

5 YEAR NEW HOME WARRANTY AGREEMENT MID RISE CONDOMINIUM

CONDOMINIUM BUILDING COVERED UNDER MID RISE CONDOMINIUM WARRANTY

This is a limited *Mid Rise Condominium Warranty c*overing different components of *Condominiums* for specified periods of time. This *New Home Warranty Program* applies to *Condominium* buildings with wood frame or Insulated Concrete Forms (ICF) construction up to three stories above grade in height and with up to 6,457 Sq Ft per story. Each story above ground must have one *Residential Unit* individually owned. The *Residential Units, Building Structure* and *Common Property* as defined herein are included in the *New Home Warranty*. For this *New Home Warranty Program* to apply, the *Condominium* design must be in accordance with the requirements of the current National Building Code of Canada.

1. **DEFINITIONS**

In this New Home Warranty, in addition to terms defined elsewhere, the below defined terms have the following meanings:

- 1.1 Builder means the Registered Builder Member of the Program named on the Certificate of Possession.
- 1.2 *Building Structure* means the *Condominium*'s load bearing wall structure, roof structure, footings, foundations, structural floors, and load bearing columns and beams.
- 1.3 *Certificate of Possession* means the certificate prescribed by the *Program* which has been signed by the *Builder* and the *Owner* and which records the *Date of Possession*.
- 1.4 Date of Possession means the date of possession shown on your Certificate of Possession.
 - (a) Date of Possession commencement date:
 - (i) Residential Unit: The New Home Warranty for Residential Unit begins on the date the Owner takes possession of the Residential Unit.
 - (ii) Building Structure: The New Home Warranty for Building Structure begins the date of the initial residential possession for the Condominium.
 - (iii) Common property: The New Home Warranty for Common Property begins the date of the initial residential possession for the Condominium.
- 1.5 Common Property means the part of the building that is not included in any Residential Unit. Common Property is limited to the Common Property within the residential portion of the building in which the Residential Unit is situate, and does not include: outbuildings or other ancillary buildings, Detached Garages or Detached Structure, driveways, roads, curbs, parking lots, parking spaces, at grade or underground parking, elevators and shafts, pavement or other exterior surface materials, sidewalks, walkways, sewers, wells and septic systems, underground services, fences and gates, landscaping, detached patios, gazebos, light posts, swimming pools, recreational facilities and equipment, shrubbery, flowers, plants, trees, patios, or retaining walls or any components which are not within the Building Structure; Business occupancy not covered.
- 1.6 Condominium means all the Residential Units, the Building Structure and the Common Property, contained in a Condominium building with wood frame or Insulated Concrete Forms (ICF) construction up to three stories above grade in height and with up to 6,457 Sq Ft per story.
- 1.7 Condominium Corporation means a corporation incorporated pursuant to the applicable condominium legislation.
- 1.8 Detached Garage and Detached Structure means a permanent structure or building on the premises separate from the Condominium by a clear space or only connected to the Condominium by pedway / breezeway.
- 1.9 Living Out Allowance means reasonable and pre-approved living out and moving expenses incurred by the Owner in the event that the Condominium or a Residential Unit within becomes uninhabitable due to a Major Structural Defect, in accordance with the limits set out in this New Home Warranty.
- 1.10 Load-Bearing Component means any one of the following exhaustive list of components that support dead and live loads that are essential to the structural integrity of the Building Structure. Beams, columns, joists, lintels, studs, plates, rafters, trusses, ICF walls, ICF roof and floor connections, footings, foundation walls, foundation piers, suspended concrete floors, concrete floors-on-ground (where it is under a finished space at the time of possession) and bearing soil (supporting footings).
- 1.11 Major Structural Defect means a defect in work or materials that has resulted in a failure of a Load-Bearing Component of the Building Structure which has substantially impaired its Load-Bearing Component function and has caused actual physical damage which has significantly affected the use of the Condominium for residential purposes. The term Major Structural Defect excludes defects in decks, balconies and other accessible exterior platforms, exterior steps, driveways, basement and garage floors, patios, sidewalks, retaining walls, exterior wells (stairs, windows, doors, etc.) and in concrete which is not a Load-Bearing Component.



