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NEW HOME WARRANTY CONDITIONS

In each instance, the Builder or LRWP responsibilities for warranty coverage under this program are subject to the following:

- Prior to claim LRWP must be in possession of a valid LRWP Possession Certificate.
- In the event of a warranty claim, the decision of whether to repair or replace a defective item is solely the Builder's or LRWP, as applicable.
- Financial Liability. The maximum aggregate liability to LRWP for the Latent Defect Warranty and the Major Structural Defect Warranty shall not exceed a total of \$35,000.
- In the first year, if the Builder does not fulfill its obligations under this Agreement the Program Warrantor will be responsible for the Builder's obligations, subject to a one time deductible of \$100. In years 2 to expiry, if the Builder does not fulfill its obligations under this agreement the Program Warrantor will be responsible for the Builder's obligations subject to a deductible of \$250.00 per claim. In each instance, the deductible must be paid by the Homeowner prior to repair or replacement.
- Action taken to repair defects will not extend the periods of coverage specified in the Agreement.
- Prior to the Builder or the Program Warrantor repairing or replacing a defective item, the Homeowner must sign and deliver to the Builder or LRWP, as the case may be, a full and unconditional release, in recordable form, of all legal obligations with respect to the defect and any conditions arising from the defect. However, the repairs or replacement item will continue to be covered by the Agreement.
- In the event the Builder or the Program Warrantor repairs or replaces, any item covered by the Agreement, the Builder and the Program Warrantor shall be subrogated to all of the Homeowners' rights of recovery therefore against any person or entity (including the Builder if its obligations hereunder have been performed by LRWP) and the Homeowner agrees to execute and deliver any and all instruments and papers and to take any and all other actions necessary to secure such rights, including, but not limited to, assignment of the proceeds of any other insurance or warranties to the Builder or LRWP, as appropriate. The Homeowner shall do nothing to prejudice such rights of subrogation.
- In the event that the Homeowner, Builder and or the Program Warrantor are in the process of a dispute resolution, LRWP will undertake to cause the related warranty obligation to be resolved as set in the program to be immediately repaired. As all decisions of the third party arbitrator are binding on all parties, LRWP is to be fully compensated for all work performed with respect to said dispute by the culpable party. This certificate is an important document, as such, LRWP advises you to review its contents with your lawyer before signing.
- If a Major Structural Defect arises in the Homeowners Home during years two through expiry of the Agreement, LRWP at its sole option will repair or replace the defective item. The responsibilities of the Builder or LRWP as set forth herein, will be limited to such actions as are necessary to restore load-bearing capability to the load-bearing component of the Home and to repair those elements of the Home damaged by the Major Structural Defect which make the Home physically unsafe.
- Major Structural Defects (MSD). Major Structural Defects occurring within warranty period immediately following the Date of Possession of the Home by the Homeowner.
 - (1) Major structural defects are defined as defects resulting in failure of the load bearing portion of the home, including but not limited to, damage due to soil movement which affects its load bearing function, and which virtually affects the use of the home for residential purposes.

Load bearing components include:

1. piles;
2. footings;
3. foundation walls;
4. grade beams;
5. teleposts;
6. bearing walls;
7. floor joists;
8. posts and beams; and
9. roof trusses.

(2) Examples of non-load-bearing elements which will be deemed not to have Major Structural Defect potential are, (this list is not exhaustive):

- i. Non-load-bearing partitions and walls;
- ii. Wall tile or paper, etc.;
- iii. Plaster, laths, or dry wall;
- iv. Flooring and sub-flooring material;
- v. Brick, stucco, stone, or veneer;
- vi. Any type of exterior siding;
- vii. Roof shingles, sheathing, and tar paper.
- viii. Heating, cooling, ventilating, plumbing, electrical and mechanical systems;
- ix. Appliances, fixtures, or items of equipment; and
- x. Doors, trim, cabinets, hardware, insulation, paint, and stains.

- The homeowner must maintain and provide all requisite documents in order to substantiate Builders default of obligations.

