

New Home Warranty Program of Manitoba Inc.

Program Policies and Procedures

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ENROLLMENTS AND POSSESSION CERTIFICATES GUIDE

It is a Builder Member's responsibility to submit Enrollments and Possession Certificates in a timely manner and as prescribed by the Agreement with Builder. Failure to do so may affect your membership renewal or lead to suspension or cancelation of membership and/or penalties.

ENROLLMENTS

All eligible homes constructed for sale (pursuant to section 1(2) of the Agreement with Builder) must be enrolled with the Program within 61 days of the date of issue of the building permit or the date of payment of a deposit by a purchaser – whichever is earliest. Late Enrollments will incur a \$30 Late Fee charge* (see 2nd page of Enrollment Form under Fee Schedule).

*If you are a new Builder Member and have units under construction that have been approved for warranty by the Program or received construction permits during the application process, please forward Enrollments for these homes. If past the 61 day deadline, the \$30 late fee charge will be waived on these current builds as long as the Enrollments are received within 30 days of your application approval.

Generally, all homes constructed for sale must be enrolled in the Program. This includes a home that a Builder constructs for an owner or employee of the company, or for another company (including another company the Builder has ownership in). Some homes are not eligible for warranty and therefore Enrollment is not expected. These include:

- mobile homes
- a condominium unit contained in a building having more than 3 stories or in a building with underground parking or commercial use space
- recreational homes (cottages), unless it will be used for more than 6 months of the year
- Additions/renovations to existing homes, including rebuilding a home on an existing foundation
- Detached secondary suites (accessory dwelling units)

An RTM home that does not include the foundation as part of the contract/purchase price (foundation is not constructed by the Builder) may be enrolled at the discretion of the Builder. When enrolled, the foundation is excluded from warranty. For more information, contact the Program office.

One Enrollment should be submitted for each "Home". (For more information, refer to section 2 of your Agreement with Builder). For example, a duplex would require 2 Enrollments and a 20-unit condo would require 20 Enrollments. For a Secondary Suite house, only one Enrollment is required.

Contact us if you are unsure if the home you are constructing qualifies.

Enrolling Homes in the Program

The Enrollment Form is in PDF format and was provided to you via email at the time you applied for membership. If you cannot locate this form, please contact our office.

When filling out the form, ensure the address information is accurate and complete. For rural homes, be sure to indicate the applicable rural route information if there is no civic address assigned. After completing an Enrollment Form, print and sign, and forward to the Program for processing with payment (cheque or visa/mastercard accepted). Upon receipt, it will be processed and given an Enrollment Number. We will then forward an authorized copy back to you via email. If you prefer that authorized copies be mailed to you, please advise.

NOTE: The Enrollment Fee is based on Estimated Selling Price of the UNIT only – excluding land. Please ensure you locate the correct fee amount based on the Unit Price and your Builder Level. If you are not sure of your Level, please contact our office. Ensure the total amount is correct. **We will not issue refunds on amounts under \$10 where there has been an overpayment.**

Incomplete forms may result in a delay in processing. If you need assistance in filling out the form, please contact the Program.

POSSESSION CERTIFICATES

Per the Agreement with Builder, section 7 (1):

Forthwith upon granting possession of a home to a Homeowner, the Builder shall complete and execute and shall cause the Homeowner to complete and execute a Possession Certificate in the form determined from time to time by the Program. The Builder shall furnish the Homeowner with a copy of such Possession Certificate and shall immediately forward the designated copy of the Possession Certificate to the Program.

Understanding the Warranty

Please take the time to read the Warranty thoroughly and ensure that your construction contract does not conflict in any way. Also, ensure that all staff members, trades, and associates (real estate agents, managers, etc.) understand the Warranty so that accurate information is always communicated to your purchasers and potential buyers.

Filling Out Possession Certificates

The Homeowner, upon taking possession of the home (the Purchaser), along with the Builder Member fills in “The Certificate of Possession & New Home Warranty.” A convenient time to fill out this form is during the pre-possession walk through of the home with the Purchaser. Upon signing and completing the Possession Certificate, the Purchaser receives the “white” copy. The Builder retains the “yellow” copy and sends the “pink” copy to the Program. **We will NOT accept a photocopy or scanned copy.** If you lose the pink copy, you may send us the yellow copy. Any attachments (walk through sheets, agreements regarding deficiencies or “as is” items, etc.) should be attached to the pink copy of the Certificate.

