

Dear Builder

Thank you for your interest in the Echelon General Insurance Company (EGIC) ONE Home Warranty program. It is our goal to make your application process as simple as possible, and we would encourage you to contact our office if you have any questions.

Pacific Home Warranty Insurance Services Inc. is the warranty administrator and we work with you, the Owner Builder to complete the administrative requirements of the Program. EGIC provides the warranty insurance for the benefit of your new home and future purchasers. This warranty insurance is provided by EGIC, a federally licensed general insurance company. EGIC uses this ONE Home Warranty Application to establish the financial and technical capabilities of each Owner Builder.

This application package includes a number of documents that must be completed and the originals returned to our office. As a checklist, these documents include:

- ☑ One Home Warranty Application – **Fully completed and signed**
- ☑ Membership Agreement – **Initialed on each page and signed on page 4**
- ☑ Security – **Either one of the two following forms of security must be completed**
  - Sample Irrevocable Letter of Credit – **Forward to your bank to initiate**
  - Mortgage Security – **Notarized**

In addition to the above documents that have been provided, our membership underwriting process requires that we also collect the following:

- ☑ Copy of Current Insurance Policies for Home Under Construction – **Photocopy**
- ☑ Owner Builder Authorization Document (**From the HPO**)
- ☑ ONE Home Warranty Application Fee (**Refer to Schedule B Rate Card**)
- ☑ Copy of Land Title

Once all of the above items are submitted and returned to our office, the Registration for the home can be done immediately. Upon registration an inspection will be scheduled and you will be contacted. Once the home passes inspection your confirmation of enrollment in the ONE Home Warranty program will be issued.

Best regards,

ONE Home Warranty  
Pacific Home Warranty Insurance Services Inc.

**Part 1 – Applicant Information**
**General Information**

Name			
Mailing Address		City/Province/Postal Code	
Phone(Office)	Phone(Mobile)	Phone(Fax)	Email Address
Mortgagee			
Mortgagee Street Address		Mortgagee City/Province/Postal Code	

**Background Information**

Has Applicant:	Yes	No
1. filed for bankruptcy or been adjudicated as bankrupt within the last seven years?		
2. been expelled, suspended or refused registration by a warranty program?		
3. ever participated in a dispute settlement or arbitration with a homeowner?		
4. experienced a claim which was submitted to a warranty program for resolution?		
5. are you currently a member of another warranty program? If so which _____		
* If you answered "YES" to any of these questions please attach a letter and/or supporting documentation explaining.		

**Complete the following chart for each of the applicable categories indicated above:**

Category	3 years ago	2 years ago	Last year
Site Built Single			
Site Built Multi (Condo)			

**References**

Lumber Supplier	City/Province/Postal Code	Phone	Fax
Other Supplier	City/Province/Postal Code	Phone	Fax
Sub Trade Reference	City/Province/Postal Code	Phone	Fax
Sub Trade Reference	City/Province/Postal Code	Phone	Fax

The Applicant hereby authorizes Pacific Home Warranty Insurance Services Inc. (PAC) and Echelon General Insurance Company (EGIC) to conduct such investigation of the Applicant's activities and make such inquiries and obtain Credit Reports as may be necessary for its determination of the Applicant's financial and technical ability to meet their obligations to future purchasers and/or the Warranty Insurer. The Applicant hereby directs all credit reporting agencies to make available to PAC or EGIC any information in the possession of such agencies.

**Privacy Policy** - When you apply for ONE Home Warranty in our program, PAC or EGIC will collect, use, disclose, and store the personal information you give us according to the applicable Federal and Provincial Privacy Acts. We collect applicant information such as contact data, work performance and reference information, company financial data, and other relevant information as needed; and it is used to validate the applicant underwriting process, to maintain the operations database, to provide government reporting and to facilitate applicant contact. We have taken every reasonable precaution to store collected data in a secure manner, and it will not be made available outside the requirements of PAC or EGIC without your permission. PAC or EGIC may make aggregate information about our applicants (i.e. Overall statistics) available to third parties, but information that personally identifies you will be kept strictly confidential. However, we may use, disclose, and communicate your personal information if required to do so by law including by an order of court. By completing the ONE Home Warranty Application you agree to the terms of this Privacy Policy on applicant information.

I hereby attest that all information provided to PAC and EGIC in conjunction with this application for ONE Home Warranty is true & correct including all attached files. I understand that I will be held personally responsible for any loss incurred by Echelon General Insurance Company or Pacific Home Warranty Insurance Services Inc. as a result of any and all falsified information and that provision of falsified information is a breach of the Membership Agreement and grounds for immediate de-enrolment of the residential unit from our warranty program.

This application has been executed by or on behalf of the Applicant

This \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

By: \_\_\_\_\_

Name of Applicant (Please Print)

X \_\_\_\_\_

Signature of Applicant

**Part 2 – Information Regarding Unit to be Warranted**

Civic Address		Legal address
City/Province/Postal Code		
Current Stage of Construction	Estimated Completion Date	Total Purchase Price

**Required Construction Information: Please complete all information**

Construction Start Date:	mm / dd / yyyy	<b>InsurePro Information:</b>	
Estimated Framing Date:	mm / dd / yyyy	Project Specific COC:	<input type="checkbox"/> Yes <input type="checkbox"/> No
Number of Stories:	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3	Project Specific CGL:	<input type="checkbox"/> Yes <input type="checkbox"/> No
Garage Attached:	<input type="checkbox"/> Yes <input type="checkbox"/> No	Liability Amount:	\$
Coachhome:	<input type="checkbox"/> Yes <input type="checkbox"/> No	Construction Value	\$
How is the home financed?	Personal or Mortgage?		
Amount of Mortgage	\$		

**Construction Requirements:**

If questionable, the adequacy of soil condition and foundation design shall be examined and certified in writing by an appropriately qualified and independent Engineer, and all footings, foundations and slabs shall meet such engineered specifications for the site on which the Residential Unit is constructed. The Applicant shall also meet the Construction Guidelines forming part of the Membership Agreement, and shall ensure adequate Course of Construction Insurance. Copies of Engineering Certifications referenced above shall be provided to PAC upon request and PAC may rely on such Certifications.

**Rate Card: As Defined in Schedule B of the Membership Agreement**

Construction Costs	Net Premium	Commission	Program Fee (Including HST)	Inspection Fee (Including HST)	Total Registration Fee (Including HST)
Less than \$1,000,000	\$525.00	\$175.00	\$3584.00	\$672.00	<b>\$4,956.00</b>
\$1,000,000 to \$2,000,000	\$750.00	\$250.00	\$3584.00	\$672.00	<b>\$5,256.00</b>
\$2,000,000 to \$4,000,000	\$1125.00	\$375.00	\$3584.00	\$672.00	<b>\$5,756.00</b>
Over \$4,000,000					Refer to program

**Testament of Understanding:**

It is understood and agreed that upon execution of this registration form the terms and conditions as set out herein are in agreement with the Applicant. The Applicant will be deemed to be the vendor of the Residential Unit for all conditions relating to the "Membership Agreement" and the enforcement thereof. The Applicant warrants that it is supplying more than 80% of the value of the materials and labour (including 100% of the foundation system and the superstructure) for the construction of the Residential Unit.

