

Draft Regulations

Draft Regulation

Building Act
(chapter B-1.1)

Guarantee plan for new residential buildings — Amendment

Notice is hereby given, in accordance with sections 10 and 11 of the Regulations Act (chapter R-18.1), that the Regulation to amend the Regulation respecting the guarantee plan for new residential buildings, appearing below, may be approved by the Government with or without amendment on the expiry of 45 days following this publication.

The amendments proposed in the draft Regulation are to correct problematic situations identified in the evaluation of the program and in common practice, and to review the basic parameters of the guarantee plan in response to specific problems.

The most significant changes are related to the amendments made to the Building Act in December 2011 and are intended for the management of the manager of a guarantee plan that must, from now on, be a non-profit organization, the governance rules of that organization, in particular the composition of its board of directors, and penalties that may be imposed on the manager in case of failure of the manager to fulfil the manager's obligations. The initial contribution to be paid by the manager is significantly increased in order to ensure the sustainability of the guarantee plan.

There is also the tariff of managers for costs incurred by the Régie du bâtiment du Québec for the purposes of the Act and the Regulation, which include an amount of \$10 per certificate for the purpose of subsidizing bodies intended to protect consumers for the purposes of the Regulation.

The amounts that may be the subject of claims are indexed according to the Consumer Price Index (CPI), according to the nature of the amount to be indexed.

The procedures are harmonized and simplified: periods of denunciation in accordance with the Civil Code of Québec, obligation of contractors to carry out the corrective work within a reasonable time and clarification of the rules of acceptance of the building.

Lastly, the guarantees required from contractors in favour of managers are increased and adjusted according to the risk they represent.

Further information may be obtained by contacting Claude Thibeault, Régie du bâtiment du Québec, 545, boulevard Crémazie Est, 9^e étage, Montréal (Québec) H2M 2V2; telephone: 514 864-4034; fax: 514 873-0094.

Any person wishing to comment on the draft Regulation may submit written comments within the 45-day period to Stéphane Labrie, President and Chief Executive Officer, Régie du bâtiment du Québec, 545, boulevard Crémazie Est, 3^e étage, Montréal (Québec) H2M 2V2.

AGNÈS MALTAIS
Minister of Labour

Regulation to amend the Regulation respecting the guarantee plan for new residential buildings

Building Act
(chapter B-1.1, s. 185, pars. 17, 19.3 to 19.6,
20 and 38, and s. 192)

1. The Regulation respecting the guarantee plan for new residential buildings (chapter B-1.1, r. 8) is amended in section 1

(1) by inserting “non-profit” before “legal person” in the definition of “manager”;

(2) by inserting the following definition after the definition of “manager”:

“officer” means a person deemed to be an officer within the meaning of section 45 of the Building Act (chapter B-1.1). (*dirigeant*).

2. Section 2 is amended

(1) by striking out subparagraph *c* of subparagraph 1 of the first paragraph;

(2) by replacing “of combustible construction” in subparagraph *b* of subparagraph 2 of the first paragraph by “comprising no more than 4 private portions stacked one

above the other without taking into account, in calculating those 4 portions, the private spaces used for parking or storage” and by striking out subparagraph *c*;

(3) by replacing the second paragraph by the following:

“Despite the foregoing, this Regulation does not apply where the contractor’s client is a non-profit organization, a housing cooperative or bureau constituted under the Act respecting the Société d’habitation du Québec (chapter S-8) and the client receives for the purchase or construction of a new building financial assistance under a housing program implemented by the Société d’habitation du Québec under its constituting act.”

3. Section 9 is amended

(1) by replacing subparagraph *b* of paragraph 1 by the following:

“(b) completion of the work, where the beneficiary holds the ownership titles provided that no unjustified profit for the latter results therefrom;”;

(2) by replacing subparagraph *b* of paragraph 2 by the following:

“(b) completion of the work provided that no unjustified profit for the latter results therefrom;”.