When filling in a Possession Certificate, please follow these guidelines:

Address information: Fill in the legal address of the home. If the legal address is different than the mailing address, please provide the Mailing Address (where indicated). This information is necessary for the Program to send the Purchaser their warranty coverage information package.

Enrollment #: This is the 'Assigned Enrollment Number' from the authorized Enrollment Form.

Purchasers: Purchaser name(s). Please ensure the spelling is correct and print clearly.

Date of Possession: This is the date the Purchaser takes possession of the home. DO NOT LEAVE BLANK. If you are not sure of this date - contact our office. Warranty begins from the Date of Possession.

The following items are to be corrected by the Builder. Warranty items:

Use this section to list items that have already been identified as Defects in Workmanship and Materials per section 2 on the Warranty. These are defects recognized during the pre-possession walkthrough of the home such as: bathtub dent, front door damage, cracked window glass, loose handrail, etc. If you prefer, you may attach a copy of your walk-through sheet to the Certificate instead of listing the items in this space. If you have questions about this section, please contact our office.

DO NOT LIST UNCOMPLETE, MISSING, SEASONAL, or CONTRACTUAL ITEMS such as: missing towel bar, stucco to be completed in the spring, light fixture in wrong location, wrong paint colour in kitchen, window screens missing. NOTE: as per the front of the Certificate:

- # 5, *"...in the event of default by the Builder, uncompleted items will not be completed by the New Home Warranty Program of Manitoba Inc. and unless completed by the Builder are not covered by the conditions of the Warranty."*
- #6 *Settlement of contractual disputes between Builder and Purchaser are not part of the Warranty.*

DO NOT LIST EXCLUDED ITEMS such as: driveways, walkways, grading, landscaping, etc. (Refer to section 1 of the Warranty for exclusions)

DO NOT USE THIS SPACE FOR MISCELLANEOUS INFORMATION such as meter readings.

The following work and materials are NOT WARRANTED BY THE BUILDER (SUCH AS WORK DONE BY OWNER):

Use this section to list labour and materials that will be excluded from warranty. This can include:

- Labour and/or materials carried out by the Purchaser. (if this list is extensive, please attach a separate page or a copy of the construction contract).
- A foundation constructed by the Purchaser on to which an RTM is to be placed
- Defects agreed upon by both Builder and Purchaser due to extenuating circumstances. Example: a stain on the carpet of a show home, and the Purchaser agrees that this will not be cleaned/repared by the Builder. This can also include (*per section 3.h of the Warranty*), *"colour variations or surface defects in workmanship or materials apparent and accepted by the homeowner at the date of possession"*.

NOTE: a Builder may not exclude entire items from warranty (such as flooring, plumbing, framing, etc., if such work and/or materials is supplied by the Builder) OR amend the coverage period.

Completing a Possession Certificate in a timely manner is important!

The Possession Certificate contains important terms and conditions of the warranty of the home, including the Claims Procedure. If a homeowner does not receive a Possession Certificate within a reasonable time, and in any case not later than 1 year from their Date of Possession, they will not have the opportunity to understand the claims process that provides certain timelines for the submission of a claim. This can cause a situation where the homeowner submits a warranty claim past the coverage period – with the expectation that it be honoured as they did not know the claims procedure. **The Program therefore reserves the right to accept a warranty claim in such a situation where a Possession Certificate is outstanding**, despite the claim being received outside the coverage period, and will hold the Builder responsible. Further, failure to comply with section 7(1) of the Agreement with Builder may result in the termination of your membership.

All Enrollments in our records where a home has been sold and occupied must match up with a Purchaser and Date of Possession, with a Certificate being properly executed by the Builder. If this information is missing at the time a Builder cancels their membership, it becomes difficult to determine the date to release the Security, as we must ensure that all homes are past warranty. If a home is missing its Date of Possession, or we are missing the actual Certificate, it may cause us to hold the security longer than required.