Registration Date:	mm / dd / yyyy	Authorization Signature
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**Part 3 – Credit Card Payment**

Card Type:	<input type="checkbox"/> Visa <input type="checkbox"/> MasterCard	Name On Card:	
Card Number:		Authorized Signature:	
Exp Date:	mm / yyyy		

HST: 847436342RT0001

**Part 4 Fees:**

Enrollment Fee:		Submit to: Pacific Home Warranty Insurance Services Inc. #311, 5460 -152 Street Surrey, BC V3S 5J9 Fax: 604-574-4779
Inspection Fee(if applicable):		
HST:		
Total:		

\*\*\*\*\*Please make cheques payable to: Pacific Home Warranty Insurance Services Inc.\*\*\*\*\*

This Agreement made the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

BETWEEN:

Pacific Home Warranty Insurance Services Inc.  
#311 5460-152 Street, Surrey, BC V3S 5J9  
(the administrator of the program and hereinafter called "PAC")

-and-

Echelon General Insurance Company  
Suite 310, 1550 Enterprise Road,  
Mississauga, ON, L4W 4P4  
(the program insurer hereinafter called "EGIC")

-and-

\_\_\_\_\_ of \_\_\_\_\_

(hereinafter call the "Member")

## 1. Definitions

The following words and phrases when used in this Agreement shall have the following meanings unless the context otherwise requires:

- a. "Affiliated Member" means a person, firm or corporation in which the Member has an ownership interest of at least ten percent (10%), or in which the principals of the Member serve as officers or directors;
- b. "Agreement" means this agreement;
- c. "Building Code" means, as applicable.
  - i. the British Columbia Building Code established under the Municipal Act, or
  - ii. the Vancouver Building Bylaw established under the Vancouver Charter;in force at the time that the building permit was issued for the Residential Unit or, in jurisdictions where a building permit is not required, in force when construction commences;
- d. "Business Day" means any day other than a Saturday, Sunday or statutory holiday in the jurisdiction where the Residential Unit is located;
- e. "Building Envelope" means the assemblies, components and materials of the Residential Unit which are intended to separate and protect the interior space of the Residential Unit from the adverse affects of exterior climatic conditions;
- f. "Completion Certificate" means the Completion Certificate in the form provided by PAC which is to be dated, completed and executed by the Member and Purchaser on the Completion Date;
- g. "Completion Date" means the earliest of the date of:
  - i. actual occupancy, or
  - ii. granting of an occupancy permit or similar right to occupy, or
  - iii. transfer of the legal title to the Purchaser, of the Residential Unit;
- h. "Construction Guidelines" means the construction guidelines as provided in Schedule C or as updated by PAC from time-to-time;
- i. "Contract" means the written agreement made between the Member and the Purchaser for construction and/or sale to the Purchaser of a Residential Unit;
- j. "Defect" means any design or construction that is contrary to the Building Code or that requires repair or replacement due to negligence of the Member or a person for whom the Member is responsible at law. Non-compliance of the Building Code is considered a covered Defect if the non-compliance:
  - i. constitutes an unreasonable health or safety risk; or
  - ii. has resulted in, or is likely to result in, material damage to the Residential Unit;
- k. "Defects In The Building Envelope" means Defects that result in the failure of the Building Envelope to perform its intended function;
- l. "Load Bearing" means subjected to or designed to carry loads in addition to its own dead load, but does not include a wall element subjected only to wind or earthquake loads in addition to its own dead load;

- m. "Program" means the EGIC warranty program or programs, administered by PAC, outlined in Schedule A, which the Member has been authorized to offer;
- n. "Purchaser" means a person who has entered into a Contract with the Member;
- o. "Rate Card" or "Rate Cards" means the schedule or schedules attached as Schedule B to this Agreement setting forth the annual fee payable by the Member for membership in the Program and the registration fee for each Project;
- p. "Residential Unit" means the type of dwelling that can be covered for each warranty plan as defined in Schedule A;
- q. "Structural Defect" means:
  - i. any Defect in workmanship or materials that results in the failure of a Load Bearing part of the Residential Unit; and
  - ii. any Defect which causes structural damage that materially and adversely affects the use of the Residential Unit for residential occupancy;
- r. "Warranty" means the warranty obligations of the Member and the Warranty Insurer set forth in the applicable Warranty Certificate;
- s. "Warranty Certificate" means the applicable certificate issued by PAC to the Purchaser on behalf of the Warranty Insurer, following receipt of the Completion Certificate, that certifies the Warranty coverage in respect to the Residential Unit;
- t. "Warranty Insurer" means Echelon General Insurance Company.

THIS AGREEMENT witnesses that in consideration of these presences and of the mutual covenants of PAC, EGIC and the Member herein contained, PAC, EGIC and the Member each covenant and agree with the other as follows:

## 2. Membership in Program

- a. The Member has applied for membership in the Program and represents to PAC and EGIC that all information supplied in connection with its application is true and correct and accurately reflects the current financial condition of the Member.
- b. PAC and EGIC have accepted the Member as a member of the Program.
- c. The annual fee for membership in the Program and registration fees for Residential Units are set forth in the Rate Card(s) attached as Schedule B of this Agreement, and are subject to change by PAC or EGIC upon sixty (60) days written notice to the Member and are non-refundable.
- d. The Member's membership in the Program shall expire one (1) year following the date the Member's application for membership in the Program is approved in writing by PAC and EGIC unless prior to expiry of the membership, the Member:
  - i. makes application to renew its membership in the Program for a further term of one (1) year and PAC issues a written notice of renewal to the Member; and
  - ii. completes and delivers to PAC the prescribed membership renewal form and all information and documents required by PAC and EGIC; and

- iii. pays the annual membership fee.
- e. The Member shall provide PAC with written notice of the name of any other new home warranty program in which it participates or is or becomes a member while a member of the Program.
- f. The Member agrees to abide by all of the rules and regulations applicable to the Program as issued by PAC or EGIC from time to time.
- g. The Member acknowledges and agrees that the Member's membership in the Program may be suspended or terminated by PAC or EGIC pursuant to the provisions of this Agreement.

### 3. Registration of Residential Units

- a. All Residential Units under Contract by the Member after execution of this Agreement shall be registered by the Member with the Program prior to commencement of construction. Those Residential Units that are approved for registration by PAC shall be registered under the Program and assigned a registration number. PAC will provide the Member with written notification of the Residential Units, which have been registered under the Program.
- b. To effect registration of a Residential Unit under the Program, the Member shall:
  - i. complete and submit to PAC the prescribed HPO registration form and any applicable fees; and
  - ii. complete and submit to PAC the prescribed EGIC registration form; and
  - iii. pay the Program registration fee set forth in the applicable Rate Card; and
  - iv. provide PAC with a copy of the soil test report, if applicable, for the Residential Unit; and
  - v. insure the Residential Unit for Builder's Risk and Liability insurance and provide PAC with proof of such insurance.
- c. EGIC will not approve a Residential Unit for registration under the Program and PAC will not issue a Confirmation Of Registration if:
  - i. the Member is not a member in good standing under the Program; or
  - ii. the Member's membership in the Program has been suspended or terminated; or
  - iii. the Residential Unit was not registered in the Program in accordance with the procedures set forth in this Agreement.
- d. Notwithstanding a Residential Unit has been registered under the Program, PAC may de-register the Residential Unit if prior to the Warranty Certificate being issued, PAC in its absolute and unfettered discretion determines that the Residential Unit has either a Defect in the Building Envelope or a Structural Defect or in any other manner does not meet the PAC Construction Guidelines. In the event of such a determination PAC will refund to the Builder that portion of the fee attributable to insurance premiums, commission, and any un-conducted inspections, and a Warranty Certificate will not be issued and the Residential Unit will not be insured by new home warranty issued by PAC or EGIC.