- 1.12 *New Home Warranty* means the warranty provided under the *Program* for *Mid Rise Condominium Units*, subject to the terms, conditions and exclusions set out in this Agreement.
- 1.13 Owner means the registered legal owner(s) of the Residential Unit named in the Certificate of Possession as Owner, and any subsequent legal registered owner(s) of the Residential Unit during the term of this New Home Warranty and with respect to Common Property or Building Structure of a Condominium, means the Condominium Corporation.
- 1.14 *Program* means the *Atlantic Home Warranty Program*.
- 1.15 Residential Unit means unit in a Condominium used for a residential home only located at the address set forth on your Certificate of Possession and constructed by the Builder excluding Common Property and Building Structure.

2. **BUILDER OBLIGATIONS**

- 2.1 Subject to the terms, conditions and limitations of this *New Home Warranty*,
 - (a) The *Builder* warrants that the *Condominium* has been constructed in accordance with the National Building Code of Canada in effect at the time the building permit was issued.
 - (b) The *Builder* agrees to repair defects in workmanship in the *Residential Unit* and to repair or replace defective materials or mechanical equipment (excluding consumer appliances) in the *Residential Unit* supplied by the *Builder* which are apparent within 12 months after the applicable Date of *Possession*.
 - (c) The *Builder* agrees to repair defects in workmanship in the *Common Property* or *Building Structure* and to repair or replace defective materials or mechanical equipment (excluding consumer appliances) in the *Common Property* or *Building Structure* supplied by the Builder which are apparent within 12 months after the *Date of Possession* for *Common Property* or *Building Structure*, as applicable.
- 2.2 The *Builder's* obligations under Section 2.1 are conditional upon the *Owner* providing written notice as required by Section 5.1(c) of this *New Home Warranty*.
- 2.3 The following, and any resultant damage arising therefrom, shall not constitute defects and are not covered by this *New Home Warranty*:
 - (a) Defects in materials, mechanical equipment, design and workmanship supplied by the *Owner*, and any resultant damage caused to the *Condominium* therefrom;
 - (b) Subsidence of the land around the *Condominium* or along utility lines, excluding subsidence beneath the footings of the *Condominium*;
 - (c) Non-compliance with plans, specifications, or other design or scope of work requirements applicable to the *Condominium*, whether or not set forth in a written contract, except where such non-compliance results in a defect;
 - (d) Sewer backup or seepage of water through the basement floor slab;
 - (e) Water ingress caused by weather conditions beyond the manufacturer specified capacity of materials;
 - (f) Damage caused by insects, rodents or other animals except where such damage results from a defect;
 - (g) Defects in workmanship or materials existing as of the applicable *Date of Possession* of which the *Owner* was aware, reasonably ought to have been aware or for which the *Owner* has held back payment from the *Builder*, including but not limited to any such defects which were accepted by the *Owner*, defects which were included on a deficiency list or otherwise identified, or defects in respect of which an amount was held back from payment as a deficiency holdback;
 - (h) Workmanship or materials or any as-built conditions which were inspected and accepted by a municipal inspector or authority having jurisdiction as not requiring repair, correction or any other remedial action, excluding accepted work, materials or conditions of which the *Builder* was aware or reasonably ought to have been aware and which the *Builder* knew or ought to have known would likely become impaired and/or result in future damage to the *Condominium*;
 - (i) Diminution in value of the *Residential Unit* or *Condominium* as a whole;
 - (j) Damage caused or made worse by the failure of the Owner to take reasonable steps to mitigate any damage; and
 - (k) Defects and resultant damage not reported as per section 5.1(c) of this *New Home Warranty*.
- 2.4 The *Builder* and the *Program* are not responsible for moving or removing any chattels or personal property of the *Owner* in order to allow repairs to be carried out to the *Condominium* under the terms of this *New Home Warranty*.



3. NON - COMPLIANCE WITH THE NATIONAL BUILDING CODE

- 3.1 In the case of non-compliance with the requirements of the National Building Code resulting in a defect, the obligation of the *Builder* or the *Program* under this *New Home Warranty* shall be limited to repair of the defect, and in no event shall the *Builder* or the *Program* otherwise be obliged to cause the *Condominium* to conform to the National Building Code.
- 3.2 In the case of non-compliance with plans, specifications, or other design or scope of work requirements applicable to the *Condominium* resulting in a defect, the obligation of the *Builder* or the *Program* under this *New Home Warranty* shall be limited to repair of the defect.