Problems executing the Possession Certificate or sending to Program office

You may encounter a problem with a misplaced Certificate or getting a Certificate signed by the Purchaser. If this happens, CONTACT US IMMEDIATELY. Below are some scenarios and instructions on what to do.

1. *You have misplaced the ‘pink’ Program copy or it is possibly lost in the mail.*

Make a photocopy of the front and backside of your ‘yellow’ copy for your records and send us the yellow carbon copy original.

2. *You have misplaced both the ‘pink’ Program copy and your ‘yellow’ copy, but you are certain the Purchaser has signed the Certificate.*

Get in touch with the Purchaser(s) and request that they confirm receipt of the Certificate and email you back with an attached copy. You can then forward the email to us. This is one of the only times we will accept a scanned copy of the Certificate.

3. *You have given the Certificate to the Purchaser, but they refuse to sign or request that the Certificate be ‘left with them to review’ before signing and fails to send it back to you.*

- a.) Send a letter to the Purchaser(s) (preferably by registered mail) with another Certificate and request a signature. The letter should be cc’d to us. Provide instructions to keep the ‘white’ copy and send back the ‘yellow’ and ‘pink’ copies. Once received, send us the ‘pink’ copy.
- b.) Provide us with the details via email (Purchaser name(s) and Date of Possession) and we will fill out the Certificate and sign on your behalf OR provide us with the completed Certificate, all three copies. Also provide additional contact information of the Purchaser (phone number/ mailing address/ email address), the date you attempted to have the Certificate signed, the reason it was not signed, and any other information you feel is important. We will then forward the Certificate to the Purchaser for signature.

Note, there may be a charge (see below) for us to attempt to obtain the signed Certificate, so we recommend that you make this attempt on your own first.

4. You are an RTM Builder and there is no walk-through or other convenient time to sign the Certificate at possession.

Please refer to # 3 above.

5. Fully signed Certificate absolutely cannot be obtained, and the Program must assign a Date of Possession. This often occurs if Purchasers do not return a signed copy of the Certificate; if the original owner is deceased or the home has been sold before signature from original owners can be obtained; etc.

Provide name of Purchaser(s), Date of Possession (according to your records), copy of the construction contract/purchase agreement, and legal information to support the Date of Possession (Letter of Substantial Completion from lawyer, Title Search showing transfer of land to Purchaser, transfer of house insurance, etc.).

Note, there may be a charge (see below) for us to do a Title Search to confirm the Date of Possession, so we recommend that you provide all available information first. The construction contract alone is not enough to establish the Date of Possession.

NOTE: THIS METHOD OF PROVIDING POSSESSION INFO SHOULD NOT BE USED IN LIEU OF ISSUING A CERTIFICATE TO A PURCHASER WHERE SUCH CERTIFICATE COULD REASONABLY BE ISSUED.

6. You have a contractual dispute with the Purchaser (will not be finishing home) leading you to NOT grant possession of the home and NOT issue a possession Certificate.

Provide us with details of the situation, along with the Enrollment Number, address of the home, Purchaser names and their contact information. NOTE: If you have given possession of the home to the Purchaser but have a dispute over monies being held in relation to defects in workmanship and materials, do not withhold the Certificate. Clause 10 on the back of the Possession Certificate is in place for this reason.

Administrative Costs for Outstanding Possession Certificates

As it is the Builder's responsibility to provide the Possession Certificates to the Program, all accompanying administrative costs shall be borne by the Builder. While we will assist in the best way we can in difficult situations where a Certificate cannot be obtained, we do reserve the right to recoup any administrative costs for obtaining Possession Certificates or legal information to assign a Date of Possession if the Builder is unable to perform this responsibility. See below.

1.) Title Search	\$35 plus GST
2.) Sending a Certificate to Purchaser for signature	\$50 plus GST

Penalties for Outstanding Possession Certificates

If the Program determines that Certificates are not being issued by the Builder and/or forwarded to the Program in a timely manner without justifiable cause, the Program will execute its right in suspending or cancelling the Builder's membership and/or raise the Builder's Enrollment Level. Also note that the Program (in accordance with section 17 of the Warranty), may fix a Date of Possession which shall be deemed binding on the Homeowner, the Builder and the Program.

