

RESEARCH REPORT



A Survey of Home Warranty Programs in Canada



CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 60 years.

Together with other housing stakeholders, we help ensure that Canada maintains one of the best housing systems in the world. We are committed to helping Canadians access a wide choice of quality, affordable homes, while making vibrant, healthy communities and cities a reality across the country.

For more information, visit our website at www.cmhc.ca

You can also reach us by phone at 1-800-668-2642
or by fax at 1-800-245-9274.

Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

PRA

Prairie Research Associates Inc.

**A SURVEY OF HOME WARRANTY PROGRAMS
IN CANADA**

March 23, 1994

Prepared for
Canada Mortgage and Housing Corporation

This project was funded by the
Canada Mortgage and Housing Corporation,
but the views expressed are the personal
views of the author(s) and the
Corporation accepts no responsibility
for them.

TABLE OF CONTENTS

PART A: A SURVEY OF NOT-FOR-PROFIT NEW HOME WARRANTY PROGRAMS IN CANADA

PREFACE		A1
1.0 PURPOSE OF THE REVIEW		A2
2.0 METHODOLOGY		A3
3.0 OUTLINE OF THE MAIN FEATURES OF NOT-FOR-PROFIT NEW HOME WARRANTY PROGRAMS		A4
3.1 Program Configuration		A4
3.2 General Features of New Home Warranty Programs		A4
4.0 ORGANIZATION OF NOT-FOR-PROFIT NEW HOME WARRANTY PROGRAMS		A8
4.1 Stated Goals and Objectives		A8
4.2 Organization and Legal Structure		A14
4.3 Warranty Information		A20
4.4 Membership/Builder Registration		A32
4.5 Housing Enrolment		A42
4.6 Construction and Inspection		A49
4.7 Dispute Mechanisms		A52
4.8 Non-Warranty Activities		A57
5.0 STATISTICAL AND FINANCIAL OVERVIEW OF NEW HOME WARRANTY PROGRAMS		A61
5.1 Atlantic New Home Warranty Corporation		A62
5.2 La Garantie des Maisons Neuves du Quebec (APCHQ)		A63
5.3 Ontario New Home Warranty Program		A64
5.4 New Home Warranty Program of Manitoba Inc.		A65
5.5 New Home Warranty Program of Saskatchewan Inc.		A66
5.6 The Alberta New Home Warranty Program		A67
5.7 New Home Warranty Program of British Columbia and the Yukon		A68

**PART B:
A SURVEY OF THE NEW HOME CONSTRUCTION
QUALITY GUARANTEE**

PREFACE B1

1.0 PURPOSE OF THE REVIEW B2

2.0 METHODOLOGY B3

3.0 OUTLINE OF THE MAIN FEATURES OF THE PAFCO NEW
HOME CONSTRUCTION QUALITY GUARANTEE B4

 3.1 Program Configuration B4

 3.2 General Features of the New Home Construction Quality
 Guarantee B4

4.0 ORGANIZATION OF THE NEW HOME CONSTRUCTION
QUALITY GUARANTEE B6

 4.1 Stated Goals and Objectives B6

 4.2 Organization and Legal Structure B8

 4.3 Warranty Information B10

 4.4 Builder Registration B13

 4.5 Housing Enrolment B16

 4.6 Construction and Inspection B18

 4.7 Dispute Mechanisms B20

 4.8 Non-Warranty Activities B22

**PART C:
A SURVEY OF RESALE HOME WARRANTY PROGRAMS
IN CANADA**

PREFACE C1

1.0 PURPOSE OF THE REVIEW C2

2.0 METHODOLOGY C3

3.0 OUTLINE OF THE MAIN FEATURES OF RESALE HOME
WARRANTY PROGRAMS C4

 3.1 Program Configuration C4

 3.2 General Features of Resale Home Warranty Programs C4

4.0 RESALE HOME WARRANTY PROGRAMS C5

 4.1 Stated Goals and Objectives C5

 4.2 Organization and Legal Structure C7

 4.3 Warranty Information C9

 4.4 Inspection Procedures C14

 4.5 Dispute Mechanisms C16

 4.6 Non-Warranty Activities C18

APPENDIX A Terms of Reference

PRA

Prairie Research Associates Inc.