4. NEW HOME WARRANTY COVERAGE & LIMITATIONS

- 4.1 *New Home Warranty* General Exclusions. The following, and any resultant damage arising therefrom, shall not constitute defects covered by this *New Home Warranty*:
 - (a) Defects that are reported after the expiry of the applicable *New Home Warranty* term;
 - (b) Defects in materials, design, workmanship and construction supplied by the *Owner* or non-member of the *Program*;
 - (c) Normal cracks in plaster, paint, drywall, masonry, stucco and concrete;
 - (d) Normal shrinkage in materials caused by drying after the *Date of Possession* specified in Section 1.3(a);
 - (e) Weathering, normal wear and tear, deterioration or deflection consistent with normal industry standards;
 - (f) Defects arising from improper maintenance by the *Owner*, including damage caused by dampness or condensation due to the failure of the *Owner* to maintain heat and/or adequate ventilation and/or acceptable humidity levels;
 - (g) The actual or alleged existence, presence, growth, spread, release, discharge, reproduction or contamination on, in or about the *Condominium* of or by fungi (including but not limited to any form or type of mould whether or not toxigenic) or spores (including but not limited to any reproductive particle or microscopic fragment produced by, emitted from or arising out of any fungi), howsoever caused, and any loss or damage directly or indirectly arising therefrom or related thereto;
 - (h) The actual or alleged existence, presence, release, discharge, or contamination on, in or about the *Condominium* of or by environmentally harmful substances or hazards, deleterious substances, or toxic conditions or materials, (including soil gas and radon) howsoever caused, and any loss or damage directly or indirectly arising therefrom or related thereto;
 - (i) Defects in workmanship or materials in alterations by the *Owner* and defects in workmanship or materials supplied by the *Builder* arising from such alterations by the *Owner*, and any damage to the *Condominium* caused by those defects;
 - (j) Non-compliance with plans, specifications, or other design or scope of work requirements applicable to the *Condominium*, whether or not set forth in a written contract, except where such non-compliance results in a *Major Structural Defect*;
 - (k) Damage caused by acts of nature or by a third party including, but not limited to, fire, explosion, smoke, water escape, glass breakage, windstorm, hail, lightning, falling trees, aircraft, vehicles, flood, earthquake, landslide, and changes in the level of the underground water table which were not reasonably foreseeable by the *Builder*;
 - (1) Defects existing as of the *Date of Possession* as specified in section 1.3(a) of which the *Owner* was aware or reasonably ought to have been aware, including but not limited to any such defects which were accepted by the *Owner*, defects which were included on a deficiency list or otherwise identified, or defects in respect of which an amount was held back from payment as a deficiency holdback;
 - (m) Diminution in value of the *Condominium*;
 - (n) Defects caused or made worse by the failure of the *Owner* to take reasonable steps to mitigate any damage; and
 - (o) Costs of removal, repair or replacement of building structure, landscaping, driveway, walkways or interior contents in connection with the repair.

4.2 Builder Warranty – Residential Unit 1 Year

This *New Home Warranty* provides coverage for any defect in materials and labour for a period of 12 months from and including the *Date of Possession* for the *Residential Unit*. The *Program* shall only be liable under this Section 4.2 to the *Homeowner* in the event the Builder breaches Sections 2.1(b) or (c) of this Agreement and in such instance the *Program*'s liability under this Section 4.2 shall be limited to and shall not exceed Twenty Thousand Dollars (\$20,000) per *Residential Unit* subject to a cap of \$______and subject to the aggregate limit under Section 4.5 below and



subject to the exclusions set out in Sections 2.3, 4.1 and 4.6 and otherwise in this *New Home Warranty*. Subject to the terms, conditions and limitations of this *New Home Warranty*,

- (a) In the event that the *Builder* fails to fulfill the *Builder*'s obligations under the *Builder* Warranty in Section 2.1, the *Program* will perform such *Builder*'s obligations; and
- (b) Where notice of a defect is given during the *Builder* Warranty but neither the alleged defect, nor physical damage, if any, to the *Residential Unit* caused by such defect is apparent at the time of inspection by the *Program*, the *Program* shall be entitled to defer any correction or repair work. If such alleged defect or physical damage, if any, is not apparent on inspection by the *Program* within 12 months from the date of such notice, the *Program* shall have no liability hereunder.