MEMBERSHIP POLICY AND RENEWAL PROCEDURE

MEMBERSHIP STATUS

There are 3 terms used to describe a builder's membership status: Active, Suspended, Canceled:

1. **ACTIVE:** The member is in good standing with the Program and may enroll homes
2. **SUSPENDED:** The member is in default of any of the covenants or terms or conditions set forth by the Agreement With Builder or of any policy of the Program and has been given a period of time to correct the default, with the anticipation that the matter will be resolved. Should the member not comply in correcting any default within the prescribed period, the membership will be reviewed for possible Cancellation by the Board of Directors. The following conditions apply to this status:
 - a. The member shall continue to send enrollments to the Program office within the timelines prescribed, however certain conditions may apply to the acceptance of these enrollments based on the reason the membership is suspended, length of suspension, and other risk variables. The following may apply during membership suspension:
 - i. The Program has the right to postpone authorizing the enrollment(s) until the suspension is lifted, or
 - ii. The Program may, at its discretion, authorize the enrollment(s) with or without a condition (inspections on the home, etc.), and/or
 - iii. A penalty of \$500 (in addition to the enrollment fee) may apply to any enrollment authorized, and/or
 - iv. A temporary increase in the security amount may be requested.
 - b. The member shall not have a right to vote at any Meeting of Members, but the member may still attend the meeting. If the member is also a Director, they will lose their privilege of attending a board meeting and shall not have any voting rights as a board member. If such Director holds the position of Chairman or Vice-Chairman, they will not be able to carry such duties of this position until the suspension is removed.
3. **CANCELED:** The membership has been terminated at the option of the Program or by the member withdrawing their membership. Refer to section 11 under the Agreement With Builder. The builder may not advertise that they are a member, may not enroll homes, and may not attend any Meeting of Members. The obligations of the Warranty Certificate and Agreement With Builder remain in force.

ENROLLMENT LEVEL

The Enrollment Level pertains to the category of fees that the builder pays on an enrollment, with Level 1 being the lowest and Level 4 being the highest. The Enrollment Level may be raised or lowered based on the builder member's performance.

MEMBERSHIP REVIEW/RENEWAL

1. A Builder's membership is reviewed on an annual basis by the Program's Registration Committee. The Committee reviews all aspects of a member's performance pursuant to the terms of the Agreement With Builder and will advise of any changes to the membership including but not limited to Security amount, Enrollment Level, and Mandatory Inspection Requirement.
2. Notwithstanding the annual review of a builder's membership, the Program may bring any business relating to the builder's membership to the attention of the Registration Committee for review at any time, should there be a material change or a default by the builder under any section of the Agreement With Builder.
3. A builder member's renewal date will be six (6) months following the builder's fiscal year end (e.g., if the year-end is December 31st, the renewal date will be July 1st).
4. One month prior to the renewal date, correspondence will be sent advising that the builder's membership is up for renewal and will request renewal documentation.
5. Required renewal documentation includes a renewal fee of \$288.75 (includes GST), Data Sheet, financial statements and any other requested information that may be pertinent to the renewal of the membership from time to time.
6. At minimum, financial statements shall be in the format of a compilation engagement report and be externally prepared and completed by a certified accountant. Corporate Income Tax Statements are not acceptable. At the discretion of the Registration Committee, personal income tax statements may be acceptable for proprietorships and non-incorporated partnerships constructing 3 or less homes per year (or otherwise prescribed by the Registration Committee).
7. All required information (payment of the Renewal Fee, completed Data Sheet, financial statements and any additional requested information) shall be received by the Program no later than the renewal date.
8. If the above indicated deadline for the receipt of information is not met,
 - a. the membership is suspended, and
 - b. the Enrollment Level is moved up (a minimum of one Level) and remains until the following membership renewal review.
9. If the builder is unable to provide all renewal documentation by the renewal date the builder shall provide notice in writing as to the delay no later than 1 week in advance of

the renewal date. The Program's Chief Executive Officer may at his/her discretion provide a limited extension of not more than 30 days for late documentation should the reason be justified. Further extensions require approval by the Registration Committee.

