



February 2, 2007

Dear Purchaser/Owner:

Re: Warranty Certificate

Welcome to National Home Warranty Programs Ltd.

Please find enclosed your Limited Warranty Policy and an adhesive decal outlining the expiry dates of your warranty coverage.

Your warranty is transferable to the next purchaser and it is therefore important that you place the decal in a secure place, such as the inside cover of your circuit breaker panel.

Please read your warranty certificate carefully especially the section titled "Duties of the Owner." If you have any questions or concerns regarding your warranty coverage please contact our Vancouver office at 608-6678 or if outside the Lower Mainland, call toll free at 1-888-243-8807.

Yours truly,

Chelsey Morash

Chelsey Morash,
Administrator, Certificates of Possession
National Home Warranty Programs Ltd.

encl.

VANCOUVER

1200 - 543 Granville Street, Vancouver, BC, V6C 1X8
Tel: 604-608-6678 Fax: 604-408-1001
Toll Free: 1-888-243-8807

CLOVERDALE

17685 - 57th Avenue, Cloverdale, BC, V3S 1H1
Tel: 604-575-9155 Fax: 604-575-9156
Toll Free: 1-888-243-6348

KELOWNA

406 - 1708 Dolphin Avenue, Kelowna, BC, V1Y 9S4
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Policy #: NHWB53430-3198

BUILT ON INTEGRITY

SCHEDULE OF WARRANTY EXPIRY DATES

For a home in a Strata Residential Building

December 15, 2006

Warranty "New Home Commencement Date" _____
Warranty "Common Property Commencement Date" _____ December 15, 2006

Coverages for the home

(terms begin on the New Home Commencement Date)

December 15, 2007

One Year (all materials and labour)

Expires _____ 12:01am

December 15, 2008

Two Years (major systems, exterior cladding, Building Code) Expires _____ 12:01am

Coverages for Common Property
(terms begin on Common Property Commencement Date)

March 15, 2008

Fifteen Months (all materials and labour) Expires _____ 12:01am

December 15, 2008

Two Years (major systems, exterior cladding, Building Code) Expires _____ 12:01am

Five Years (building envelope) Expires _____ December 15, 2011 12:01am

Ten Years (structural) Expires _____ December 15, 2016 12:01am

Please refer to your New Home Limited Warranty Certificate.

Suite 1200 - 543 Granville Street, Vancouver, BC V6C 1X8

Tel: (604) 608-6676 • Fax: (604) 408-1001 • Toll Free: 1-888-243-8807

PART 1: COVERAGE

MATERIALS AND LABOUR WARRANTY

1. Beginning on the applicable *Commencement Date*, this Limited Warranty includes:
 - a. In the first 12 months (for *Common Property*, 15 months), any defect in materials and labour;
 - b. In the first 24 months:
 - (i) Any defect in materials and labour supplied for the electrical, plumbing, heating, ventilation and air conditioning delivery and distribution systems,
 - (ii) Any defect in materials and labour supplied for the exterior cladding, caulking, windows and doors that may lead to detachment or material damage to the new *home*, and
 - (iii) Any *Building Code Defect*;
 - c) In the first five years, any *Building Envelope Defect*; and
 - d) In the first ten years, any *Structural Defect*.

Warranty Limits

2. This warranty is limited, for all claims under warranty applicable to the *home*, to:
 - a) For all defects in the *Home*, the lesser of
 - (i) The purchase price paid by the *Purchaser* to the *Builder*, and
 - (ii) \$100,000.
 - b) For all defects in the *Common Property* of a building, the lesser of
 - (i) The aggregate original contract price for all units in the building, and
 - (ii) \$100,000 times the number of units in the building, and
 - (iii) \$2,500,000.