4. Section 10 is amended

(1) by adding the following after “following acceptance” at the end of paragraph 1:

“. For the implementation of the guarantee of completion of the work related to the building, the beneficiary sends the claim in writing to the contractor and sends a copy to the manager within a reasonable time after the date of the end of the work agreed upon at the inspection prior to acceptance”;

(2) by adding the following after “following acceptance” at the end of paragraph 2:

“. For the implementation of the guarantee for repairs to apparent defects or poor workmanship of the building, the beneficiary sends the claim in writing to the contractor and sends a copy to the manager within a reasonable time after the date of the end of the work agreed upon at the inspection prior to acceptance”;

(3) by striking out “not to exceed 6 months” after “time” in paragraphs 3, 4 and 5 and by replacing “manifestation.” at the end of paragraph 5 by “significant manifestation;”;

(4) by adding the following after paragraph 5:

“(6) the relocation, moving and storage of the beneficiary’s property, where, during corrective work, the building is no longer inhabitable; and

(7) the restoration of the building and repairs to material damage caused by the corrective work.”.

5. Section 12 is amended by adding “, except the negative slope of the land” at the end of subparagraph 9 of the first paragraph.

6. Section 13 is amended

(1) by replacing “\$39,000” in paragraph 1 by “\$50,000”;

(2) by replacing “\$5,500” in paragraph 2 by “\$6,000” and “\$85” by “\$95”, “\$110” by “\$125”, “\$140” by “\$160” and “\$170” by “\$190” in subparagraph *b* of paragraph 2;

(3) by replacing “\$260,000” in paragraph 3 by “\$300,000”.

7. Section 14 is amended

(1) by replacing “\$39,000” in paragraph 1 by “\$50,000”;

(2) by replacing “\$5,500” in paragraph 2 by “\$6,000” and “\$85” by “\$95”, “\$110” by “\$125”, “\$140” by “\$160” and “\$170” by “\$190” in subparagraph *b* of paragraph 2;

(3) by replacing “\$130,000” in subparagraph *b* of paragraph 3 by “\$200,000” and by striking out “without ever exceeding \$1,900,000”.

8. Section 17 is amended by replacing the second paragraph by the following:

“During the inspection, the beneficiary and the contractor identify the work that remains to be completed and the apparent defects and poor workmanship to be corrected. The beneficiary and the contractor agree during that inspection on a period that may not exceed 6 months for the performance of the completion and corrective work.

Where there is no known beneficiary at the end of the work, the inspection must be deferred.”.

9. Section 17.1 is amended by replacing subparagraph 1 of the first paragraph by the following:

“(1) not later than within 6 months following acceptance of the building, the beneficiary must send to the contractor in writing a claim for reimbursement of expenses

relating to relocation, moving and storage of the beneficiary's property, along with vouchers, and send a copy to the manager. If the claim has not been settled within 15 days after the claim has been sent, the beneficiary notifies the manager in writing who must decide the claim within 30 days following receipt of the notice;"

10. Section 18 is amended

(1) by striking out "within the guarantee period of 1, 3 or 5 years, as the case may be," in paragraph 1;

(2) by replacing "20" in paragraph 5 by "30", by inserting "If the 30-day period cannot be complied with for valid reasons, the manager must so inform the beneficiary, the contractor and the Board in writing; the manager must also provide reasons for the delay and indicate when the decision will be rendered." after "concerned." and by replacing "within the period the manager indicates" at the end of that paragraph by "within the reasonable time the manager indicates";

(3) by adding the following at the end of paragraph 6:

"Within 30 days following the expiry of the time period agreed upon with the beneficiary under paragraph 5, the manager must communicate to the beneficiary in writing the planned schedule of the various steps to be carried out to ensure that the corrective work is performed."

11. Section 19.1 is amended by adding the following paragraph:

"Non-compliance with a period cannot be set up against the beneficiary if the circumstances make it possible to establish that the beneficiary was made to exceed the period following representations by the contractor or the manager."