10. Should a membership be suspended, the builder will receive written notification and have 45 days to rectify any matter under which the suspension has been made or other such deadline as required by the Registration Committee. If the matter is not rectified within this timeframe and in a satisfactory manner, the membership may be canceled.
11. Upon membership renewal approval, the Program will forward to the builder notification in writing advising of the result of the Registration Committee's decision along with any changes to the membership.
12. Notwithstanding the reporting deadlines above for membership renewal documents, the builder shall promptly notify the Program in writing of any material change in risk or any other material changes to its organization, finances, ownership or structure, including changes to the builder's address or phone number. This also includes any material deviation in their annual proposed builds as reported on the Data Sheet for the current renewal year.

REACTIVATION OF MEMBERSHIP

A builder who was previously a member may apply to reactivate their membership and in doing so must provide all requested information as would normally pertain to new membership applications and/or membership renewals.

If a canceled member applies to re-activate their membership within 1 year of the membership being canceled, there will be a re-activation fee of \$300 (Late Membership Renewal Fee). If a membership is canceled for more than 1 year, the re-activation fee is the same as the application fee which is \$750. Depending on the circumstances behind the initial cancellation of the membership and length of time canceled, the re-activation of the membership may require a review by the Registration Committee and/or Board of Directors. Reactivated memberships begin at Enrollment Level 4, unless otherwise determined by the Registration Committee.

SECURITY POLICY (Letter of Credit Policy)

1. Pursuant to section 2.6 of the Agreement with Builder, *The Builder shall pay all fees and charges to the Program at the Program's head office and provide to the Program any and all forms of security for the performance of its obligations herein as the program may require.*
2. Security collectively refers to any "Security Deposit" or "Guarantee".

Guarantees

1. Guarantees are indemnities, personal guarantees, corporate guarantees, shareholder guarantees, pledges, written agreements that assign or transfer warranty obligations or any other agreement that outlines performance obligations.
2. A Guarantee does not replace or supersede the Agreement with Builder.
3. From time to time the Program may require a Guarantee in addition to a Security Deposit to secure the obligations of a builder member.

Security Deposits

1. A Security Deposit includes but is not limited to such instruments as Letters of Credit, Bonds, Mutual Funds, Guaranteed Investment Certificates, and Savings Accounts under which New Home Warranty Program of Manitoba Inc. ("the Program") is the beneficiary.
 - a) Savings Accounts are cash deposits received from the Builder and deposited in an interest-bearing account with the Program's financial institution. These are considered informal trust accounts.
 - b) A one-time set up fee, as determined by the Program from time to time, may apply if the Security Deposit is of a type that is managed by the Program (e.g. Savings Account or GIC).
 - c) Where a Security Deposit bears interest (e.g. Savings Account or GIC),
 - i. the Builder may have the option, while their membership is in good standing, to request any accrued interest. Such a request must be made in writing and may done a maximum of once per year (or at the discretion of the Program and any limitations of such a transaction).
 - ii. In the event the Program demands payment per section 6, any interest accrued may be considered forming the whole of the Security Deposit and be used in such payments as per section 7.
2. All forms of Security Deposits must be irrevocable, unconditional, allow partial drawings, and must not expire.
3. The amount of the Security Deposit will be based on any and all factors that influence a Builder's risk to the Program. These factors include, but may not be limited to:
 - a) Number of annual builds or proposed builds for an upcoming year
 - b) Number and type of homes under warranty, including any Unoccupied Inventory (homes enrolled that are either unsold or have no Possession Certificate received by the Program)