### 4. Completion Certificates

- a. Upon registration of a Residential Unit, PAC will provide the Member with a Completion Certificate for use under this Agreement.
- b. When the Member has determined that the Residential Unit has been completed in compliance with the Contract, the Member shall date and complete a Completion Certificate in triplicate for that Residential Unit and have it signed by the Purchaser. The Member shall mail or deliver one (1) signed copy of the Completion Certificate to PAC within seven (7) Business Days following the Completion Date.
- c. The Member agrees to complete any deficiencies, including seasonal deficiencies, stated on any Completion Certificates at no cost to the Program or the Purchase and in a timely manner.
- d. The Member shall deliver to the Purchaser on the Completion Date all warranties (if any) given by manufacturers or suppliers of appliances and equipment, which are incorporated into the Residential Unit.
- e. If the Member fails to register a Residential Unit in the Program

in accordance with the provisions of this Agreement, the Member agrees to indemnify and hold harmless EGIC and PAC against all losses, costs and expenses including without limitation, legal expenses on a solicitor and his own client basis, which PAC or EGIC may suffer or incur as a result of claims made with respect to such non-registered Residential Unit.

- f. The Member shall not deliver possession of a Residential Unit to a Purchaser unless a Completion Certificate has been duly completed and signed by the Member and the Purchaser.

### 5. Member Representations Regarding Warranty

- a. The Member is authorized to represent to the public that it is a member of the Program and to use the applicable Program logos in its business providing the wording of any Contract or advertising material used by the Member that makes references to the Program is approved in writing by PAC in advance of its use.
- b. The Member shall make no representations concerning EGIC, PAC or the Program or a Warranty that are not contained within the applicable Warranty Certificate. The Member hereby agrees to indemnify and hold EGIC and PAC harmless against any and all claims, damages, costs and expenses, including without limitation legal expenses on a solicitor and his own client basis, which EGIC or PAC may suffer or incur by reason of any unauthorized representation made by the Member.

### 6. Construction Standards and Inspections

- a. The Member shall complete each Residential Unit in compliance with the Contract and in a good and workmanlike manner using materials and standards of workmanship, which are equal to or exceed those prescribed under the Building Code. PAC may establish special construction standards attached as Schedule C of this Agreement, materials testing and site inspections and require reports thereon as it may deem necessary with respect to any or all Residential Units that are under construction by the Member if applicable. The Member agrees to adhere to such standards and undertake such testing and provide such reports thereon as PAC may request in writing from time to time.
- b. The Member, where applicable, shall place all fill material in accordance with the Building Code or in accordance with any professional engineering requirements specific to the Residential Unit. If the Residential Unit is situated in an area known to have active soil conditions or high water tables, the Member agrees to undertake geotechnical investigations by accredited professional engineers of the soil and groundwater conditions as may be necessary or required in the circumstances. If such tests or reports indicate a need for a specific foundation design or the use of prescribed materials, the Member agrees to obtain the advice and direction of professional engineers with respect to construction of the foundation and to construct the foundation in accordance with the requirements of such engineer to take into account and remedy the conditions disclosed by the soil tests.
- c. PAC will assign an inspector, provide a list of approved private building inspectors, or shall recognize municipal or provincial building inspectors authorized to undertake inspections of Residential Units in the jurisdiction where the Residential Unit is situated. The Member shall have every Residential Unit inspected and pay all fees and expenses for the inspections and inspection certificates. Each Residential Unit registered in the Program must receive satisfactory inspections and written reports thereon as determined by the Program.
- d. If PAC deems it appropriate, the Member shall cooperate in additional periodic inspections and procedures and shall provide inspector access to every Residential Unit at all times prior to issuance of a Completion Certificate for inspection purposes.
- e. By registering a Residential Unit in the Program, the Member represents and warrants to PAC and EGIC that it has investigated the soil conditions under and around the Residential Unit and has complied or will comply with the requirements of Section 6.a. and 6.b. of this Agreement, where applicable. .
- f. The Member acknowledges that Program building inspectors may also be independent contractors. The Member further acknowledges that neither PAC nor EGIC shall have any duty or obligation to the Member regarding review or enforcement of any building inspector's report and it shall be the sole obligation of

the Member to ensure that the recommendations and requirements of the building inspector are adhered to by the Member.

#### 7. Warranty Obligations

- a. A copy of the applicable Warranty Certificate(s) is (are) attached to and forms a part of this Agreement as Schedule D.
- b. The Member shall promptly repair and/or replace, at its own expense and without cost to the Program or the Purchaser, any Defects in workmanship and/or materials, Defects in the Building Envelope, or Structural Defect which appear within twenty-four (24) months following the Completion Date and result in a claim for coverage under a Warranty Certificate;
- c. If the Member shall default in any obligation to a Purchaser, or EGIC, then the Member shall and does hereby indemnify EGIC against any and all claims, demands, losses, costs, charges and expenses whatsoever which the Program or EGIC may suffer or incur by reason of any such default by the Member in connection with any matter or thing undertaken by the Program or EGIC pursuant to this Agreement or under the provisions of or in relation to the Warranty or any assurance given pursuant thereto, including without limitation:
  - i. the cost of labour and materials supplied and work performed with respect to every Residential Unit; and
  - ii. all costs, charges and expenses which EGIC may incur in investigating, negotiating, settling or litigating any claim including legal costs on a solicitor and his own client basis; and
  - iii. all fees and accounts of any architects, professional engineers or consultants engaged by EGIC in connection with any claim made against EGIC under a Warranty or in connection with a Residential Unit.
- d. The Member acknowledges and agrees that EGIC shall have the right to pay, settle or compromise any claim, cost or expense in connection with a Warranty and the cancelled cheque of EGIC in respect thereto shall be prima facie evidence of the propriety thereof and of the Member's liability to EGIC for such amounts and any settlement or compromise made by EGIC shall not in any manner release or diminish the liability of the Member to EGIC under the provisions of this Agreement.
- e. The Member agrees to pay to EGIC upon demand all sums owing to EGIC by the Member pursuant to the provisions of this Agreement, together with interest thereon calculated at the rate of eighteen (18%) percent per annum from the date of demand until the sum demanded has been paid in full.
- f. The Member shall pay as and when the same fall due all accounts for materials and labour supplied and work performed on every Residential Unit and shall keep title thereto free of all liens and encumbrances in respect thereto.
- g. The Member hereby assigns to EGIC on the earlier of the date the Program makes a payment under a Warranty, or the day preceding the bankruptcy, insolvency or winding-up of the Member any and all causes of action the Member has or may have against sub-trades and suppliers of the Member in respect to any matter which the Program or EGIC may have liability to a Purchaser under a Warranty. The Member shall not release any sub-trade, supplier or third party from any cause of action that EGIC may have against all or any of them in respect to any matter for which the Program or EGIC may have liability to a Purchaser under a Warranty or in any way prejudice the subrogation rights of EGIC against such sub-trade, supplier or third party.
- h. Subject to the provisions of this Agreement, the Program agrees to provide the coverage contained in the applicable Warranty Certificate subject to the terms, exclusions, limitations and conditions therein.

