.

### **Land Transfer Tax**

When the title transfers to you, you must pay Ontario's Land Transfer Tax. If you're buying in Toronto, there's an additional municipal tax. First-time homebuyers may qualify for a partial or full rebate.

### **Lawyer Review Period**

Even if you're not in the cooling-off period, it's smart to have a real estate lawyer review your APS. They'll explain legal risks, help you understand hidden fees, and even request amendments from the builder.

# CONSTRUCTION & POSSESSION TERMS

## **Tentative Closing Date**

This is the estimated move-in date your builder provides at the time of signing. It may shift depending on construction progress, weather, or permit delays.

## **Firm Occupancy Date**

The builder must eventually give you a firm date where they commit to delivering your home. If they miss this date, compensation rules under Tarion may apply.

## **Construction Delays**

Your APS will outline how many extensions are allowed and what notice the builder must give you. If delays go past a certain date without proper notice, you may be entitled to compensation.

## **Occupancy Period**

In condos, the occupancy period is the time between when you move in and when the building is registered. You pay occupancy fees during this phase, but your mortgage hasn't started yet.

## **Occupancy Fees**

This fee covers rent-like payments you make before final closing. It includes estimated property taxes, maintenance fees, and interest on the remaining balance. It's not applied toward your purchase.

**Pre-Delivery Inspection (PDI)**

You and the builder inspect the unit together to note incomplete items, defects, or damage. Tarion provides a checklist for this inspection.

**Final Inspection**

Some builders offer a final walkthrough close to closing. This isn't mandatory but can help you ensure repairs flagged in the PDI have been addressed.

**Possession Date**

This is the day you get the keys and access to your home, either at interim occupancy or final closing. It may not always be the same as your closing date, so confirm with your builder.

**Key Release**

Your lawyer handles the transfer of funds and registration. Once that's done, the builder gives you the keys. If you close later in the day, you may get the keys after business hours.

**Certificate of Completion and Possession (CCP)**

This document, issued by Tarion, marks your official possession date and warranty start date. Your builder submits this form once the unit is ready for move-in.

# WARRANTIES & LEGAL PROTECTION TERMS

## **Tarion Warranty (1-2-7 Coverage)**

Every builder in Ontario must enroll your home in the Tarion Warranty Program, which provides you protection for up to seven years after you take possession.

Here's the breaks down:

- Deposit Protection - Up to \$60,000 of your deposit if the builder doesn't deliver the home
- One-Year Warranty - Covers defects in workmanship and materials, like flooring issues or poorly installed windows
- Two-Year Warranty - Covers major systems like plumbing, electrical, and HVAC, plus water penetration issues
- Seven-Year Structural Warranty - Covers major structural defects like foundation cracks, roof issues, or load-bearing failure

Keep all communication with your builder documented. If something isn't fixed, you can file a claim through Tarion's portal.

## **Statutory Warranty Coverage**

This refers to the legal protection guaranteed under Ontario law. Your builder cannot waive or change these warranties. They apply automatically with every enrolled home.

**Builder License Number**

All Ontario builders must be licensed with the Home Construction Regulatory Authority (HCRA). You can look up their license status and past conduct history at [www.hcraontario.ca](http://www.hcraontario.ca).

**Warranty Claim Process**

If you find issues after move-in, you must report them using Tarion's official claim process. Deadlines are strict:

- 30-day form (submitted in the first month)
- Year-end form
- Second-year form

Tarion's website explains each step, and you can upload evidence directly through their portal.



**Use this glossary** to stay informed, ask the right questions, and make confident decisions throughout your home buying journey.

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