



July 12, 2013

Attn: Genda & Khonas Bichins

Re: Insurance Policy

Congratulations on your recent home purchase, we welcome you to our Insurance Program. Royal & Sun Alliance Insurance Company of Canada has partnered with WBI Home Warranty Ltd. to provide you with Home Warranty Protection.

Enclosed please find a copy of your policy. As not all components of your home are covered, we encourage you to read the policy to ensure a full understanding of the coverage and owner obligations.

Your Builder is here to help in any way that they can. You are welcome to make a claim to WBI Home Warranty in writing at any time within the policy term, however we would encourage you to deal with your Builder first for any defects in your home.

Lastly, WBI Home Warranty's related company, Wilson M. Beck Insurance Services Inc. can provide you with a competitive quote for your home insurance at your next renewal. To take advantage of our preferred pricing, please provide your WBI Policy number to one of our representatives when you call our toll-free number 1-888-437-1100. We look forward to assisting you.

Should you have any questions in regards to your policy or our claims process, please contact our office at 604-639-2924.

WBI Home Warranty Ltd.



Royal & Sun Alliance Insurance Company of Canada

(hereinafter known as "The Insurance Provider")

Represented by Its Agent, WBI Home Warranty Ltd

#152-5489 Byrne Road, Burnaby, B.C. V5J 3J1

Phone: 604-639-2924 Toll free 1-855-639-2924 Fax: 604-639-2925

Insured Address: 704, 1323 Homer Street, Vancouver, B.C., V6B 5T1

Builder Name: Bosa Development Corporation

Builder Phone #: 604-294-0666

Builder Address: 500- 1901 Rosser Avenue, Burnaby, B.C., V5C 6S3

Builder Fax #: 604-291-9120

Insurance Policy For a Home in a *Strata* Residential Building

Insurance Policy Number: WHW120063-1-42

Insurance Commencement Date

July 2, 2013

1 Year (any Defects in Materials and Labour)

Expires: July 2, 2014 (at 12:01AM)

2 Years (Building Systems, Exterior Cladding)

Expires: July 2, 2015 (at 12:01AM)

Common Property Insurance Commencement Date

June 5, 2013

15 Months (any Defects in Materials and Labour)

Expires: September 5, 2014 (at 12:01AM)

2 Years (Building Systems, Exterior Cladding)

Expires: June 5, 2015 (at 12:01AM)

5 Years (Building Envelope)

Expires: June 5, 2018 (at 12:01AM)

10 Years (Structural)

Expires: June 5, 2023 (at 12:01AM)


Authorized signature of Insurer

NOTICE TO HOMEOWNERS

Within a reasonable time after the discovery of a defect and before the expiry of the applicable insurance coverage, the Homeowner must give to (The Insurance Provider) and the residential builder, written notice in reasonable detail that provides particulars of any specific defects covered by insurance.

This is a limited policy of insurance, and it does not cover all components of this home. Please be sure to read your policy wording for a thorough understanding.

DEFINITIONS

In this Limited Insurance Policy:

"Builder" means the person/company named in this Policy.

"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 *home*

"Building Envelope" means the assemblies, components and materials of a home which are intended to separate and protect the interior space of the home from the adverse affects of exterior climatic conditions.

"Building Envelope Defect" means defects that result in the failure of the building envelope to perform its intended function

"Building Inspector" means the Authority having Jurisdiction as defined by the BC *Building Code*.

"Building Systems" means electrical, plumbing, heating ventilation, air conditioning etc.

"Common Property" has the same meaning as in the Strata Property Act, but is limited to only the *Common Property* associated with or serving the *Residential Building*.

"Defect" means any design or construction that requires repair or replacement due to the negligence of a residential builder or person for whom the residential builder is responsible at law.

"Designated Heritage Building" means a building that is:

- a) A provincial heritage site within the meaning of the *Heritage Conservation Act* or included in the Provincial heritage register under that Act, or
- b) Protected through heritage designation or included in a heritage designation or included in a heritage register under the *Local Government Act*, the *Vancouver Charter* or the *Islands Trust Act*.

"Home" means a residential unit in a building constructed by the *Builder*, or deemed by *The Insurance Provider* to be so.

"Commencement Date" means the date shown on the face of this *Policy* for the commencement of the insurance on this *home*.

"Owner" means the person who owns the *home*.

"Policy" means the documents provided to the *Owner* evidencing the Limited Insurance *Policy* and all forms, riders and endorsements pertaining or attached hereto.

"Purchaser" means the person or persons who purchased the *home* from the *Builder*.

"Required Retaining Wall" means a retaining wall that is required by the *Building Inspector* to be engineered, or a retaining wall that is reasonably required for the direct support of, or to retain soil away from, a *home*, a driveway, or a walkway.