#### 8. Warranty Claims

- a. If EGIC receives a claim under a Warranty from a Purchaser with respect to any covered benefits provided in the Warranty Certificate for a Residential Unit, EGIC will investigate the claim and provide written notice to the Member specifying the nature and extent of the claim that is to be repaired or remedied by the Member pursuant to the Warranty. If the Member fails to properly repair or remedy the Defect in workmanship and/or

materials, Defect in the Building Envelope or Structural Defect within the time frame specified in Schedule A, or as indicated by EGIC, or fails to carry out such remedial work or repair in a good and workmanlike manner and in compliance with the Building Code and the Construction Guidelines, EGIC may engage such architects, engineers or consultants as it deems necessary to investigate and provide a report or reports thereon. EGIC may engage another contractor to perform the necessary remedial work or repair the Defect in workmanship and/or materials, Defect in the Building Envelope or Structural Defect by carrying out such work or repairs in accordance with the Building Code and the Construction Guidelines.

- b. The Member shall cooperate fully in the Warranty Claims process and shall, upon the written request of EGIC, furnish to EGIC or its investigator copies of the plans and specifications for the Residential Unit, drainage certificate, soil test report, foundation design specifications and details of prescribed materials if any, and copies of all documents in the possession of the Member that relate to the Residential Unit for that Residential Unit.
- c. The Member shall be bound by and shall comply with the decision and recommendations of EGIC resulting from the investigation of a Warranty claim.
- d. The Member shall have a representative present at the Residential Unit when EGIC performs an investigation of a Defect in workmanship and/or materials, Defect in the Building Envelope or Structural Defect under a Warranty. EGIC will notify the Member in advance of the scheduled time and date of the investigation.
- e. In the event that a Purchaser invokes mediation in respect to the decision or recommendations of EGIC, the Member agrees to cooperate in the mediation process, and be bound by the decision of the mediator.

#### 9. Termination or Suspension of Membership

- a. The membership of the Member in the Program and of any Affiliated Member shall cease and terminate upon the occurrence of any of the following events:
  - i. If the Member commits an act of fraud; or
  - ii. If the Member becomes insolvent or bankrupt or subject to the provisions of any Provincial or Federal Winding Up Act or Bankruptcy and Insolvency Act; or
  - iii. If a receiver or receiver manager is appointed over the Member's property.
- b. PAC or EGIC may, at its option, terminate the Member's membership in the Program with written notice to the Member upon the occurrence of any of the following events:
  - i. If the Member shall fail to pay when due any monies owing to PAC or EGIC pursuant to this Agreement; or
  - ii. If the Member fails to perform any of its obligations under this Agreement or a Warranty, or fails to comply with the procedures or other requirements of the Program; or
  - iii. If the Member ceases to carry on business or abandons a Residential Unit under construction without just cause; or
  - iv. If any material adverse change occurs in the financial condition of the Member or of any guarantor of the obligations of the Member to PAC or EGIC; or
  - v. If any representation, warranty, certificate or report made in connection with this Agreement or in connection with registration of a Residential Unit is false or misleading in any material respect; or
  - vi. If the Member fails to respond to a Warranty claim from a Purchaser in a timely fashion in accordance with the provisions of this Agreement.
- c. If and whenever PAC or EGIC believes there may be reason to terminate a Member's membership in the Program, PAC or EGIC may immediately suspend such membership by giving written notice to the Member specifying the reason for suspension. No Residential Units may be registered or warranted under the Program during the period of suspension. If the Member's membership in the Program is not reinstated within ninety (90) days following the giving of notice of suspension by PAC or EGIC, the Member's membership in the Program shall be terminated.

- d. The Member may terminate its membership in the Program by giving thirty (30) days prior written notice to PAC.
- e. During suspension or forthwith following termination, the Member shall not in any way advertise or display itself as being a member of the Program, shall not use and shall return all materials bearing the Program logos or any reference to the Program, including references to EGIC.
- f. Termination or suspension of the Member's membership in the Program shall in no way release or diminish the obligations of the Member under a Warranty or to PAC or EGIC under this Agreement with respect to any Residential Units previously warranted under the Program.

**10. Financial Statements of Member**

In order to induce EGIC to accept the Member into the Program, the Member represents and warrants to EGIC that the financial statements of the Member furnished to EGIC in connection with the Member's application for membership in the Program or renewal of such membership have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with prior periods, are correct and complete and present fairly the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of the Member as at the respective dates of the financial statements and the sales, earnings and results of operations of the Member for the respective periods covered by the financial statements.

**11. Member Performance Security**

- a. For any Letter of Credit, or other security that is required of the Member as a condition precedent to acceptance of the Member as a member of the Program, the Member agrees that EGIC may draw upon the full amount of the Letter of Credit, or enforce the security in the event that the Member becomes indebted to EGIC under the terms of this Agreement or any other agreement between EGIC and the Member. EGIC may demand and collect the full amount of the Letter of Credit if a replacement Letter of Credit satisfactory to EGIC is not delivered to EGIC by the Member at least thirty (30) days prior to expiration of any existing Letter of Credit held by EGIC.
- b. If the proceeds of the Letter of Credit are insufficient to pay and satisfy the obligations of the Member to EGIC under this Agreement, the Member shall pay to EGIC upon demand, the amount by which the Member's liability or indebtedness to EGIC under this Agreement exceeds the unused amount of the Letter of Credit.
- c. Every Letter of Credit which the Member is required to furnish under this Agreement shall be drawn on or issued by a financial institution acceptable to EGIC, shall be irrevocable and expire not less than two (2) years from date of issue and be in form and substance acceptable to EGIC.

**12. Entire Agreement**

This Agreement contains the entire agreement of the parties and shall not be altered or amended except by written agreement executed by PAC, EGIC and the Member.

**13. Assignment**

The Member shall not assign or transfer this Agreement. Any purported transfer or assignment shall be null and void.

**14. Interpretation**

This Agreement shall be interpreted and enforced in accordance with the laws of the Province of British Columbia.

**15. Severability**

In the event that any provision or provisions of this Agreement shall be found to be void or invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

**16. Notice**

- a. Any notice required or permitted to be given hereunder may be delivered or sent by registered mail, postage prepaid, to EGIC, PAC or the Member at their respective addresses set forth on the first page of this Agreement.
- b. Any notice, if delivered, shall be deemed to have been given on the day on which it was delivered, or if mailed as aforesaid, shall be deemed to have been given and received on the third

business day following the day it was mailed from any post office in Canada.

- c. Any party may change its address for notice at any time by notice in writing delivered or mailed to the others as aforesaid.

**17. Headings**

The headings contained in this Agreement are for reference only, and shall not be used to construe or interpret any of the provisions of this Agreement.

**18. Waiver**

No modification or waiver of any of the terms of this Agreement shall be valid unless in writing and signed by the parties hereto. The waiver of a breach or default under any of the terms of this Agreement shall not be considered a waiver of any other breach or default.

**19. Extended Meanings**

Words importing the singular number include the plural and vice versa, and words importing gender shall include all genders or a body corporate where the context requires.