12. Section 22 is amended by adding the following paragraph:

"The arbitrator must decide, if applicable, the amount of reasonable fees for a relevant expert's report that the manager and contractor must jointly reimburse to the beneficiary even when the beneficiary is not the plaintiff."

13. Section 25 is amended by adding "when it is formed and no longer under the control of the contractor. The acceptance and declaration are made at the end of the work of each building that is subject to co-ownership in phases." at the end of the definition of "acceptance of the common portions".

14. Section 25.1 is amended by replacing paragraph 3 by the following:

"(3) the notice of the end of work sent to the syndicate by the contractor, at the time the syndicate was no longer controlled by the contractor, informed the syndicate of the end of the work and obligations with respect to acceptance;"

15. Section 26 is amended

(1) by replacing subparagraph *b* of paragraph 1 by the following:

"(b) completion of the work, where the beneficiary holds the ownership titles, provided that no unjustified profit for the latter results therefrom;"

(2) by replacing subparagraph *b* of paragraph 2 by the following:

"(b) completion of the work, provided that no unjustified profit for the latter results therefrom;"

16. Section 27 is amended

(1) by adding the following at the end of subparagraph *b* of paragraph 1 after "common portions":

"For the implementation of the guarantee of completion of the work of the building, the beneficiary sends the claim in writing to the contractor and sends a copy to the manager within a reasonable time after the date of the end of the work agreed upon at the time of acceptance;"

(2) by adding the following at the end of paragraph 2 after "following acceptance":

"For the implementation of the guarantee for repairs to apparent defects or poor workmanship of the building, the beneficiary sends the claim in writing to the contractor and sends a copy to the manager within a reasonable time after the date of the end of the work agreed upon at the time of acceptance;"

(3) by striking out "not to exceed 6 months" in paragraphs 3, 4 and 5 after "reasonable time" and by replacing "manifestation." at the end of paragraph 5 by "significant manifestation;"

(4) by adding the following after paragraph 5:

"(6) the relocation, moving and storage of the beneficiary's property, where, during corrective work, the building is no longer inhabitable; and

(7) the restoration of the building and repairs to material damage caused by corrective work.”

17. Section 29 is amended by adding “, except the negative slope of the land” at the end of subparagraph 9 of the first paragraph.

18. Section 30 is amended

(1) by replacing “\$39,000” in paragraph 1 by “\$50,000”;

(2) by replacing “\$5,500” in paragraph 2 by “\$6,000” and “\$85” by “\$95”, “\$110” by “\$125”, “\$140” by “\$160” and “\$170” by “\$190” in subparagraph *b* of paragraph 2;

(3) by replacing “\$260,000” in paragraph 3 by “\$300,000” and “\$2,600,000” by “\$3,000,000”;

(4) by replacing “\$130,000” in paragraph 4 by “\$200,000” and “\$2,600,000” by “\$3,000,000”.

19. Section 33 is amended

(1) by replacing the second paragraph by the following:

“If there is no known beneficiary at the end of the work of a private portion, the inspection of the private portion may be deferred.”;

(2) by adding the following after the last paragraph:

“During the inspection, the beneficiary and the contractor identify the work that remains to be completed and the apparent defects and poor workmanship to be corrected. The beneficiary and the contractor agree during that inspection on a period that may not exceed 6 months for the performance of the completion and corrective work.”.

20. Section 33.1 is amended by replacing subparagraph 1 of the first paragraph by the following:

“(1) not later than within 6 months following acceptance of the building, the beneficiary must send to the contractor, in writing, a claim for reimbursement of expenses relating to relocation, moving and storage of the beneficiary’s property, along with vouchers, and send a copy to the manager. If the claim has not been settled within 15 days after the claim has been sent, the beneficiary notifies the manager in writing who must decide the claim within 30 days following receipt of the notice;”.