- c) Financial strength
 - d) Number and type of warranty claims and conciliations and the level of responsiveness to required warranty repairs
 - e) Length of time as a Builder Member
 - f) The receipt of Enrollments and Possession Certificates in accordance with Program requirements
 - g) Type of Warranty being applied to homes (e.g. 1 and 5 Warranty or 1, 2, 7 Warranty)
4. The Program generally reviews the Security Deposit amount at the time of the Builder's annual membership renewal. However, a review of the membership resulting in a required change in the Security Deposit amount may occur at any time.
 5. When an increase in the Security Deposit is requested, the Program may set out special terms for the receipt of the increase.
 6. The Program may demand payment under the Security Deposit for any of the following circumstances:
 - a) If the Builder ceases to be a Member for any reason, providing there are still homes under warranty and/or unresolved warranty claims
 - b) if the financial institution gives notice that the Security Deposit will not be renewed or will be cancelled
 - c) If the Builder fails to do required warranty repairs pursuant to the terms of Warranty including any requirements of a Conciliation Report and/or the Program's Technical Committee or fails to refund to a homeowner a deposit which the Builder becomes legally obliged to repay
 - d) If there is a judgment in favour of the homeowner(s) or Program pursuant to a warranty claim that has been challenged in court that results in the requirement to perform warranty repairs or provide payment to the homeowner(s) in lieu of repairs
 - e) Any loss or expense incurred by the Program associated with the fulfillment of warranty or membership obligations in which the builder fails to reimburse to the Program, including but not limited to claim repair costs, membership fees, enrollment fees, engineering fees, inspection fees, conciliation fees, inspection fees and costs incurred to determine ownership of a home
 - f) If the Builder is in breach of any of the terms of the Agreement with Builder
 7. Funds drawn under the Security Deposit to pay for the cost of any warranty repairs performed by the Program are subject to a 25% surcharge (minimum of \$250.00).
 8. If a Builder ceases to be a member of the Program, the Security Deposit will be held by the Program until the warranty on all homes enrolled or any home required to be enrolled pursuant to the Agreement with Builder has expired (including any assigned warranty obligations from another member under a Guarantee), plus one month. In the event there are homes enrolled where the builder has failed to supply a possession certificate or information sufficient to assign a possession date, making the end date of warranty obligations unknown, the Program may continue to hold the Security Deposit until sufficient information is obtained or the Program is otherwise satisfied that no probable warranty coverage remains.
 9. After the above noted time period and upon full and satisfactory resolution of any warranty claims, including any judgment made pursuant to section 7(d), the Security Deposit and/or funds held by the Program plus any accrued interest, minus any costs incurred and/or outstanding invoices will be returned to the Builder or otherwise released to the financial institution.

CONDOMINIUM COVERAGE REGULATION

Pursuant to section 12 of the Agreement With Builder:

12. RULES AND REGULATIONS

The Builder covenants and agrees that the Board of Directors of the Program may, from time to time during the currency of the Agreement, make reasonable rules and regulations to better define or carry out the intent of this Agreement and in all such cases, the Builder agrees that such rules and regulations shall be binding upon the said Builder as if the same formed a part of this Agreement. Without limiting the generality of the foregoing, the Builder undertakes and agrees to comply with all rules and regulations of the Program pertaining to full disclosure and all matters, things, or information as might be required by the Program from time to time during the currency of this Agreement.

The Board of Directors hereby provides a regulation to better define section 1(2)(e)(v) of the Agreement.

WHEREAS section 1(2)(e)(v) states

1. INTERPRETATION

- (2) "Home" means a building or part of a building which is:
- e) constructed for sale and which includes:
 - v.) a condominium unit, except a condominium unit in a building having more than three (3) storeys;

AND WHEREAS section 5(1) states

5. ENROLLMENT OF HOMES

- (1) The Builder shall enroll with the Program each home which it commences to construct after the date of this Agreement.

AND WHEREAS the Board of Directors acknowledges that the condominium market has changed since the Program was established in 1975. As such, section 1(2)(e)(v) was written based on typical condominium designs, market demand, and other variables at that time. As these variables may have changed over time since the Agreement With Builder was written, section 1(2)(e)(v) may be interpreted differently than originally intended. Therefore, the Board of Directors would like to clarify the intent of section 1(2)(e)(v).