4.3 Builder Warranty – Common Property 1 Year

This *New Home Warranty* provides coverage for any defect in materials and labour for a period of 12 months from and including the *Date of Possession* for the *Common Property*. The *Program*'s liability under this Section 4.3 shall be limited to and shall not exceed Twenty Thousand Dollars (\$20,000) per *Residential Unit* subject to a cap of \$______and subject to the aggregate limit under Section 4.5 below and subject to the exclusions set out in Sections 2.3, 4.1 and 4.6 and otherwise in this *New Home Warranty*.

- (a) In the event that the *Builder* fails to fulfill the *Builder's* obligations under the *Builder* Warranty in Section 2.1, the *Program* will perform such *Builder's* obligations; and
- (b) Where notice of a defect is given during the *Builder* Warranty but neither the alleged defect, nor physical damage, if any, to the *Common Property* caused by such defect is apparent at the time of inspection by the *Program*, the *Program* shall be entitled to defer any correction or repair work. If such alleged defect or physical damage, if any, is not apparent on inspection by the *Program* within 12 months from the date of such notice, the *Program* shall have no liability hereunder.

4.4 Major Structural Defect Warranty – Building Structure 5 Years

This *New Home Warranty* provides coverage for any *Major Structural Defect* for a period of 5 years from and including the *Date of Possession* for the *Building Structure*, provided always that only *Major Structural Defects* caused by the negligence of the *Builder* are covered under this *New Home Warranty*.

- (a) The *Program*'s liability under this Section 4.4 shall be limited to and shall not exceed Twenty Thousand Dollars (\$20,000) per *Residential Unit* subject to a cap of \$______and subject to the aggregate limit under Section 4.5 below and subject to the exclusions set out in Sections 2.3, 4.1 and 4.6 and otherwise in this *New Home Warranty*.
- (b) The following, and any resultant damage arising therefrom, shall not constitute a *Major Structural Defect* and are not covered by this *New Home Warranty*:
 - (i) The *Program* will not be responsible for *Major Structural Defects* arising due to water penetration or water ingress. *Major Structural Defects* caused by water penetration or water ingress are specifically excluded otherwise.
 - (ii) Subsidence of the land around the *Condominium*, along utility lines, beneath the footings for decks, balconies and other accessible exterior platforms, exterior steps, excluding subsidence beneath the footings of the *Condominium*.

4.5 Aggregate Limit of Coverage:

- (a) The total aggregate limit of liability of the *Program* under this *New Home Warranty* is \$______ per Condominium and \$20,000 per *Residential Unit*. This cap is inclusive of any *Living Out Allowance* and exclusive of any engineering fees.
- (b) Any engineering fees incurred are separate and are covered to a maximum of Twenty Thousand Dollars (\$20,000) per each *Condominium*, such engineering fees to be incurred by the *Program* at its discretion.
- (c) For the *Living Out Allowance*, the maximum amount per day for claims for living-out expenses is \$250 of which accommodation expenses are limited to \$160/day and \$90/day for meals. The *Living Out Allowance* shall not exceed Four Thousand Dollars (\$4,000) in the aggregate per *Residential Unit*, capped at \$_____ per *Condominium*. Receipts must be provided for reimbursement. *Living Out Allowance* eligibility requires advance *Program* approval for living-out expenses.

4.6 Limitations and Exclusions

(a) There are no warranties or guarantees given by the *Builder* or the *Program* binding upon the *Program* except as contained in this *New Home Warranty*.