HOW TO MAKE A WARRANTY CLAIM

- Dispute Settlement:
 - a. **Carefully read and review** the Agreement and the standards to determine whether the defect is covered.
 - b. **Notice to Builder for defects arising in Year 1.** If you have a complaint or claim, which you believe is covered by this Agreement and it arises during the warranty period as defined by this Agreement, you must send a notice to LRWP, which is clear and describes the defect in detail. Written notice of a defect covered during year one must be received by the Builder no later than seven (7) calendar days following the expiration of the applicable warranty period. If notice to the Builder does not result in satisfaction within 30 days, written notice should be given to LRWP as warrantor. The notice should describe each defect in detail and should be forwarded by Registered Mail, Return Receipt Requested.
 - c. **Conciliation and Arbitration:** If the dispute cannot be successfully resolved between the Builder and homeowner, a third party conciliation/arbitration service shall be made available by LRWP to the Homeowner, Builder as a means of dispute resolution between the respective parties. The findings of said third party conciliation/arbitration shall be binding on all parties.
 - d. **Claims Contact.** The Homeowner shall forward all claims in writing to the LRWP Atlantic office at:

Claims Department
LRWP Atlantic
P.O. Box 27046
Dieppe, New Brunswick, E1A 6V3

INSPECTION AND MEDIATION

- During the first thirty (30) days following LRWPs receipt of proper notice of a defect or claim, LRWP will review and mediate the claim by communicating with the Builder, the Homeowner and any other individuals or entities who LRWP believes possesses relevant information. If, after thirty (30) days, LRWP has not been able to successfully mediate the claim, or at any earlier time when LRWP believes that the Builder and the Homeowner are at an impasse, then LRWP will notify the Homeowner that their claim is an “unresolved dispute”.
- LRWP, at any time following the receipt of proper notice of a claim against any of the programs listed in this Agreement may schedule an inspection of the defect or an appraisal acceptable to LRWP. You must provide LRWP, the Builder, or if applicable, the LRWP with reasonable weekday access during normal Business Hours in order to perform it obligations. Failure by the Homeowner to provide such access to the Builder or LRWP may relieve the Builder or LRWP of its obligations under this Agreement.
- Where a claim is filed that cannot be observed or determined under normal conditions, it is the Homeowner’s responsibility to substantiate that the condition does exist. Any cost involved shall be paid by the Homeowner, and if properly substantiated, reimbursement shall be made by your Builder or LRWP.
- **Remedial Action.** When a defect has been identified, LRWP will ensure that it is corrected by the Builder or themselves. Cash settlements would be contemplated only under very special circumstances. A decision in favour of a cash settlement may occur after negotiation with the homeowner and the approved lender.

NOTICE OF MAJOR STRUCTURAL DEFECT CLAIM ARISING IN YEARS 2 THROUGH EXPIRY

If you have a claim as a result from a Major Structural Defect occurring during the second year through expiry date of this Agreement, you should notify LRWP as Warrantor of this Agreement, and LRWP will investigate the claim. All such claims must be presented in writing to: LRWP Atlantic, P.O. Box 27046, Dieppe, New Brunswick, E1A 6V3, by Registered Mail, Return Receipt Requested within a reasonable time after the Major Structural Defect arises but in no event later than Thirty (30) days after the expiration of the term of this Agreement. Claims received after that period will not be honored. Any such notice should describe the defect in as much detail as possible.

CONTENT AND TIMING OF NOTICE TO LRWP

Please note that LRWP must receive a written notice of claim within thirty (30) days after the expiration of the applicable warranty period. For example, if the defect is one which is covered under the Builder one year warranty period, notice must be received by LRWP within thirty (30) days of the end of the first year, or the notice will not be honored. Notice to the Builder does not constitute notice to LRWP, nor will it be deemed to extend applicable coverage periods. This notice must contain the following information:

- The enrolment number and possession date, if unknown, the Homeowner will be assessed a \$25.00 search fee which should be included with your notice;
- The Builders name and address;
- Your name, address, and phone number (both home and work);
- A specific description of the defect(s);
- The page and section number of this Agreement containing the applicable warrants standard(s); and
- A copy of your written notice to the Builder.

30 DAY RESPONSE

You have an obligation to cooperate with LRWPs inspection and investigation of your claim. From time to time, LRWP may request information from you regarding your claim. Failure by you or your appointed representative to respond with the requested information within 30 days of the date of request shall result in the closing of your claim file.

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NOTICE

Readers are advised that particulars of the Program are subject to change without notice. For the most current version of the Program one is advised to consult the Program's website at www.luxrwp.com. A reader is warned, therefore, that any printed version other than the most current version appearing on the Program's website may be out of date and incorrect. Govern yourself accordingly.

THESE CONDITIONS ARE ONLY VALID WHEN PRINTED ON THE BACK OF AN AUTHORIZED LRWP WARRANTY CERTIFICATE ISSUED BY AN AUTHORIZED OFFICER OF THE COMPANY