BE IT RESOLVED THAT the intent of section 1(2)(e)(v) is that all condominium units in a building 3 storeys or less shall be enrolled except condominium units in a building which contains any of the following:

- underground parking
- commercial units

WARRANTY POLICY – RENTAL PROPERTIES

At the Board of Directors Meeting held on February 13, 2009 it was discussed and agreed that:

1. As per the Agreement With Builder, all homes constructed by the builder member must be enrolled in the Program.
2. If the Builder decides to rent out the home, prior to selling it, the builder must inform the Program in writing and submit a Possession Certificate in the Builder's company name, with the Possession Date being either the date of substantial completion or date of first occupancy.
3. Renting out the home will void the first year of the warranty. The Structural portion of the warranty shall remain valid.
4. Should the Builder sell the home, the remaining structural warranty is transferable to the new homeowner.

WARRANTY POLICY – ALL-SEASON COTTAGES

At the Board of Directors Meeting held on February 13, 2009 it was discussed and agreed that:

It was decided that generally, seasonal homes will not be eligible for warranty unless they meet the following criteria:

1. Must be for permanent residential use more than 6 months out of the calendar year.

CROSS BORDER PORTABILITY POLICY

- (1) A Builder who stick builds less than 30 units a year within 50 miles (80 kilometers) of the Manitoba/Saskatchewan border.**
 - (a) The New Home Warranty Program of Manitoba Inc. would be permitted to issue its standard warranty and it would look after any warranty issues. Other than a reporting of any transaction to the other home warranty provider there would be no need to take indemnities.

- (2) A Builder who builds and sells RTM units in the Province of Manitoba and delivers them to locations in the Province of Saskatchewan up to a maximum of 30 units a year.**
 - (b) There would be no limit on location or distance. Again, the New Home Warranty Program of Manitoba Inc. would issue coverage and would look after any warranty claims and there would be no need to take indemnities.

RTM POLICY

WHEREAS the Board of Directors has considered the existing Letter of Credit Policy for RTMs;

AND WHEREAS the Board of Directors has considered reports and other information received by it concerning the operation of that said policy;

AND WHEREAS the Board of Directors has determined that it is appropriate to effect changes to the said policy;

BE IT RESOLVED THAT:

- a) a Builder Member should have a choice of enrolling an RTM (or any other residential unit) where the foundation is not included in the purchase price. In the event that the Builder Member registers such a residential unit, the foundation may be excluded from warranty coverage at the option of the Builder; and
- b) a Builder Member shall have no such right of exclusion where the foundation is included in the purchase price of the residential unit, whether or not the purchaser agrees to waive such coverage.

SECONDARY SUITES REGULATION

In accordance with the Municipal Planning Guidelines for Secondary Suites, *Secondary Suites are a type of rental housing located on a property that would normally accommodate a single-family detached home.* Within Secondary Suite construction, the Primary Suite is larger than the Secondary Suite, pursuant to the municipal guidelines (Authority Having Jurisdiction) in which it is constructed. There is one title that accommodates the Primary and Secondary Suite. There are 2 types of Secondary Suites:

Attached Secondary Suite: two self-contained suites located within a Single Family Dwelling.

Detached Secondary Suite: a self-contained suite located on the property as a separate structure or attached to another structure (such as above a detached garage).

Pursuant to section 12 of the Agreement With Builder:

12. RULES AND REGULATIONS

The Builder covenants and agrees that the Board of Directors of the Program may, from time to time during the currency of the Agreement, make reasonable rules and regulations to better define or carry out the intent of this Agreement and in all such cases, the Builder agrees that such rules and regulations shall be binding upon the said Builder as if the same formed a part of this Agreement. Without limiting the generality of the foregoing, the Builder undertakes and agrees to comply with all rules and regulations of the Program pertaining to full disclosure and all matters, things, or information as might be required by the Program from time to time during the currency of this Agreement.

The Board of Directors hereby provides a regulation to provide clarification as to the eligibility and limitations to warranty on Secondary Suite construction.

WHEREAS

Pursuant to section 1 INTERPRETATION of the Warranty:

1. **"home"** - means [street address of home, city, province], but does not include any pool, parking facility, common recreational area, site grading and surface drainage, landscaping, shrubbery, flowers, trees, patios, driveways, garage slabs or carport slabs, sidewalks, retaining walls, wells and attached water systems, septic tanks or fields, detached garages or detached carports, or outbuildings.