"Residential Building" means a building containing one or more *homes* in a strata project.

"Structural Defect" means:

- a) a *Defect* in the materials and labour that results in the failure of a load bearing part of the *home*; and
- b) any *Defect* which causes structural damage that materially and adversely affects the use of the *home* for residential occupancy.

"The Provider" means Royal & Sun Alliance Insurance Company of Canada represented by its agent, WBI Home Warranty Ltd.

PART 1: COVERAGE

Insurance Terms (Length of Coverage)

1. Beginning on the *Commencement Date*, this Limited Insurance includes:

- a) in the first 12 months, any Defect in materials and labour;
- b) in the first 24 months:
 - i) any Defect in materials and labour supplied for the electrical, plumbing, heating, ventilation and air conditioning delivery and new distribution systems,
 - ii) any Defect in new materials and labour supplied for the exterior cladding, caulking, windows and doors that may lead to detachment or material damage to the *home*,

- c) in the first five years, any *Building Envelope Defect* in the home including a Defect which permits unintended water penetration such that it causes, or is likely to cause, material damage to the *home*;
- d) in the first ten years, any *Structural Defects*.

Insurance Limits

2. This policy is limited in total, for all claims under this insurance coverage applicable to the *home*, to:
- a) the original purchase price paid by the *Purchaser*, or
 - b) \$100,000.00
- whichever is less.

When calculating the cost of claims in respect of the limits under this *Policy*, *The Insurance Provider* will include:

- a) the cost of repairs,
- b) the cost of any investigation, engineering and design required for the repairs, and
- c) the cost of supervision of repairs, including professional review but excluding legal costs.

Components Excluded from Insurance

3. The following components, constructions, buildings, and materials are excluded from this insurance coverage:
- a) landscaping, both hard and soft, including plants, fencing, detached patios, planters, gazebos and similar structures (though a *required retaining wall* is not excluded from this insurance);
 - b) non-residential detached structures including sheds, garages, carports or outbuildings, or any structure or construction not attached to or forming an integral part of the *home*;
 - c) any commercial use area and any construction associated with a commercial use area;
 - d) roads, curbs and lanes (though driveways and walkways are not excluded from this insurance);
 - e) the operation of municipal services, including sanitary and storm sewers;
 - f) a septic tank or septic field;
 - g) the quality or quantity of water, either from a piped municipal water supply or from a well;
 - h) a water well; and
 - i) any Defect in or damage to *Common Property*.

Defects, Costs or Conditions Excluded from Insurance

4. The following conditions, costs or defects are excluded from insurance coverage under this *Policy*:
- a) weathering, normal wear and tear, deterioration or deflection consistent with normal industry standards;
 - b) normal shrinkage of materials caused by drying after construction;
 - c) any loss or damage which arises while a *home* is being used primarily or substantially for non-residential purposes;
 - d) materials, labour or design supplied by an *Owner*;
 - e) any damage to the extent that it is caused or made worse by an *Owner* or third party (other than the *Builder* or its employees, agents or subcontractors), including:
 - i) negligent or improper maintenance or improper operation,
 - ii) failure to comply with the warranty requirements of the manufacturers of appliances, equipment or fixtures,
 - iii) alterations to the *home*, including the conversion of non-living space into living space or the conversion of a dwelling unit into two or more units, unless the alterations were undertaken by the *Builder* under the sales contract, and
 - iv) changes to the grading of the ground;
 - f) any damage to the extent that it is caused by the failure of an *Owner* to take timely action to prevent or minimize loss or damage, including the failure to give prompt notice to *The Insurance Provider* of a *Defect* or discovered loss or a potential *Defect* or loss;
 - g) accidental loss or damage from acts of nature including, but not limited to, fire, explosion, smoke, water escape, glass breakage, windstorm, hail, lightning, falling trees, aircraft, vehicles, flood, earthquake, avalanche, landslide, and changes in the level of the underground water table which are not reasonably foreseeable by the *Builder*;
 - h) bodily injury or damage to personal property or real property which is not part of the *home*;
 - i) any *Defect* in, or caused by, materials or work supplied by anyone other than the *Builder* or its employees, agents or subcontractors;
 - j) changes, alterations or additions made to a *home* by anyone after initial occupancy, except those performed by the *Builder* or its employees, agents or subcontractors as required under this *Policy* or under the construction contract or sales agreement for the *home*, and any resultant damage;
 - k) contaminated soil;
 - l) subsidence of the land around a *home* or along utility lines, other than subsidence beneath footings of a *home* or under driveways or walkways;
 - m) diminution in the value of the *home*;
 - n) bodily injury or damage to personal property caused by mold.