**20. Enurement**

This Agreement shall enure to the benefit of and be binding upon the Member, EGIC and PAC and successors and assigns of EGIC and PAC and successors and permitted assigns of the Member.

**21. Agency**

- a. The Member acknowledges and agrees that:
  - i. It is an independent contractor and not an agent of or partner with PAC or EGIC; and
  - ii. Neither the Member nor its employees are authorized to hold themselves out as agents of PAC or EGIC; and
  - iii. Neither the Member nor its employees have authority to bind or obligate PAC or EGIC in any manner whatsoever.
- b. The Member agrees to indemnify and hold PAC and EGIC harmless against any and all manner of actions, causes of action, debts, demands, and all losses, costs, damages and expenses (including legal expenses on a solicitor and his own client basis) brought against or suffered or incurred by PAC and/or EGIC as a result of the Member's breach of this Agreement.

IN WITNESS WHEREOF the Member and PAC (as an agent of EGIC) have duly executed this Agreement as of the date and year first above written.

Pacific Home Warranty Insurance Services Inc.

Per: \_\_\_\_\_

Member: \_\_\_\_\_  
(Print Name)

Per: \_\_\_\_\_  
(Member Signature)

\*Section A lists the appropriate Program(s) applied for. Section B provides the definitions of a Residential Unit for each Warranty Program (again, please initial at the bottom).

Attached to and forming part of the Membership Agreement (the "Agreement") dated \_\_\_\_\_ between Pacific Home Warranty Insurance Services Inc. ("PAC"), Echelon General Insurance Company ("EGIC") and \_\_\_\_\_ (the "Member").

**PROGRAM**

A. Pursuant to the Agreement, the Member is authorized to offer the following EGIC warranty insurance:

1. ONE Home Warranty (HomePro) – New home warranty plan for a site built Residential Unit.

B. Pursuant to Section 1.p., the following chart specifies the definition of "Residential Unit" as it pertains to each of the Warranties named above:

Name of Warranty	Definition of "Residential Unit"
ONE Home Warranty (HomePro)	"Residential Unit" means a Detached New Home. "Detached New Home" means a class of new home which is a building, that: <ol style="list-style-type: none"> <li>a. is in fee simple ownership;</li> <li>b. is newly constructed;</li> <li>c. is intended for residential occupancy;</li> <li>d. is a single, self-contained residence usually containing cooking, eating, living, sleeping and sanitary facilities; and</li> <li>e. may contain a Secondary Suite if permitted by local bylaws;</li> </ol> "Secondary Suite" means a suite located in and forming part of the Detached New Home where the Detached New Home remains as a single legal title

\* Section C indicates the maximum time allowed for warranty repairs under each Warranty Program.

C. Pursuant to Sections 8.a. of the Agreement, the following chart specifies the applicable time frame for the Member to complete repair or remedy any Defect or Structural Defect from notice thereof from EGIC, for each of the applicable Warranties named above.

Name of Warranty	Repair or Remedy Time Period
ONE Home Warranty (HomePro)	90 days

**Rate Card: ONE Home Warranty Program**

Construction Costs	Net Premium	Commission	Program Fee (Including HST)	Inspection Fee (Including HST)	Total Registration Fee (Including HST)
Less than \$1,000,000	\$525.00	\$175.00	\$3584.00	\$672.00	<b>\$4,956.00</b>
\$1,000,000 to \$2,000,000	\$750.00	\$250.00	\$3584.00	\$672.00	<b>\$5,256.00</b>
\$2,000,000 to \$4,000,000	\$1125.00	\$375.00	\$3584.00	\$672.00	<b>\$5,756.00</b>
Over \$4,000,000					Refer to program

\*Construction costs are only the costs to build not including land, margin, etc.

\* The Applicant is responsible to update PAC as to the timelines of construction so inspections can be done in a timely manner.

\*4 Inspections are included in the price.

\* Re-inspection fees may be charged at \$150.00 per inspection.

ONE Home Warranty Applications are subject to acceptance by PAC.

**Administration**

1. All registrations shall be used for the express purpose indicated at registration and permitted by the municipality, complete with all applicable permits.
2. All documents shall be filled out to the best of Members ability, including start date, completion date, civic address, legal description, if applicable, and any other pertinent information related to this registration or said application shall be returned to Member for correction or completion prior to registration being accepted.
3. All Members shall have a clear open channel of communication that can be easily accessible to PAC for quick communications (i.e. fax machines, answering machines).
4. All personal contact information shall be kept current; any changes in information shall be reported in writing to PAC within 7 days.
5. Inspection requirements for Member unless otherwise notified:
  - a. **Foundation Assessment;**
    - i. Pre-Pour; Geo-tech and footing inspection (at time of excavation), if applicable.
    - ii. Post-Pour; Foundation prior to backfill (after damp proofing and weeping tile placement), if applicable;
  - b. **Framing Assessment;** (after all sub trades have completed rough-ins), if applicable;
  - c. **Building Envelope Assessment;** At envelope stage (or lock-up);
  - d. **Final Assessment;** (one week prior to completion).
6. Member signage and job address must be posted at all home sites and be clearly visible from the street.
7. If not otherwise available, sanitary facilities (portable toilets) are recommended on each site or nearby.

**ONE Home Warranty (HomePro)**

The Member shall construct and complete each Residential Unit in compliance with the Contract and in a good and workmanlike manner using materials and standards of workmanship, which are equal to or exceed those prescribed under the Building Code, and local accepted building practices. The Member, where applicable, shall construct the Residential Unit in accordance with any professional engineering requirements specific to the Residential Unit.

## INSURING AGREEMENT

In consideration of the payment of the premium paid, Echelon General Insurance Company (Echelon), through Pacific Home Warranty Insurance Services Inc. (Pacific) will provide the benefits described in this Home Warranty Insurance Policy (Policy), subject to the terms and conditions set forth herein or added hereto to the benefit of the Insured who is insured for, and entitled to such benefits. No such terms and conditions shall be considered waived by Echelon in whole or in part unless the waiver is in writing signed by a person authorized for that purpose by Echelon. This Policy, all schedules, forms, riders, endorsements pertaining to, or attached hereto, the Detached New Home registration forms and the Declaration Page shall be considered one (1) document. Collectively these documents are evidence of the contract between the Insured and Echelon.