Components Excluded from Warranty

3. The following components, constructions, buildings, and materials are excluded from this warranty coverage:
 - a) Landscaping, both hard and soft, including plants, fencing, detached patios, planters, gazebos and similar structures (though a *required retaining wall* is not excluded from this warranty);
 - b) Non-residential detached structures including sheds, garages, carports or outbuildings, or any structure or construction not attached to or forming an integral part of the *home*;
 - c) Any commercial use area and any construction associated with a commercial use area;
 - d) Roads, curbs and lanes (though driveways and walkways are not excluded from this warranty);
 - e) Site grading and surface drainage, unless on the applicable *Commencement Date* the construction did not conform with the *Building Code*;
 - f) The operation of municipal services, including sanitary and storm sewers;
 - g) A septic tank or septic field;
 - h) The quality or quantity of water, either from a piped municipal water supply or from a well;
 - i) A water well (though equipment installed for the operation of a water well used exclusively for the *home* is considered to be part of the plumbing system for the *home* for the purposes of this warranty).
4. The exclusions set out above do not include:
 - a) Recreational and amenity facilities situated in, or included as the *common property* of, a new *home*;
 - b) A parking structure in a multi-unit building to the extent that the parking structure serves this *home*.

Defects or Conditions Excluded from Warranty

5. The following conditions or defects are excluded from warranty coverage under this policy:
 - a) Weathering, normal wear and tear, deterioration or deflection consistent with normal industry standards;
 - b) Normal shrinkage of materials caused by drying after construction;
 - c) Any loss or damage which arises while a new *home* is being used primarily or substantially for non-residential purposes;
 - d) Materials, labour or design supplied by an owner;
 - e) Any damage to the extent that it is caused or made worse by an *owner* or third party (other than the *Builder* or its employees, agents or subcontractors), including:

- (i) Negligent or improper maintenance or improper operation,
 - (ii) Failure to comply with the warranty requirements of the manufacturers of appliances, equipment or fixtures,
 - (iii) Alterations to the new *home*, including the conversion of non-living space into living space or the conversion of a dwelling unit into two or more units, unless the alterations were undertaken by the *Builder* under the sales contract, and
 - (iv) Changes to the grading of the ground;
- f) Any damage to the extent that it is caused by the failure of an *owner* to take timely action to prevent or minimize loss or damage, including the failure to give prompt notice to the Program of a defect or discovered loss or a potential defect or loss;
 - g) Any damage caused by insects or rodents or other animals, unless the damage results from non-compliance with the *building code* by the *Builder* or its employees, agents or subcontractors;
 - h) Accidental loss or damage from acts of nature including, but not limited to, fire, explosion, smoke, water escape, glass breakage, windstorm, hail, lightning, falling trees, aircraft, vehicles, flood, earthquake, avalanche, landslide, and changes in the level of the underground water table which are not reasonably foreseeable by the *Builder*;
 - i) Bodily injury or damage to personal property or real property which is not part of the *home*;
 - j) Any defect in, or caused by, materials or work supplied by anyone other than the *Builder* or its employees, agents or subcontractors;
 - k) Changes, alterations or additions made to a new *home* by anyone after initial occupancy, except those performed by the *Builder* or its employees, agents or subcontractors as required under Warranty or under the construction contract or sales agreement for the new *home* and any resultant damage;
 - l) Contaminated soil;
 - m) Subsidence of the land around a new *home* or along utility lines, other than subsidence beneath footings of a new *home* or under driveways or walkways;
 - n) Diminution in the value of the new *home*.

Living-Out Allowance

6. If repairs are required under this warranty and the damage to the *home* or the extent of the repairs makes the *home* uninhabitable, this warranty will cover the reasonable expenses incurred by the *owner* to find alternate accommodation, including hotel and motel, subject to a limit of \$100 per day for the actual accommodation cost, up to the day the *home* is ready for occupancy.

Warranty on Repairs

7. All repairs and replacements made under this warranty are warranted against defects in materials and labour until the later of:
- a) The first anniversary of the date of completion of the repair or replacement; and
 - b) The expiry of the applicable new *home* warranty insurance coverage.