Living-Out Allowance

5. If repairs are required under this insurance policy and the damage to the *home* or the extent of the repairs to the *home* that makes the *home* uninhabitable, this policy will cover the reasonable living-out expenses incurred by the *Owner* for alternate accommodation, including hotel, motel, boarding house or bed and breakfast or other rental accommodation, subject to a limit of \$100.00 per day for the actual accommodation cost, up to the day the *home* is ready for occupancy, subject to the *Owner* receiving 24 hours advance notice.

This Living-Out Allowance and the limit of \$100.00 per day is inclusive of the limits described under Part 1- Coverage, Item 2. Insurance Limits of this *Policy*.

Warranty on Repairs

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

PART 2: CONDITIONS

Notice of Defects

7. a) Within a reasonable time after the discovery of a *Defect* and before the expiry of the applicable insurance coverage under this *Policy*, the *Owner* or its property manager must give written notice to:
- i) the *Builder*; and
 - ii) *The Insurance Provider*.
- b) Written notice of a *Defect* must be in reasonable detail, must set out any specific *defects* covered by this policy, and must include the insurance *policy* number set out on the face of this policy.
- c) Notwithstanding 7 a), if the *Owner* has notified the *Builder* only of a *Defect* before the expiry of the applicable insurance coverage, and the *Owner* is not satisfied with the *Builder's* repair or resolution of that *Defect*, then the *Owner* must notify *The Insurance Provider* in writing prior to the applicable expiry date. Such notice must include copies of any relevant documentation and correspondence between the *Owner* and the *Builder*.
- d) *The Insurance Provider* shall not provide insurance coverage for any *Defects* of which *The Insurance Provider* was not notified pursuant to this Section, even if such *Defects* would otherwise be covered by this *Policy*.

Duties of the Owner

8. As conditions of this insurance, the *Owner* must:
- a) properly maintain the *home* in keeping with whatever recommended maintenance requirements or procedures that were provided to the original *Owner* by *The Insurance Provider* or the *Builder*;
 - b) not permit damage to a *residential building* to worsen from non-discovery of indications of a *Defect* due to absence of the *Owner* of a *home* in the *residential building*, where indications of such a *Defect* would normally have been noticeable by a reasonably prudent person occupying the *home*;
 - c) mitigate any damage to a *home*, even if the *Owner* does not occupy the *home*, by providing notice of the *Defect* in writing to *The Insurance Provider* as soon as reasonably possible after discovering the *Defect*, or after indications of water penetration or other *Defect* first become evident, including such indications as:
 - i) water staining on interior surfaces,
 - ii) evident water penetration into wall cavities, ceiling or roof spaces, or other areas of the building, even if such does not appear to be causing damage,
 - iii) water or dampness in carpeting or other floor finishes,
 - iv) mould growth or mildew in areas of the *home* where such might be caused by water penetration;
 - f) take all reasonable steps to restrict damage where a *Defect* requires immediate attention to prevent or reduce damage to the *home*;
 - g) grant *The Insurance Provider* or the *Builder* or both access to the *residential building* at all reasonable times to undertake inspection, investigation, monitoring or repair;
 - h) provide *The Insurance Provider* with all information and documentation that the *Owner* has available, as required to investigate a claim or to evaluate maintenance requirements or to undertake repairs.
9. To the extent that damage to the *home* is caused or made worse by the failure of an *Owner* to take reasonable steps to mitigate, prevent, or reduce damage or loss, or to provide access for inspection or repair, or to provide information and documentation required to investigate a claim or undertake repairs, such damage may, at *The Insurance Provider's* option, be excluded from insurance coverage.
10. The *Owner's* duty to mitigate damage to the building survives even if:
- a) The *home* is unoccupied,
 - b) The *home* is occupied by someone other than the *Owner*, or
 - c) The *Owner* notifies the *Strata Corporation*.

PART 3: OTHER INSURANCE CONDITIONS

Program Obligations

12. *The Insurance Provider* is not bound by any expressed or implied warranties or representations made by the *Builder* to any *Purchaser* or to the *Strata Corporation*.

Transfer of Insurance to Subsequent Purchasers

13. In the event that ownership of the *home* changes during the term of this insurance:

- a) no notice to *The Insurance Provider* is required, as this *Policy* pertains solely to the *home* for which it provides coverage;
- b) all of the applicable unused benefits under this *Policy* are automatically transferred to the new *Owner*; and
- c) the new *Owner* is not entitled to any benefits under this *Policy* that would not have accrued to the *Owner* had the *Owner* retained ownership of the *home*.

Subrogated Rights

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

15. Where *The Insurance Provider* brings an action to enforce subrogated rights, the *Owner* must fully support and assist *The Insurance Provider* in the pursuit of those rights.