## DEFINITIONS

Any word or expression to which specific meaning has been attached shall bear such meaning whenever it appears, and such definitions shall include the plural and possessive form thereof. For purposes of this Policy, the following terms will be defined as follows and cannot be waived or changed in any way other than in writing from Echelon:

1. "Act" means the Homeowner Protection Act;
2. "Building Code" means, as applicable,
  - a) the British Columbia Building Code established under the Municipal Act, or
  - b) the Vancouver Building Bylaw established under the Vancouver Charter;in force at the time that the building permit was issued for the Detached New Home or, in jurisdictions where a building permit is not required, in force when construction commences;
3. "Building Envelope" means the assemblies, components and materials of the Detached New Home which are intended to separate and protect the interior space of the Detached New Home from the adverse affects of exterior climatic conditions;
4. "Completion Certificate" means the Completion Certificate in the form provided by Pacific which is to be dated, completed and executed by the Member and Insured prior to the Commencement Date;
5. "Commencement Date" means the date this Policy is effective and coverage commences;
6. "Contract" means the written agreement made between the Member and the Insured for construction and/or sale to the Insured of a Detached New Home;
7. "Defect" means any design or construction that is contrary to the Building Code or that requires repair or replacement due to negligence of the Member or a person for whom the Member is responsible at law. Non-compliance of the Building Code is considered a covered Defect under this Policy if the 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 Detached New Home;
8. "Defects In The Building Envelope" means defects that result in the failure of the Building Envelope to perform its intended function;
9. "Detached New Home" means a class of new home which is a building, that:
  - a) is in fee simple ownership;
  - b) is newly constructed;
  - b) is intended for residential occupancy;
  - c) is a single, self-contained residence usually containing cooking, eating, living, sleeping and sanitary facilities; and
  - d) may contain a Secondary Suite if permitted by local bylaws;
10. "Driveway" means a surface intended and constructed primarily to be used for vehicular access to and from the Detached New Home;
11. "Insured" means:
  - a) the person(s) named as the Insured in the Declaration Page attached to this Policy who:
    - i) has entered into a Contract with the Member, and

- ii) at the Commencement Date is the registered legal owner of the Detached New Home, or
  - b) any subsequent legal owner of the Detached New Home;
12. "Load Bearing" means subjected to or designed to carry loads in addition to its own dead load, but does not include a wall element subjected only to wind or earthquake loads in addition to its own dead load;
13. "Mediation" means a collaborative process in which two (2) or more parties meet and attempt, with the assistance of a Mediator, to resolve issues in dispute between them;
14. "Mediation Session" means a meeting between two (2) or more parties to a dispute during which they are engaged in Mediation;
15. "Mediator" means a neutral and impartial facilitator with no decision making power who assists parties in negotiating a mutually acceptable settlement of issues in dispute between them;
16. "Member" means the licensed residential builder named as the Member in the Declaration Page attached to this Policy who has entered into a Contract with the Insured;
17. "Multi-Unit Building" means a building containing two (2) or more Dwellings Units together with associated Common Property, if any;
18. "Pacific" means Pacific Home Warranty Insurance Services Inc. who is the home warranty insurance administrator appointed by Echelon;
19. "Roster Organization" means any body designated by the British Columbia Attorney General to select Mediators for the purpose of Mediation.
20. "Seasonal Deficiencies" means work to be completed by the Member under the Contract following the Commencement Date when weather permits;
21. "Secondary Suite" means a suite located in and forming part of the Detached New Home where the Detached New Home remains as a single legal title;
22. "Walkway" means a surface intended and constructed primarily to be used as a pedestrian access to and from the Detached New Home, and may include stairs.

## BENEFITS

Subject to the terms, conditions, exclusions and limitations set forth in this Policy, Echelon agrees to provide the following benefits:

### 1. Material & Labour Coverage

This benefit covers:

- a) during the first twelve (12) months from the Commencement Date, the cost to repair and/or replace Defects in workmanship and/or materials; and
- b) during the first twenty-four (24) months from the Commencement Date, the cost to repair and/or replace Defects in workmanship and/or materials:
  - i) supplied for electrical, plumbing, heating, ventilation and air conditioning delivery and distribution systems ;
  - ii) for the exterior cladding, caulking, windows and doors that may lead to detachment or material damage to the Detached New Home; and
  - iii) which render the Detached New Home unfit to live in.

### 2. Building Envelope Coverage

During the first five (5) years from the Commencement Date, this benefit covers the cost to repair any Defects In The Building Envelope of the Detached New Home, including a Defect which permits unintended water penetration such that it causes, or is likely to cause, material damage to the Detached New Home.

### 3. Structural Defects Coverage

During the first ten (10) years from the Commencement Date, this benefit covers:

- a) Any Defect in workmanship or materials that results in the failure of a Load Bearing part of the Detached New Home; and

- b) any Defect which causes structural damage that materially and adversely affects the use of the Detached New Home for residential occupancy.

#### 4. Living-out Allowance Coverage

If repairs are required under this Policy and damage to the Detached New Home or the extent of the repairs renders the Detached New Home uninhabitable, this Policy covers the reasonable living-out expenses incurred by the Insured.

The maximum limit for this benefit is one hundred dollars (\$100) per day for the complete reimbursement of the actual accommodation expenses incurred by the Insured at a hotel, motel or other rental accommodation up to the day the Detached New Home is ready for occupancy, subject to the Insured receiving twenty-four (24) hours advance notice.

#### BENEFIT LIMITS

- Echelon's limit of liability under this Policy is the lesser of:
  - the original purchase price of the Detached New Home; and
  - two hundred thousand dollars (\$200,000).
- When calculating the cost of warranty claims in respect of Echelon's limit of liability, Echelon will include:
  - the cost of repairs;
  - the cost of any investigation, engineering and design required for the repairs; and
  - the cost of supervision of repairs, including professional review but excluding legal costs.

#### COMMENCEMENT DATE

- The Commencement Date for coverage under this Policy is as follows:
  - for a Detached New Home constructed by a Member on land owned by the Insured, the Commencement Date is the earliest of:
    - the date of actual occupancy of the Detached New Home,
    - the granting of an occupancy permit or similar right to occupy by the authority having jurisdiction, and
    - the date that the Detached New Home is completed and ready for occupancy;
  - for a Detached New Home constructed by a Member on land not owned by the Insured, the Commencement Date is the earlier of:
    - the date of actual occupancy of the Detached New Home; and
    - the transfer of the legal title of the Detached New Home to the Insured.
- For the purposes of subsection 1.a), in a jurisdiction where occupancy permits are not issued, a Detached New Home is deemed to have reached the stage of occupancy when it:
  - is "completed" as that term is defined by the Builders' Lien Act, and
  - is capable of being occupied.

#### COMMENCEMENT DATE FOR SPECIAL CASES

- If an unsold Detached New Home owned by a Member is occupied as a rental unit, the Commencement Date is the date the Detached New Home is first occupied.
- If the Member subsequently offers to sell a Detached New Home which is rented, the Member must disclose, in writing, to each prospective purchaser, the date on which the Policy expires.

#### WARRANTY OF THE MEMBER

- The Member agrees to complete Seasonal Deficiencies and other deficiencies stated on the Completion Certificate in a timely manner.
- The Member will assign to the Insured all manufacturers' warranties on products supplied by the Member and incorporated into the Detached New Home.

#### WARRANTY TERMS

- If Echelon makes a payment or assumes liability for any payment or repair under this Policy:

- Echelon is subrogated to all rights of recovery of an Insured against any person or persons who may have caused or contributed to the requirement for the payment or repair under this Policy;
- Echelon may bring an action at its own expense, in the name of the Insured or of Echelon, to enforce such rights; and
- the Insured must fully support and assist Echelon in the pursuit of those rights if Echelon pursues such subrogated rights.