21. Section 34 is amended

(1) by striking out “within the guarantee period of 1, 3 or 5 years, as the case may be,” in paragraph 1;

(2) by replacing “20” in paragraph 5 by “30”, by inserting “If the 30-day period cannot be complied with for valid reasons, the manager must so inform the beneficiary, the contractor and the Board in writing; the manager must also provide the reasons for the delay and indicate when the decision will be rendered.” after “concerned.” and by replacing “within the period the manager indicates” at the end of that paragraph by “within a reasonable time the manager indicates”;

(3) by adding the following at the end of paragraph 6:

“Within 30 days following the expiry of the period agreed upon with the beneficiary under paragraph 5, the manager must communicate to the beneficiary in writing the planned schedule of the various steps to be carried out to ensure that the corrective work is performed.”.

22. Section 35.1 is amended by adding the following paragraph:

“Non-compliance with a period cannot be set up against the beneficiary if the circumstances make it possible to establish that the beneficiary was made to exceed the period following representations by the contractor or the manager.”.

23. Section 38 is amended by adding the following:

“The arbitrator must decide, if applicable, the amount of reasonable fees for a relevant expert’s report that the manager and contractor must jointly reimburse to the beneficiary even when the beneficiary is not the plaintiff.”.

24. Section 41 is amended by inserting “non-profit” before “legal person”.

25. Section 42 is amended

(1) by inserting “non-profit” before “legal person” in the part preceding paragraph 1;

(2) by replacing paragraph 4 by the following:

“(4) neither it nor any of its officers has, in the 5 years preceding the application, been convicted of an offence under a fiscal law or an indictable offence connected with the activity of manager or the activities that the person carried on in the construction, insurance or security industry, or an indictable offence under sections 467.11 to 467.13 of the Criminal Code (Revised Statutes of Canada, 1985, chapter C-46) or, if convicted of such an offence, a pardon was granted;”;

(3) by replacing paragraph 5 by the following:

“(5) none of its officers has been an officer of a partnership or legal person which has, in the 5 years preceding the application, been convicted of an offence under a fiscal law or an indictable offence connected with the activity of manager or the activities that the person carried on in the construction, insurance or security industry, or an indictable offence under sections 467.11 to 467.13 of the Criminal Code or, if convicted of such an offence, a pardon was granted;”;

(4) by striking out paragraphs 8 and 9.

26. The following is inserted after section 42:

“**42.1.** The board of directors of the non-profit legal person must be composed of 13 persons likely, because of their activities and competence, to contribute specifically to the management of a guarantee plan.

Among the 13 persons, 6 are appointed by the members of the non-profit legal person, including 3 identified with building contractors associations representing general contractors in the new residential sector and 3 identified with consumer associations, including at least 1 representing consumers in the co-ownership sector.

The remaining 7 persons are appointed by the Board, 2 persons who are building professionals, 1 person who is a law professional, 1 person from the financial sector and 3 persons from the government sector.

The building and law professionals and the persons from the financial and government sectors must not have been an officer or in the employment of a construction firm or a building contractors association during the last 3 years. In addition, no member of the board of directors of the non-profit legal person may be in the employment of a contractors' association, a consumer association or a professional order. A member of the board of directors of the non-profit legal person may not be the director general of the non-profit legal person.

The term of the members of the board of directors is at least 2 years and may be renewed for a maximum of 6 years. At the end of their terms, the directors remain in office until reappointed or replaced.

The board of directors must establish a governance and ethics committee and an audit committee composed of members of the board of directors.

42.2. The internal by-law adopted by the non-profit legal person and any subsequent amendments must be approved by the Board. The internal by-law must include provisions on conflict of interest equivalent to the provisions made by articles 1310 and following of the Civil Code, and the rules governing the term and functions of the governance and ethics committee and the audit committee. The rules stipulate, among other things, that no contractor may have access, at any time, to personal information of a financial nature or to other information contained in the file of a peer.

42.3. The non-profit legal person must file with the Board, 1 year after its authorization by the Board, the code of ethics applicable to the members of its board of directors.

42.4. The non-profit legal person must submit to the Board any change in its internal by-law and meet at all times the conditions related to its authorization. It must also inform the Board of any change involving a change to the documents filed with the Board.”