PART 2: CONDITIONS

Notice of Defects

- 8.
- a) Within a reasonable time after the discovery of a defect and before the expiry of the applicable *home* warranty insurance coverage, the *owner* must give written notice to:
 - i) The *Builder*; and
 - ii) The Program.
 - b) Written notice of a defect must be in reasonable detail, must set out a specific defect covered by *home* warranty insurance, and must include the *home* warranty insurance policy number set out on the face of this certificate.
 - c) If the *Owner* has notified the *Builder* of a defect before the expiry of the applicable *home* warranty insurance coverage, and the *Owner* is not satisfied with the *Builder*'s repair or resolution of that defect, then the *Owner* must notify the Program in writing up to the close of business of the applicable expiry date. Such notice must include copies of any relevant documentation and correspondence between the *Owner* and the *Builder*.
 - d) The Program cannot provide warranty coverage for any defects of which the Program was not notified pursuant to this Section, even if such defects would otherwise be covered by *home* warranty insurance.

Duties of the Owner

9. As conditions of this warranty, the *Owner* must:
- a) Properly maintain the *home*;
 - b) Ensure that surface water is always directed away from the foundation of the *home*;

- c) Not permit the *home* to be used other than primarily as a residence;
- d) Not permit damage to a *residential building* to worsen from non-discovery of indications of a defect due to absence of the *owner*, where indications of such a defect would normally have been noticeable by a reasonably prudent person occupying the *home*;
- e) Mitigate any damage to a new *home*, even if the *Owner* does not occupy the *home*, by providing notice of the defect in writing to the Program as soon as reasonably possible after discovering the defect, or after indications of water penetration or other defect first become evident, including such indications as:
 - i) Water staining on interior surfaces,
 - ii) Water penetration into wall cavities, ceiling or roof spaces, or other areas of the building, even if such does not appear to be causing damage,
 - iii) Water or dampness in carpeting or other floor finishes,
 - iv) Moulds or mildew in areas of the *home* where such might be caused by water penetration;
- f) Where a defect requires immediate attention to prevent or reduce damage to the *home*, take all reasonable steps to restrict damage;
- g) Grant the Program or the *Builder* or both access to the *home* at all reasonable times to undertake inspection, investigation, monitoring or repair;
- h) Provide the Program with all information and documentation that the *owner* has available, as required to investigate a claim or to evaluate maintenance requirements or to undertake repairs.

10. To the extent that damage to a new *home* is caused or made worse by the failure of an *owner* to take reasonable steps to mitigate, prevent, or reduce damage or loss as set out in section 8 or under the Regulations, or to provide access for inspection or repair, or to provide information and documentation required to investigate a claim or undertake repairs, such damage may, at the Program's option, be excluded from *home* warranty insurance coverage.

11. The *Owner's* duty to mitigate damage to the building survives even if:

- a) The new *home* is unoccupied,
- b) The new *home* is occupied by other than the *Owner*, or
- c) The *Owner* notifies the *Strata Corporation*.

PART 3: OTHER WARRANTY CONDITIONS

Mediation

12. If a dispute between the Program and an *Owner* arising under *home* warranty insurance cannot be resolved by informal negotiation within a reasonable time, the *Owner* may elect to have the dispute referred to mediation under the Homeowner Protection Act, by delivering to the Program a written request to mediate. Such mediation shall be conducted in accordance with the requirements set out in Schedule 2 of the Homeowner Protection Act Regulations.

Program Obligations

13. Except as set out in the *Act* and its regulations, the Program is not bound by any expressed or implied warranties or representations made by the *Builder* to the *Purchaser*.

Transfer of Warranty to Subsequent Purchasers

14. In the event that ownership of the *home* changes during the term of this warranty:

- a) No notice to the Program is required, as the *home* warranty insurance pertains solely to the new *home* for which it provides coverage and the related *Common Property*;
- b) All of the applicable unused benefits under *home* warranty insurance are automatically transferred to the new *Owner*; and
- c) The new *Owner* is not entitled to any benefits under the Limited Warranty that would not have accrued to the *Owner* had the *Owner* retained ownership of the *home*.