- Implied or expressed warranties or representations made by a Member to an Insured are not binding on Echelon except as set out in the Act and the Act Regulation or as set out in this Policy. (so, it includes the Member Warranty above? - yes)
- An Insured must permit Echelon, the Member and/or representatives of either, to enter the Detached New Home at all reasonable times, on the giving of reasonable notice to the Insured:
  - to monitor the Detached New Home or its components;
  - to inspect for required maintenance;
  - to investigate complaints or claims; or
  - to undertake repairs under this Policy.If any reports are produced as a result of any of the activities referred to above, the reports will be provided to the Insured on request.
- An Insured must provide to Echelon all information and documentation that the Insured has available, as reasonably required by Echelon, in order to investigate a claim or maintenance requirement, or to undertake repairs under this Policy.
- To the extent that damage to the Detached New Home is caused by the unreasonable refusal of the Insured or occupant to permit Echelon or the Member access to the Detached New Home for the reasons set out in subsection 3 or to provide the information required by subsection 4, such damage is excluded from this Policy.
- The Insured shall maintain the Detached New Home in a proper and prudent manner, according to the maintenance requirements and procedures provided by Pacific.
- If the Member or the Insured is more than one (1) person, the obligation of each person is deemed to be joint and several.

#### EXCLUSIONS — GENERAL

- The following are excluded from this Policy:
  - landscaping, both hard and soft, including plants, fencing, detached patios, planters, gazebos and similar structures;
  - 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 Detached New Home;
  - any commercial use area and any construction associated with a commercial use area;
  - roads, curbs and lanes;
  - site grading and surface drainage except:
    - as required by the Building Code, or
    - for subsidence beneath footings of the Detached New Home or under Driveways or Walkways;
  - the operation of municipal services, including sanitary and storm sewer;
  - septic tanks or septic fields;
  - the quality or quantity of water, either from a piped municipal water supply or from a well;
  - a water well but excluding equipment installed for the operation of a water well used exclusively for the Detached New Home, which equipment is considered to be part of the plumbing system for the Detached New Home for the purposes of this Policy;
  - any materials and/or workmanship furnished or installed or caused to be installed by the Member or its subcontractors which is not defective but does not comply with the specifications in the Contract.
- The exclusions permitted by subsection 1 do not include any of the following:
  - a Driveway or Walkway; or
  - a retaining wall that:

- i) an authority having jurisdiction requires to be designed by a professional engineer, or
  - ii) is reasonably required for the direct support of, or retaining soil away from, the Detached New Home, Driveway or Walkway.
3. Any repairs or investigations undertaken or costs incurred by the Insured without prior approval from Echelon shall be at the sole expense of the Insured and shall not be reimbursed by Echelon.

#### EXCLUSIONS — DEFECTS

1. The following are excluded from 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 the Detached New Home is being used primarily or substantially for non-residential purposes;
  - d) materials, labour or design supplied by an Insured;
  - e) any damage to the extent that it is caused or made worse by an Insured or third party, including
    - i) negligent or improper maintenance or improper operation by anyone other than the Member or its employees, agents or subcontractors,
    - ii) failure of anyone, other than the Member or its employees, agents or subcontractors, to comply with the warranty requirements of the manufacturers of appliances, equipment or fixtures,
    - iii) alterations to the Detached New Home, including the conversion of non-living space into living space or the conversion of the Detached New Home into two (2) or more units, by anyone other than the Member or its employees, agents or subcontractors while undertaking their obligations under the Contract, and
    - iv) changes to the grading of the ground by anyone other than the Member or its employees, agents or subcontractors;
  - f) loss or damage due to failure of an Insured to take timely action to prevent or minimize such loss or damage, including the failure to give prompt notice to Echelon of a Defect or discovered loss or a potential Defect or loss;
  - g) any damage caused by insects or rodents and other animals, unless the damage results from non-compliance with the Building Code by the Member 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 Member;
  - i) bodily injury or damage to personal property or real property which is not part of the Detached New Home;
  - j) any Defect in, or caused by, materials or work supplied by anyone other than the Member or its employees, agents or subcontractors;
  - k) changes, alterations or additions made to the Detached New Home by anyone after initial occupancy, except those performed by the Member or its employees, agents or subcontractors as required by this Policy or under the Contract;
  - l) contaminated soil;
  - m) subsidence of the land around the Detached New Home or along utility lines, other than subsidence beneath footings of the Detached New Home or under Driveways or Walkways;
  - n) diminution in the value of the Detached New Home; ;
  - o) damage to or caused by a Secondary Suite where such Secondary Suite is not permitted by the municipality in which the Detached New Home is located.
2. Subsection 1.i) includes bodily injury, or damage to personal property, caused by mold.

#### LIMITATIONS

1. Pacific is a home warranty insurance administrator contracted by Echelon to assist in the fulfillment of the benefits provided under this Policy, and shall not under any circumstances be liable for performance of any obligation of the Member or Echelon under this Policy.
2. This Policy does not protect or indemnify or otherwise secure the Insured

against any deposit or other money paid to the Member under a Contract or any other benefit not set out in this Policy.

#### DUTY TO MITIGATE

1. Echelon will require the Insured to mitigate any damage to the Detached New Home, including damage caused by Defects or water penetration, as set out in this Policy.
2. Subject to subsection 3, for Defects covered by this Policy, the duty to mitigate is met through timely notice in writing to Echelon.
3. The Insured must take all reasonable steps to restrict damage to the Detached New Home if the Defect requires immediate attention.
4. The Insured's duty to mitigate survives even if:
  - a) the Detached New Home is unoccupied;
  - b) the Detached New Home is occupied by other than the Insured; or
  - c) water penetration does not appear to be causing damage.
5. To the extent that damage to the Detached New Home is caused or made worse by the failure of the Insured to take reasonable steps to mitigate as set out in this section, such damage will be excluded from this Policy.

#### WARRANTY ON REPAIRS AND REPLACEMENTS

1. All repairs and replacements made under this Policy will be 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 coverage under this Policy.
2. All repairs and replacements made under this Policy will be completed in a reasonable manner using materials and labour conforming to the Building Code and industry standards.

#### NOTICE OF CLAIM

1. Within a reasonable time after the discovery of a Defect and before the expiry of the applicable coverage under this Policy, the Insured must give to Echelon and the Member written notice in reasonable detail that provides particulars of any specific Defects covered by this Policy.
2. Echelon will require the notice under subsection 1 to be sent to the address provided on the Declaration Page under Claim Notice and to include the following:
  - a) the Policy/Registration Number shown on the Declaration Page; and,
  - b) copies of any relevant documentation and correspondence between the Insured and the Member.

#### FRAUDULENT ACTS

If any claim is found by the court of law in the Province of British Columbia to be fraudulent, or if fraudulent means or devices are used by the Insured or any person acting on behalf of and with the consent or knowledge of the Insured, in order to gain benefit under this Policy or if any damage be occasioned by the willful act of or with the connivance of the Insured, Echelon may make application to the court to have all benefits under this Policy to the Insured forfeited.