27. Section 43 is amended

(1) by inserting “non-profit” before “legal person” in the first paragraph;

(2) by replacing “principal establishment” in subparagraph 1 of the first paragraph by “head office”, by adding “and its letters patent” after “register”, by striking out “, social insurance number” and by adding “, managers” after “officers”;

(3) by striking out what follows “plan” in subparagraph 7 of the first paragraph;

(4) by replacing “règles de régie interne” in subparagraph 8 of the first paragraph of the French text by “règlements intérieurs”;

(5) by inserting “non-profit” before “legal person” in subparagraphs 1, 2 and 3 of the second paragraph.

28. Section 44 is replaced by the following:

“**44.** If the authorized manager offers the financial guarantees provided for in Chapter V of the Building Act other than the guarantee plan of this Regulation, the manager must then manage the approved plan separately from his or her other business and, in particular, keep separate accounts and bank transactions.”

29. Section 45 is amended by adding the following paragraph:

“The manager must also clearly identify in the financial statements the costs of the services rendered to related persons or received from them. Such services must be permitted by the contract management policy between the manager and a third person referred to in section 65.1.”

30. Section 47 is amended by replacing “\$1,500,000” in the first paragraph by “\$8,500,000” and “\$500,000” by “\$7,500,000”.

31. Section 48 is amended

(1) by adding the following at the end of subparagraph 1 of the first paragraph after “47”:

“during the first year of operations, an amount of \$6,500,000 during the second year of operations, an amount of \$4,500,000 during the third year of operations, an amount of \$2,500,000 during the fourth year of operations and an amount of \$1,500,000 during the subsequent years of operations;”;

(2) by adding the following at the end of the second paragraph:

“The maximum reduction granted under the 5% rate is \$1,000,000.”;

(3) by adding the following at the end of the last paragraph:

“The excess must be comprised of the funds deposited in a separate bank account or of investments in one of the form provided for in section 46.”.

32. Section 50 is replaced by the following:

50. The amount collected by the manager of a guarantee plan for each guarantee certificate must be at least

(1) \$1,050 for each guarantee certificate corresponding to detached, semi-detached or row-type single-family dwelling held or not in divided co-ownership or for each guarantee certificate corresponding to a multifamily building, from a duplex to a quintuplex, not held in divided co-ownership;

(2) \$1,550 for each guarantee certificate of a multifamily building comprising no more than 4 private portions stacked one above the other held in divided co-ownership.

The amounts provided for in the first paragraph are thereafter indexed annually according to the percentage increase in the Consumer Price Index for Canada published by Statistics Canada under the Statistics Act (Revised Statutes of Canada, 1985, chapter S-19), for the 12 months of the preceding year in relation to the 12 months of the year preceding that year.

If the amounts thus indexed have more than 2 decimals, only the first 2 decimals are retained and the second is increased by 1 unit if the third is equal to or greater than 5.

The Board publishes in the *Gazette officielle du Québec* the results of any indexation carried out under this section.

The manager must immediately deposit in the reserve account 60% of any sum collected in consideration of a guarantee certificate issued under the approved plan.

The manager must also collect for each guarantee certificate an amount of \$300 that is then paid directly into the guarantee fund administered by the Board. The amount of \$300 is not included in the calculation of the amount to be paid into the reserve account of this section or in the calculation of the excess required in section 48.

The investment income from the reserve account must be paid into the reserve account. Following a claim, the amounts recovered by the manager from the contractors, insurers or others must also be paid into the reserve account.”.

33. Section 51 is amended by replacing the second paragraph by the following:

“However, where, at the end of each fiscal year, the reserve account exceeds the actuarial reserve referred to in section 56, 50% of the excess amount must remain therein.”.

34. Section 58 is replaced by the following:

58. The manager must furnish and maintain security in the amount of \$100,000. If the security is used in whole or in part, it must be replenished by the manager within 30 days or the manager must furnish a new security to the Board.”.