**PART A:
A SURVEY OF NOT-FOR-PROFIT NEW HOME WARRANTY
PROGRAMS IN CANADA**

March 23, 1994

Prepared for
Canada Mortgage and Housing Corporation

**PART A:
A SURVEY OF NOT-FOR-PROFIT NEW HOME WARRANTY
PROGRAMS IN CANADA**

PREFACE

The information in this report is based upon information provided by the various new home warranty programs. No attempt has been made to verify the claims made as to coverages or program scope. The reader is advised that the sole purpose of this report is to collect and synthesize publicly available information without making or implying any evaluation.

Descriptions of program features are taken directly from written information or have been provided by the new home warranty programs. In some cases there is considerable variation in how the programs may express an essentially equivalent program feature.

1.0 PURPOSE OF THE REVIEW

New home warranty programs have been a feature of the new housing industry for the past two decades. Now all regions of Canada except the North-West Territories (Atlantic Canada, Quebec, Ontario, Manitoba, Saskatchewan, and British Columbia and the Yukon) have an industry-supported program designed to provide the purchaser of a new home with coverage against a number of workmanship and structural defects. Industry-supported programs are organized into not-for-profit corporations or are affiliated with provincial home builders associations. In most cases, they are also affiliated with the National Home Warranty Council. Until 1982, industry-supported New Home Warranty Programs were the only source of available warranty coverage for new homes. In 1982, l'Association de la construction du Quebec also began offering a new home warranty plan.

Canada Mortgage and Housing Corporation engaged Prairie Research Associates Inc. (PRA) to prepare a description of the current programs available across Canada. The overview is designed to be factual and detailed, without commentary or analysis.

This report is divided into three sections. The first (chapters 2 and 3) provides a brief outline of the methodology used in the report and of the major features of the not-for-profit new home warranty programs. The second section (chapter 4) provides a description of the objectives, coverage, and various procedures used by the not-for-profit new home warranty programs in Canada. The third section (chapter 5) provides a statistical and financial summary of program activity of the seven New Home Warranty Programs affiliated with the National Home Warranty Council.

2.0 METHODOLOGY

This review is based on public information published by each of the programs. We consulted with the industry to determine the extent of detail desirable in this publication. Each program (except ACQ) was contacted by letter to explain the nature of the research and was provided with a detailed specification of the desired information. ACQ was contacted initially by telephone.

Information was categorized and summarized in a series of tables. These were then sent to each program for verification and correction.

Wherever possible, similar information categories and definitions were used to ensure that information was comparable across programs. The methodology descriptions relevant to each table outline some of the constraints of this approach.

3.0 OUTLINE OF THE MAIN FEATURES OF NOT-FOR-PROFIT NEW HOME WARRANTY PROGRAMS

3.1 Program Configuration

There are currently eight not-for-profit new home warranty programs operating in Canada. Seven of these programs are affiliated with the umbrella National Home Warranty Council, and generally take the name "New Home Warranty Program". There is currently a New Home Warranty Program in every western Canadian province, Ontario, Quebec, and the four atlantic provinces as a region:

Atlantic New Home Warranty Corporation

La garantie des maisons neuves de l'Association provinciale des constructeurs d'habitations du Quebec (GMN de l'APCHQ)

Ontario New Home Warranty Program

New Home Warranty Program of Manitoba Inc.

New Home Warranty Program of Saskatchewan Inc.

The Alberta New Home Warranty Program

New Home Warranty Program of British Columbia and the Yukon

L'Association de la construction du Quebec (ACQ) is an independent builders' association operating only in Quebec. The association operates a new home warranty program (Plan de garantie de maisons neuves (PGMN)) through which its builders may warranty new homes. ACQ is not affiliated with the National Home Warranty Council.