AND WHEREAS

Pursuant to section 1 of the Agreement With Builder:

- (1) "Home" means a building or part of a building which is:
 - a) capable of ownership separate from the ownership of the other part or parts of the building; and
 - b) used or intended to be used for residential purposes and occupied or leased by the homeowner; and
 - c) constructed by the Builder; and
 - d) permanently, or through another part or parts of the building, attached to a permanent foundation located in Manitoba; and
 - e) constructed for sale and which includes:

- i.) a single detached unit.
- ii.) a semi-detached unit.
- iii.) a duplex unit.
- iv.) a row housing unit.
- v.) a condominium unit, except a condominium unit in a building having more than three (3) storeys;
- vi.) in the case of buildings located on Indian Reserve lands, the subject of a Certificate of Possession in favour of the homeowner duly registered with the Indian Registry System as maintained pursuant to the Indian Act.

AND WHEREAS

Pursuant to section 15 of the Warranty:

15. In the event the homeowner ceases to occupy the home as a principal residence and allows the home to be used for rental purposes, the warranty described in paragraph 2(a) shall terminate and become null and void, provided however that such event shall not invalidate or terminate the major structural defect warranty described in paragraph 2(b).

BE IT RESOLVED THAT warranty shall apply in the following manner:

- One Enrollment Form with the applicable fee shall be executed per each eligible Secondary Suite construction
- One Warranty Certificate shall be executed per each eligible Secondary Suite construction.

Detached Secondary Suites

- A Detached Secondary Suite constructed on an existing property where there is an existing home is not eligible for warranty coverage as this is considered an addition or renovation. Further the Secondary Suite is not being constructed for sale.
- For further clarification, in new construction where 2 new residential structures are built on a property where there is one title and the Authority Having Jurisdiction deems the construction to be under the guidelines of Secondary Suites, the Secondary Suite shall be considered an outbuilding and be exempt from warranty. The Primary Suite shall be considered the “home” and eligible for warranty. Warranty on a Primary Suite shall apply as follows:
 - If the “homeowner” as indicated on the Certificate of Possession and New Home Warranty, or any subsequent “homeowner” pursuant to section 16 of the Warranty occupies the home as its principal residence, then the full warranty per section 2 of the Warranty shall apply.
 - If the “homeowner” as indicated on the Certificate of Possession and New Home Warranty, or any subsequent “homeowner” pursuant to section 16 of the Warranty does not occupy or ceases to occupy the home as a principal residence and allows the home to be used for rental purposes, the warranty described in paragraph 2(a) shall terminate and become null and void, provided however that such event shall not invalidate or terminate the major structural defect warranty described in paragraph 2(b).

Attached Secondary Suites

- A Secondary Suite that is constructed within an existing home is not eligible for warranty as this is considered an addition or renovation and not new construction. Further the Secondary Suite is not being constructed for sale.
- Secondary Suite construction that is new, where the home is being newly constructed and contains two self-contained suites and complies with the Authority Having Jurisdiction for Secondary Suite construction, warranty shall apply as follows:
 - If the “homeowner” as indicated on the Certificate of Possession and New Home Warranty, or any subsequent “homeowner” pursuant to section 16 of the Warranty occupies the home as its principal residence (by living in either the Primary or Secondary Suite), then the full warranty per section 2 of the Warranty shall apply to the entire home, which includes both the Primary and Secondary Suite.
 - If the “homeowner” as indicated on the Certificate of Possession and New Home Warranty, or any subsequent “homeowner” pursuant to section 16 of the Warranty does not occupy or ceases to occupy the home (either or the Suites) as a principal residence and allows the home (both Suites) to be used for rental purposes, the warranty described in paragraph 2(a) shall terminate and become null and void, provided however that such event shall not invalidate or terminate the major structural defect warranty described in paragraph 2(b).

The above is subject to the Program’s election to terminate the Warranty pursuant to section 28 of the Warranty Certificate.

Approved by the Board of Directors on November 1, 2016.