35. Section 60 is amended by adding “, or to pay all or part of the cost of the provisional management of the manager whose authorization has been withdrawn by the Board” at the end of the first paragraph.

36. Section 64 is amended

(1) by adding the following at the end of the second paragraph:

“The financial statements must detail the entries referred to in sections 49 to 51 of this Regulation. The Board may issue guidelines relating to the presentation and content of the financial statements.”;

(2) by inserting “that must cover sections 47 to 57 regarding solvency” after “report” in the fourth paragraph;

(3) by replacing the last paragraph by the following:

“Each year, a dynamic capital adequacy testing that meets the standards of the Canadian Institute of Actuaries must be prepared by the actuary mandated by the manager of a guarantee plan and must be filed with the Board. The dynamic capital adequacy testing must correspond to the end of the fiscal year provided for in paragraph 10 of section 42.”.

37. The following is inserted after section 64:

“**64.1.** The manager must provide interim financial statements to the Board not later than 30 days after 31 March, 30 June, 30 September and 31 December.

The manager must also offer his or her collaboration to the Board and provide all the documents and information required by the Board to ensure compliance with the Act and the Regulation.”.

38. The following is inserted after the heading of subdivision 7 of Division II of Chapter III:

“**65.1.** The manager must, to ensure the application of the approved plan, comply with the following management policies prepared by the Board:

- (1) policy on inspection;
- (2) policy on tariffs and recognition of the quality of the construction;
- (3) policy on ethics;
- (4) policy on information to beneficiaries;
- (5) policy on the processing of claims and the establishment of a claims committee;

(6) policy on contractor information;

(7) policy on the management of reserve accounts;

(8) contract management policy between the manager and a third person.

The policies are adopted by the board of directors of the Board. They are published on the Board’s website.”.

39. Section 70 is amended by replacing “the issue, validity or renewal” by “the issue or validity “and by adding the following paragraph:

“The manager must immediately inform the Board when a contractor refuses to comply with a decision of the manager or an arbitration award.”.

40. Section 84 is amended by replacing “\$35,000” in subparagraph 1 of the first paragraph by “\$70,000 or \$100,000 if the undertaking holds subclass licence 1.1.2 provided for in Schedule I to the Regulation respecting the professional qualification of contractors and owner-builders (chapter B-1.1, r. 9)”.**41.** Section 85 is amended by replacing “\$40,000” in subparagraph 1 of the first paragraph by “\$55,000 or \$70,000 if the undertaking holds subclass licence 1.1.2”.**42.** Subdivision 2 of Division I of Chapter IV is revoked.**43.** Section 87 is amended by adding “and alterations to those plans if major alterations occur while in progress” after “municipality” in paragraph 2.**44.** Section 89 is amended by striking out the second paragraph.**45.** Section 97 is amended by adding the following paragraph:

“A beneficiary who has entered into a contract for the sale or construction of a building referred to in section 2 with a contractor who is a member of an approved plan and who has not registered the building does not lose the benefit of the guarantee applicable to that building.”.

46. The following is inserted after section 117:

“**117.1.** Where the plaintiff is the contractor and the arbitration body requests a provision for costs, the provision must be paid within 30 days of the request for provision, failing which, the application for arbitration is considered abandoned by the contractor.”.

47. Section 124 is amended by inserting the following after the first paragraph:

“The arbitrator must also decide, if applicable, on the amount of reasonable fees for a relevant expert’s opinion that the manager and contractor must jointly reimburse to the beneficiary even when the beneficiary is not the plaintiff.”.

48. Section 127 is amended by striking out “entirely” after “devoted”.

49. Section 131 is replaced by the following:

“**131.** The arbitration body must make available on its website the integral text of arbitration awards made by its arbitrators within a period not exceeding 30 days.”.