- (b) The warranties provided by this *New Home Warranty* are limited solely to the repair of defects and any physical damage to the *Condominium* caused by those defects.
- (c) Neither the *Builder* nor the *Program* shall have any liability other than to repair of defects and any physical damage to the *Condominium* caused by those defects. For greater certainty, in no event shall the *Builder* or the *Program* be liable for any injury, whether actual or threatened, to a person or persons, for loss or damage to property other than the *Condominium*, or for any other injury, loss or damage whatsoever, whether direct, indirect, consequential or otherwise.
- (d) The *Builder* and the *Program* are not responsible for moving or removing any chattels or personal property of the *Owner* in order to allow repairs to be carried out under the terms of this *New Home Warranty*.
- (e) This *New Home Warranty* will be supplementary to any and all product warranties and insurances that may exist at the time of the defect being reported to the *Program*.
- (f) The obligations of the *Program* until this *New Home Warranty* shall not have any force and effect in the event that the *Owner* is withholding any monies due to the *Builder* in relation to any defective workmanship or materials claims by the *Owner* pursuant to the terms of this *New Home Warranty*.
- (g) The *Program* may charge the *Owner* for any inspections contemplated by this *New Home Warranty* at *Program*'s discretion.
- (h) In the event that the *Owner* is harassing the *Program* or its employees, the *Program* shall have the right to terminate this *New Home Warranty* on written notice to the *Owner* and upon such termination, the *Program* shall have no further liability to the *Owner* under this *New Home Warranty* and the *New Home Warranty* shall be revoked.

5. OWNER OBLIGATIONS

- 5.1 This *New Home Warranty* shall terminate and become null and void, and neither the *Builder* nor the *Program* shall have any obligations or liability hereunder, in the event that *Owner* fails to fulfill any of the following obligations:
 - (a) The *Owner* shall properly maintain the *Condominium*, as applicable;
 - (b) The *Owner* shall use the *Residential Unit* principally as a residential home, such use may include long term leases of one year or longer but shall not include use as a short-term vacation rental or other short term rental (less than one year). In the event the *Builder* is the *Owner* and is seeking to rent the *Residential Unit* for less than one year, *Builder* may request consent from the *Program*, such consent to be granted at *Program*'s discretion;
 - (c) The *Owner* shall promptly, and in any case no later than the expiry of 12 months from the *Date of Possession*, notify the *Builder* in writing of any defects which the *Builder* has failed to rectify, and which the *Owner* claims are covered under the *Builder* Warranty. Such written notice shall be by prepaid registered mail, with a copy to the *Program* by ordinary mail, fax, or e-mail at the address(s) shown on the *Certificate of Possession*;
 - (d) The *Owner* shall promptly, and in any case no later than the expiry of the applicable *New Home Warranty* period set out in this Agreement, notify the *Program* in writing of any defects which the *Owner* claims are defects covered under this *New Home Warranty*. Such written notice shall be by prepaid registered mail to the *Builder*, with a copy to the *Program* by ordinary mail, fax, or e-mail at the address(s) shown on *Certificate of Possession*;
 - (e) The *Owner* shall provide the *Builder*, the *Program*, or their respective representatives, and any conciliator appointed by the *Program*, with complete access to the *Condominium* during normal business hours for the purposes of carrying out such investigations, inspections and testing as are reasonably required or for repairing or replacing defects;
 - (f) If the *Owner* has any dispute with the *Builder* concerning the performance of the warranty obligations of the *Builder*, the *Owner* shall submit the dispute to Mandatory Conciliation to be finally resolved in accordance with Section 6, except for any work or deficiencies for which the *Owner* has held back payment from the *Builder* which may be submitted for the *Program* to assist with the *Owner* and the *Builder* settling their dispute in a non-binding manner outside of the scope of Section 6. At the time of such submission, the *Owner* shall provide to the *Program* disclosure in writing of the particulars and amount of any holdbacks from payment to the *Builder*, whether as security for completion of work scope, repair of defects and deficiencies, performance of warranty obligations or otherwise; and
 - (g) Any claim against the *Program* for alleged breach or non-performance of the *Program*'s obligations under this *New Home Warranty* shall be submitted to arbitration under Section 7 within 12 months after the *Program* receives notice in writing as provided in Section 5.1(c) or Section 5.1(d).
- 5.2 In the event that the *Residential Unit* is sold by the original *Owner* during the term of this *New Home Warranty*:



- (a) All of the *Owner*'s obligations under this *New Home Warranty* shall be binding upon any subsequent *Owner*; and
- (b) Any acts, omissions, defaults of a *Owner*, or agreements of any kind made by a *Owner* with the *Builder* or the *Program*, shall be binding upon any subsequent *Owner*.