3.2 General Features of New Home Warranty Programs

- Except in Ontario where comprehensive coverage was legislated, warranty coverage was initially (mid 1970's) limited to a small range of structural defects. As the programs matured they expanded coverage, adding such things as deposit, completion and building envelope protection. Warranty coverage is now differentiated among the not-for-profit new home warranty programs.

- In the first year (and second, depending on the program) the warranties generally ensure that a builder will correct, verify and qualify defects which arise as a result of faults in either workmanship or materials. For the balance of the warranty period, the warranties are limited to correcting Major Structural Defects (MSD). In this warranty period, the responsibility for repair is in most jurisdictions the sole responsibility of the applicable new home warranty program, with only narrow and limited rights of recovery back to the builder.
- An important component of the warranty programs is the indemnity protection they provide to builders. After the builder's warranty expires, consumers have limited recourse back to the builder in the event of poor workmanship or materials. For MSD claims, consumers may have recourse back to the warranty program, but this option expires with the warranty coverage, usually after five years (seven in Ontario).
- The deposit loss coverage offered by all programs also provides a form of builder indemnity because builders are protected from loss of consumer deposits. In the case of builder failure, the consumer is directed to the warranty program to recover the lost deposit. This indemnity relationship is most clearly presented in Alberta, where deposit loss protection is provided through a separate payment indemnity certificate. In other provinces, deposit loss protection is covered on the main warranty certificate.
- The programs have a direct interest in maintaining high construction and service standards to ensure customer satisfaction and a reduction in claims costs. To guarantee that these standards are met, the programs have all adopted strict registration and membership requirements.¹ Except in Ontario, membership in the programs is only offered to those builders who are able to demonstrate both technical expertise and financial stability. Each program has established its own standards for builder qualification.
- Two types of coverage are offered by the warranty programs:

Financial loss coverage varies from program to program, but generally encompasses the following: purchaser deposit coverage (which expires on date of possession), purchaser contract completion, completion of deficiencies

¹ Note that in Ontario, all builders are required to register in the program by law. As a result, Ontario is not able to exclude builders from the program on the basis of builder quality. However, the program can impose higher security requirements, more frequent inspections, or other methods to ensure that builders provide quality homes.

recorded at closing, lien protection, and off-site living allowances. Financial loss coverage is offered for one or two years, depending on the program.

Structural coverage is offered by every program and generally applies to a failure in the load-bearing portion of the home. Structural coverage applies for a minimum of five years; Ontario's coverage is for seven years. Several programs also offer extended structural warranty coverage.

- Once a builder firm is accepted as a member of a new home warranty program, it agrees to be bound by program regulations and guidelines. Builders who fail to comply with regulations and guidelines are generally subject to de-registration.
- Builders which are members of a new home warranty program are usually required to enrol every unit constructed with the program; failure to do so is often punishable by fine or de-registration.
- Housing eligible for enrolment (and hence for warranty coverage) varies widely from one new home warranty program to another.
- Each program has established a fee schedule for housing enrolment. Enrolment fees are based on a variety of factors, from house price and builder experience, to a flat rate assessed according to the type of structure built.
- Enrolment fees are due at the date of enrolment. In this way, the initial cost of the warranty is borne directly by the builder. It is usually assumed, however, that the warranty cost is passed on to the consumer through the house price or on a statement of adjustments.
- In the event of builder failure prior to the sale of enrolled units, the program usually continues warranty protection. In the case of builder failure, some programs reserve the right to cancel warranty protection on unsold units.
- All programs have indicated as a goal the provision of an equitable mechanism for the resolution of customer complaints. As a result, all have established dispute handling processes.
- In most programs, initial customer complaints are directed to the builder for resolution. If the builder is unable or unwilling to resolve the dispute, or if the customer is not satisfied with the builder's proposed solution, the customer has recourse to binding conciliation provided by the Program.
- The conciliation procedures are similar across the programs. In all cases, the customer approaches the respective new home warranty program for the

appointment of a conciliator. In most cases, the request for conciliation must be accompanied by a conciliation fee which is refunded in the event of a successful conciliation. The conciliator meets with the parties and conducts any inquiries or inspections as deemed necessary. The conciliator then presents a written report which is usually binding on all parties.