50. The following is inserted after section 140:

“DIVISION IV.1 TARIFF

140.1. For the purposes of the Act and the Regulation, managers pay to the Board fees in the amount of \$50 per certificate issued by a manager, which include an amount of \$10 per certificate for the purpose of subsidizing services or bodies intended to protect the beneficiaries of the guarantee plan. The fees must be paid to the Board on the last day of each quarter.

Managers may collect from contractors fees of \$50 per certificate provided for in the first paragraph. The sum collected is not included in the calculation of the amount to be paid into the reserve account provided for in section 50 or in the calculation of the excess required in section 48.

140.2. The Board may order that the costs related to its intervention to put a stop to the non-compliance of the Act or Regulation be reimbursed to the Board.

DIVISION IV.2 FINANCIAL PENALTIES

140.3. The Board may, where the manager fails to comply with the requirements of paragraphs 4, 5 and 6 of section 18 and paragraphs 4, 5 and 6 of section 34 and in the case of non-execution of an arbitration award within a reasonable time, after prior notice to the manager and failure by the manager to provide reasons, impose a maximum financial penalty of \$25,000.

140.4. The Board may, where the manager fails to comply with the requirements of section 64, 64.1, 70, 74.3 or 77.1, after prior notice to the manager and failure by the manager to provide reasons, impose a maximum financial penalty of \$25,000.

140.5. The Board may, during interventions required after the manager of a guarantee plan fails to comply with the management policies adopted by the board of directors of the Board, after prior notice to the manager and failure by the manager to provide reasons, impose a maximum financial penalty of \$25,000.

140.6. The Board may, where the manager fails to comply with the requirements of section 22 or 38, after prior notice to the manager and failure by the manager to provide reasons, impose a financial penalty equivalent to twice the amount set by the arbitrator.

140.7. The Board takes into account the frequency and seriousness of the failure of the manager to fulfil the manager’s obligations to establish the amount of the administrative penalty.

140.8. The amounts of the administrative penalties are paid into the guaranty fund.”.

51. Sections 141 to 143 are struck out.

52. Schedule I is struck out.

53. This Regulation is amended by adding “and major alterations made to those plans and specifications while in progress and to authorize the transmission by the manager to the beneficiary syndicate” in paragraph 10 of Schedule II after “covered”.

TRANSITIONAL AND FINAL

54. This Regulation comes into force on 1 October 2014. The Board may initiate the authorization process of a non-profit legal person to act as manager as soon as this Regulation is published under section 15 of the Regulations Act (chapter R-18.1) and as soon as it is authorized, the manager may start the accreditation process of contractors.

The indexation of the limits of the guarantee provided for in sections 6, 7 and 18 of the Regulation only applies to buildings whose construction work began on or after 1 October 2014, to the extent where the preliminary contract or contract of enterprise between a beneficiary and an accredited contractor is signed as of that date.

55. For a non-profit legal person filing its application for authorization within 90 days after the Regulation is published under section 15 of the Regulations Act, the contribution required in section 31 of this Regulation and the amounts required for establishing and starting up the non-profit legal person may, during the first 8 years, be constituted of assets loaned by a third person and the

amount of the loan or the balance of the loan does not have to be considered in the calculation of the liabilities of the guarantee manager.

56. To benefit from an authorization on 1 October 2014, an application for authorization must be filed within 90 days after this Regulation is published under section 15 of the Regulations Act.

57. The licence subclass 1.1.1 provided for in Schedule I to the Regulation respecting the professional qualification of contractors and owner-builders (chapter B-1.1, r. 9) is amended by striking out “- a multifamily building of more than 5 units, held by a non-profit organization or a cooperative and not held in divided co-ownership.” in the first paragraph.

58. The licence subclass 1.1.2 provided for in Schedule I to the Regulation respecting the professional qualification of contractors and owner-builders is amended by replacing “of combustible construction or non-combustible construction, the latter comprising no more than 4 private portions stacked one above the other” in the first paragraph by “comprising no more than 4 private portions stacked one above the other, without taking into account, in calculating those 4 portions, the private spaces used for parking or storage” and by striking out the third paragraph.