

Toronto Renovation

Due-Diligence Checklist

A homeowner's guide to contract clauses, payment milestones, and statutory holdbacks under Ontario's Construction Act. Work through it before you sign, and again before you make your final payment.

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1. Before you sign: contract clauses

- ☐ **Get it in writing.** No written contract, no project. A handshake and a quote are not a contract. The contract should name both parties, the property address, and the full scope of work.
- ☐ **Fixed price or estimate?** If it is an estimate, Ontario's consumer protection rules say the final price cannot exceed the estimate by more than 10% unless you agree to the extra cost first. Get that protection in writing either way.
- ☐ **Scope in detail.** Materials, brands, models, finishes, and who supplies what. Vague scope is where most "extras" come from.
- ☐ **Start and finish dates.** A start date, a target completion date, and what happens if the schedule slips.
- ☐ **Daily penalty for a missed deadline.** A per-day amount, scaled to the size and length of the project, that applies if the contractor misses the completion deadline. Delay should carry a price agreed in advance, not argued about afterwards.
- ☐ **Change orders in writing.** Every change priced and signed before the work starts, never agreed verbally on site.
- ☐ **Permits and inspections.** Who applies for the building permit, and who books the inspections. Unpermitted work is your problem when you sell.
- ☐ **Ministry of Labour Notice of Project.** On construction projects costing \$50,000 or more, the constructor must file a Notice of Project with the Ministry of Labour before work starts. Confirm it has been filed and is posted on site before demolition or construction begins.
- ☐ **Insurance and WSIB.** Ask for proof of liability insurance and a WSIB clearance certificate, and confirm the clearance covers your project dates.
- ☐ **Warranty in writing.** What is covered, for how long, and who to call. Verbal warranty promises are worth nothing.
- ☐ **Termination and dispute clauses.** How either side can end the contract, and how disputes are handled. Note: Ontario's Construction Act gives you access to adjudication, a decision in weeks rather than years.
- ☐ **Cooling-off period.** Contracts signed at your door or away from the contractor's place of business generally carry a 10-day cooling-off period. Do not let anyone rush you past it.

2. Payment milestones: pay for work done, not work promised

- ☐ **Keep the deposit modest.** Be very cautious of any contractor demanding a large payment up front. Payments should track completed work, not finance the contractor's next job.
- ☐ **Tie every payment to a milestone.** Example structure: deposit on signing, then payments at demolition complete, rough-in complete, drywall and finishes, and substantial completion. Each payment follows an inspection of the work it covers.
- ☐ **Hold back 10% on every payment.** See section 3. The holdback is not optional, and it is not a tip you release early to keep the contractor happy.
- ☐ **Never pay in full before completion.** Final payment comes after deficiencies are fixed, inspections pass, and the lien period has expired. Full payment up front removes your only leverage.
- ☐ **Pay the business, by traceable means.** Cheque or e-transfer to the contractor's business account, with an invoice for every payment. Cash-only and personal-account payments are red flags.
- ☐ **Receipts and invoices for everything.** Every payment matched to an invoice showing the work covered, the amount, and the holdback retained.

3. Statutory holdbacks under Ontario's Construction Act

- ☐ **10% on every payment.** Under the Construction Act, you must retain a basic holdback of 10% of the price of services and materials as they are supplied, on every payment, including the final one.
- ☐ **Why it exists.** The holdback protects subcontractors and suppliers. If your contractor does not pay them, they can lien your property, and the holdback is the fund they claim against.
- ☐ **Basic vs. finishing holdback.** The basic holdback covers work up to substantial performance. A separate finishing holdback of 10% applies to work done after substantial performance, during the finishing period.
- ☐ **Release after the lien period.** Once substantial performance is published (or the contract ends), a 60-day lien period runs. If no lien is preserved in that window, the holdback must be released. If a lien is filed, the holdback stays put until the lien is resolved.
- ☐ **Long projects: annual release.** Since January 2026, accrued holdback on longer contracts must be released annually: the owner publishes a notice within 14 days of each contract anniversary, and pays the accrued holdback 60 to 74 days after publication, unless a lien prevents release.
- ☐ **Never release early.** Releasing the holdback before the lien period expires leaves you exposed. A contractor asking you to waive or release it early is asking you to give up a statutory protection.

4. Before your final payment

- ☐ **Walk the deficiencies.** List every deficiency in writing and have the contractor sign it, with a date to fix each item.
- ☐ **Confirm permits are closed.** Final inspections passed and the permit file closed with the City.
- ☐ **Confirm no liens.** Check that the lien period has expired with no lien preserved against your property.
- ☐ **Collect warranties and manuals.** Written warranties, appliance manuals, and paint and finish records, before the last cheque.

This checklist is general information for Ontario homeowners, not legal advice. For a contract review or a project that has already gone wrong, book a free 1-hour consultation with The Reno Coach: 1-888-688-8864 or the-reno-coach.com.