Subrogated Rights

15. Where the Program makes a payment or assumes liability for any payment or repair under this policy, the Program is subrogated to all rights of recovery of the *Owner* against any person or persons who may have caused or contributed to the requirement for the payment or repair under this policy, and the Program may bring an action, at its expense, in the name of the *Owner* or of the *Strata Corporation* or of The Program, to enforce such rights.

16. Where the Program brings an action to enforce subrogated rights, the *Owner* must fully support and assist the Program in the pursuit of those rights.

Appendix "A"

1. DEFINITIONS

In this Limited Warranty:

- "Act" means the Homeowner Protection Act.
- "Builder" means the Registered Builder named in this Limited Warranty Policy.
- "Building Code" means the Building Code applicable to the new *home*.
- "Building Code Defect" means an instance of non-compliance with the Building Code applicable to the new *home*, if that non-compliance
- a) constitutes an unreasonable health or safety risk, or
 - b) has resulted in, or is likely to result in, material damage to the new *home*.
- "Building Envelope Defect" means a defect, which results in unintended water leakage from the exterior through the building envelope such that it causes, or is likely to cause, damage to the *home*.
- "Building Inspector" means the Authority having Jurisdiction as defined by the BC Building Code.
- "Commencement Date" means the *Common Property Commencement Date* or the *New home Commencement Date*, as applicable.
- "Common Property Commencement Date" means the date shown on the face of this certificate for the commencement of the warranty on the *Common Property* of the *Residential Building* in which the *home* is situated.
- "Common Property" has the same meaning as in the Condominium Act but is limited to only the common property associated with or serving the *Residential Building* in which the *home* is situated, and does not include land.
- "Home" means a residential unit in a building constructed by the *Builder*, or deemed by The Program to be so, and includes a dwelling unit as defined by the Homeowner Protection Act Regulations.
- "New Home Commencement Date" means the date shown on the face of this certificate for the commencement of the warranty on this *home*.
- "Owner" means the person who owns the new *home*, and in the case of *Common Property*, may include the *Strata Corporation*.
- "Project" means the *residential building* or, if there is more than one, all of the *residential buildings* included in a single *Strata Corporation*, plus associated common property.
- "Purchaser" means the person or persons who purchased the new *home* from the *Builder*.
- "Required Retaining Wall" means a retaining wall that is required by the *Building Inspector* to be engineered, or a retaining wall that is reasonably required for the direct support of, or to retain soil away from, a new *home*, a driveway, or a walkway.
- "Residential Building" means a building containing one or more *homes* in a strata project, and includes a multi-unit building as defined by the Homeowner Protection Act Regulations.
- "Strata Corporation" carries the same meaning as in the Condominium Act.
- "Structural Defect" means
- a) a defect in materials and labour that results in the failure of a load bearing part of the new *home*, or
 - b) any defect which causes structural damage that materially and adversely affects the use of the new *home* for residential occupancy.



Doing It Right

National Home Warranty wants you to enjoy your new home. We know from many years of experience administering new home warranties across Western Canada, that occasionally minor defects arise that require attention.

We want to ensure that the defects covered by your limited warranty are repaired professionally, in a timely manner, and with minimum disruption.

Take a few minutes to read how National Home Warranty and you builder will respond to your concerns about defects in your new home for the duration of your limited warranty.

If you have a defect that needs to be repaired, please follow these simple steps:

Step 1

Notify your builder in writing. Clearly detail your potential defects, your policy number, the date and how you may be contacted. Request that the builder responds to your concerns within 15 days and establishes appointments to complete the required repairs.

Step 2

If you are not satisfied with the response from your builder, send a copy of your written notice to our Warranty Services Department. Provide us with your concerns about your home **in detail**. We will then contact your builder, and give them one final opportunity to complete the repairs. If required, National will schedule an inspection of your home. If there are defects found that are covered by your warranty we will arrange to have them repaired by a repair contractor hired by National Home Warranty.

Step 3

If you are not satisfied with National Home Warranty's response to your written notification, you may seek mediation. Contact the Homeowner Protection Office in Vancouver at 1-800-407-7757 for full details.

Please refer to your limited warranty certificate for a detailed description of the terms of your warranty and your obligations.

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