#### MANDATORY CONDITIONS

##### Mediation

1. If a dispute between Echelon and the Insured arising under this Policy cannot be resolved by informal negotiation within a reasonable time, the Insured may, at the Insured's sole election, require that the dispute be referred to Mediation by delivering to Pacific and/or Echelon a written request to mediate.
2. If the Insured delivers a request to mediate, Echelon and the Insured must attend a Mediation Session in relation to the dispute.
3. Echelon or the Insured may invite to participate in the Mediation any other party to the dispute who may be liable.
4. Within twenty-one (21) days after the Insured has delivered a request to mediate, the parties must, directly or with the assistance of an

- independent, neutral person or organization, jointly appoint a mutually acceptable Mediator.
5. If the parties do not jointly appoint a mutually acceptable Mediator within the time required, the Insured may apply to a Roster Organization which must appoint a Mediator taking into account:
    - a) the need for the Mediator to be neutral and independent;
    - b) the qualifications of the Mediator;
    - c) the Mediator's fees;
    - d) the Mediator's availability, and,
    - e) any other consideration likely to result in the selection of an impartial, competent and effective Mediator.
  6. Promptly after a Roster Organization selects the Mediator, the Roster Organization must notify the parties in writing of that selection.
  7. The Mediator selected by a Roster Organization is deemed to be appointed by the parties effective the date of the notice sent by the Roster Organization.
  8. The date, time and place of the first Mediation Session must be scheduled by the Mediator, and the first Mediation Session must occur within twenty-one (21) days of the appointment of the Mediator.
  9. Despite subsection 2, a party may attend a Mediation Session by representative if:
    - a) the party is under legal disability and the representative is that party's guardian ad litem;
    - b) the party is not an individual, or
    - c) the party is a resident of a jurisdiction other than British Columbia and will not be in British Columbia at the time of the Mediation Session.
  10. A representative who attends a Mediation Session in the place of a party referred to in subsection 9:
    - a) must be familiar with all relevant facts on which the party, on whose behalf the representative attends, intends to rely, and,
    - b) must have full authority to settle, or have immediate access to a person who has full authority to settle, on behalf of the party on whose behalf the representative attends.
  11. A party or a representative who attends the Mediation Session may be accompanied by counsel.
  12. Any other person may attend a Mediation Session if that attendance is with the consent of all parties or their representatives.
  13. At least seven (7) days before the first Mediation Session is to be held, each party must deliver to the Mediator a statement briefly setting out:
    - a) the facts on which the party intends to rely, and,
    - b) the matters in dispute.
  14. Promptly after receipt of all of the statements required to be delivered under subsection 13, the Mediator must send each party's statement to each of the other parties.
  15. Before the first Mediation Session, the parties must enter into a retainer with the Mediator which must:
    - a) disclose the cost of the Mediation services, and,
    - b) provide that the cost of the Mediation will be paid
      - i) equally by the parties, or,
      - ii) on any other specified basis agreed by the parties.
  16. The Mediator may conduct the Mediation in any manner he or she considers appropriate to assist the parties to reach a resolution that is timely, fair and cost-effective.
  17. A person must not disclose, or be compelled to disclose, in any proceeding oral or written information acquired or an opinion formed, including, without limitation, any offer or admission made in anticipation of or during a Mediation Session.
  18. Nothing in subsection 17 precludes a party from introducing into evidence in a proceeding any information or records produced in the course of the Mediation that are otherwise producible or compellable in those proceedings.
  19. A Mediation Session is concluded when:
    - a) all issues are resolved;
    - b) the Mediator determines that the process will not be productive and so advises the parties or their representatives; or,
    - c) the Mediation Session is completed and there is no agreement to continue.
  20. If the Mediator resolves some but not all issues, then at the request of all parties the Mediator may complete a report setting out any agreements that the parties to the Mediation have made as a result of the Mediation, including, without limitation, any agreements made by the parties on any facts, issues or future procedural steps.
- Transfers of Warranty to Subsequent Purchasers**
1. This Policy pertains solely to the Detached New Home for which it provides coverage and no notice to Echelon is required on a change of ownership.
  2. All of the applicable unused benefits under this Policy are automatically transferred to any subsequent legal owner on a change of ownership.
  3. The Insured shall promptly deliver this Policy to any subsequent legal owner of the Detached New Home and shall advise such subsequent legal owner of any matter that may affect or limit the coverage contained in this Policy.
  4. All of the Insured's obligations contained in this Policy shall be binding on any subsequent legal owner of the Detached New Home.
- Handling of Claims**
1. Echelon will, on receipt of a notice of a claim under this Policy, promptly make reasonable attempts to contact the Insured to arrange an evaluation of the claim.
  2. Echelon will make all reasonable efforts to avoid delays in responding to a claim under this Policy, evaluating the claim and scheduling any required repairs.
  3. If, following evaluation of a claim under this Policy, Echelon determines that the claim is not valid or not covered under the Policy, Echelon will notify the Insured of the decision in writing, setting out the reasons for the decision.
  4. The notice under subsection 3 will also set out the rights of the parties under the third party dispute resolution process referred to in the Mediation provision of this Policy.
  5. Repairs will be undertaken in a timely manner, with reasonable consideration given to weather conditions and the availability of materials and labour.
  6. On completion of any repairs, Echelon will deliver a copy of the repair specifications to the Insured along with a letter confirming the date the repairs were completed and referencing the Warranty on Repair and Replacement provision of this Policy.
- Disclosure of Claims History**
1. On receipt of an inquiry from an owner of the Detached New Home covered by this Policy regarding the claims experience of the Detached New Home, Echelon will provide the owner with a history of claims.
  2. The history of claims referred to in subsection 1 will include, for each claim, not less than the following information:
    - a) the type of claim that was made;
    - b) the resolution of the claim;
    - c) the type of repair performed;
    - d) the date of the repair;
    - e) the cost of the repair.
  3. Echelon will charge an owner a fee of \$25 to provide the history of claims.

## List of required details to be included in the Sample Irrevocable Letter of Credit.

\* The Irrevocable Letter of Credit (LOC) is an amount of money that is held by the Member Builders approved bank of choice. The bank then issues a letter to the Warranty Insurer stating that the Warranty Insurer can draw on those monies if the Member Builder fails to meet the requirements under the Membership Agreement. The following list outlines the details necessary to complete an Irrevocable letter of credit.

- Letter of Credit #: \_\_\_\_\_
- At the request of our customer, \_\_\_\_\_

- *Note to reader: beneficiary must be identified exactly as in the following example for LOC to be accepted.*

We hereby establish to **Echelon General Insurance Company** our Irrevocable Letter of Credit No. \_\_\_\_\_.

- For a sum not exceeding CAD\$ \_\_\_\_\_ Canadian Dollars
- This letter of credit shall be available to you by sight draft on Name of Financial Institution when supported by your written demand for payment made upon us.
- Partial drawings are permitted.
- Drafts are to be marked "Drawn under Name Financial Institution Irrevocable Letter of Credit No. \_\_\_\_\_ Dated \_\_\_\_\_"
- We shall honour your demand or partial demand on first presentation without enquiring whether you have legitimate claim between yourself and our customer, provided that all terms and conditions of this Irrevocable Letter of Credit have been complied with and the drafts are drawn and presented no later than **two (2)** years from date of letter.
- This Letter of Credit will remain in the possession of Echelon General Insurance Company until full payment has been received or the Letter of Credit has been superseded. At that time this document will be returned to Name of Financial Institution.
- This Letter of Credit is subject to the Uniform Customs and Practices for Documentary Credits (1993 Revision) ICC Publication No. 600.
- This Letter of Credit is not transferable or assignable.
- It is a condition of this Letter of Credit that it shall be deemed to be automatically extended without amendment for a further **two (2)** year period from the present or any future expiration date hereof, unless at least thirty (30) days prior to the present or any future expiration date, we notify the beneficiary in writing by courier or registered mail that we elect not to consider this Letter of Credit for any additional period.
- Authorized Signature.

### Send original Letter of Credit to:

Pacific Home Warranty Insurance Services Inc.  
#311 5460-152 Street  
Surrey, BC V3S 5J9

P: 604-574-4776