6. DISPUTES BETWEEN OWNER AND BUILDER - MANDATORY CONCILIATION PROCEDURE

- Any unresolved dispute between the *Builder* and the *Owner* relating to the *Builder* Warranty shall be submitted to the *Program* for mandatory conciliation within sixty (60) days after the expiry of the *Builder* Warranty.
- 6.2 Only disputes relating to defects for which written notice has been given in compliance with Section 5.1(c) are eligible for conciliation except for those disputes where the *Owner* is withholding any monies due to the *Builder* in relation to any defective workmanship or materials claims by the *Owner* pursuant to the terms of this *New Home Warranty*.
- 6.3 Either the *Builder* or the *Owner* may submit the dispute for conciliation by completing and delivering to the *Program* a Request for Conciliation Form (which will be provided by the *Program* on request), together with any conciliation fee prescribed by the *Program*.
- The *Program* shall appoint a Conciliator as soon as conveniently possible who shall carry out such investigations, including such inspections of the *Condominium*, as the Conciliator deems necessary, and shall receive any representations from both the *Builder* and the *Owner* within the time prescribed by the *Program*. The *Builder* and the *Owner* shall provide a full copy of the applicable construction contract, including all contract documents which describe the scope of the work, and such other documentation as the Conciliator reasonably requests for the purposes of investigating the dispute.
- Within a reasonable period of time after the commencement of the Conciliation, the Conciliator shall render a written decision (the "Interim Decision") determining the rights and obligations of the *Builder* and/or the *Owner* in respect of the dispute and including, if applicable, the scope of any required remedial work. The Interim Decision shall be served on the *Builder* and the *Owner*. Delivery of the Interim Decision may be in person, by courier and by prepaid first class mail. Delivery may also be made by facsimile or transmission by electronic form, specifically email, during which there is no indication of failure of receipt communicated to the sender. If delivered by facsimile or other electronic communication, including email, it shall be considered delivered on the date of transmission; however, if such day is not a Working Day, or received after the end of normal business hours at the place of receipt, the document is deemed to be received at the opening of business at the place of receipt on the first Working Day next following the transmission thereof.
- 6.6 Either party may, no later than twenty (20) days after the date of the Interim Decision, provide to the Conciliator additional documentation which the party believes is relevant to the resolution of the dispute or which was not previously made available to the Conciliator.
- 6.7 If no additional documentation is provided within the time required by Section 6.6, the Interim Decision shall be deemed to be final. In the event that additional documentation is provided within the time limited by Section 6.6, the Conciliator shall consider such documentation and render a final decision as soon as practicable thereafter.
- 6.8 If the Conciliator's final decision requires remedial work to be carried out, the *Program* may conduct such inspections as the *Program* deems necessary until the remedial work is complete.
- 6.9 The Conciliator shall have the sole discretion whether or not to refund to a party filing a Request for Conciliation all or any portion of the Conciliation fee.
- 6.10 The Conciliator's final decision shall be conclusive, final and binding upon the *Builder* and the *Owner* and accordingly is not subject to review or appeal on any basis whatsoever whether through arbitration or any court proceeding.

7. **DISPUTES BETWEEN OWNER AND PROGRAM – ARBITRATION**

- 7.1 With the exception of disputes between the *Owner* and the *Builder* which are subject to Mandatory Conciliation as set out in Section 6, any differences as to the interpretation of this *New Home Warranty* or claims arising out of any alleged failure to perform or breach of obligations hereunder ("disputes") between the *Owner* and the *Program* shall be resolved by arbitration before a single arbitrator in accordance with this Section. The parties are encouraged to make all reasonable efforts to resolve any dispute with the assistance of a mediator prior to proceeding with arbitration under this Section 7.
- 7.2 The arbitration shall be conducted in accordance with the latest edition of the CCDC 40 rules for arbitration published by the Canadian Construction Documents Committee, as modified by the *Program* to conform to resolution of disputes



- under this *New Home Warranty* (the "Arbitration Rules"). If there is any inconsistency between the Arbitration Rules and this *New Home Warranty*, the terms of this *New Home Warranty* shall govern.
- 7.3 The final award of the arbitrator shall be conclusive, final and binding, and accordingly is not subject to judicial review or appeal to the court on any basis whatsoever.
- 7.4 Under the terms of arbitration, it is the responsibility of each party to prepare and represent their position in writing to an Arbitrator, mutually agreeable to both parties:
- 7.5 Costs of Arbitration shall be equally borne by the Parties to the Arbitration.
- 7.6 The parties to the arbitration shall be deemed to have undertaken to carry out the final award without delay.