- In some provinces, conciliation may be followed by arbitration or direct recourse to the legal system.
- Over the years the warranty programs have expanded the range of services they provide to builders and the public. The programs have taken an active role in builder and consumer education. These non-warranty activities have grown as the programs have responded to market pressure or local initiatives. In addition to education seminars and courses, most programs are now involved in varying aspects of promotion and public relations ranging from the coordination of television and radio campaigns, to the provision of point-of-sale information and brochures.
- In accordance with their expanding activity, some programs opened up membership on their Boards of Directors to "associates" and non-builder member. These new Board members have been drawn from all parts of the building community. Most programs now provide for membership by mortgage lenders and insurers, representatives of consumer associations, and government. This is in contrast to earlier programs where only builders acted as directors of the programs.
- A number of programs have established builder performance awards to encourage high standards and proficiency.
- Ontario's program is distinct from that offered in other provinces. First, Ontario's coverage is legislated. Every builder is required to register with the program. Builders who do not register are subject to fines and other measures, including the refusal by municipalities to issue them building permits. Every home constructed in the province receives warranty coverage.

Second, warranty disputes are handled by an independent arbitrator. This tends to increase claims costs relative to what they would be if the program itself was responsible for dispute resolution.

Third, although the program is responsible for most aspects of its operation, some aspects (notably builder registration criteria) are set by Order-in-Council.

4.0 ORGANIZATION OF NOT-FOR-PROFIT NEW HOME WARRANTY PROGRAMS

4.1 Stated Goals and Objectives

Methodology: The goals and objectives listed in the tables on the following pages have been drawn from Memoranda of Association, promotional pamphlets, and public information provided by the new home warranty programs. The programs have all had the opportunity to review and amend the descriptions of their goals. However, since some goals that a program may pursue in its day-to-day activities are not codified or communicated publicly, these may not be represented here. For example, all programs have an interest in maintaining ongoing financial viability, but this goal may not be included in the "stated goals and objectives". The language used to express the goals has (wherever possible) been quoted directly from its source to prevent ambiguities or misinterpretation.

The categories by which the goals and objectives are classified have been chosen to facilitate the comparison between the programs, not to indicate priority. As a result, the ordering of goals may not reflect the degree of importance attached to each by the respective programs. Because these categories are artificial (in the sense that the goals were stated without view to such a classification scheme), there may be some incongruence between a stated goal and its category. Similarly, a stated goal may overlap two or more categories.

Comments/Summary: The degree to which the stated goals and objectives are similar among the new home warranty programs is probably a result of their common history and of the willingness of the programs to share information and advice. In some cases, for example, the wording of Memoranda of Association is nearly identical between two or more programs. Stated goals which have no counterpart (like BCNHWP's commitment to builder self-regulation or the Atlantic NHWP's commitment to be market driven by 2000) reflect individual experiences and responses to specific initiatives or problems. Despite these occasional exceptions however, there remains a large degree of consistency among the stated goals.

- As stated above, all programs have a goal (either privately or publicly) of continued financial viability.
- All programs make commitments to foster and improve communication between all interested parties.
- All programs (except that in Ontario) have indicated their goal of working with regulatory authorities and the public. Ontario's program is provincially

legislated and the program must provide regulatory advice to the government; this is therefore an implicit goal in Ontario as well.

Note also that since Ontario's program is legislated, new home buyers are provided with financial loss and warranty coverage even if the vendor or builder is not registered with the program. To this extent, the Ontario program is unique.

- All programs have indicated a goal of working to improve quality by improving or fostering builder training and consumer education.

STATED GOALS AND OBJECTIVES
Eastern Provinces

	ATLANTIC NIHP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NIHP ⁴
Mission Statement	To provide a warranty to new home buyers in Atlantic Canada through an industry-managed consumer protection plan.	To provide an impartial service which facilitates positive relations between residential home builders and consumers through efficient and effective means in accordance with market demand.	To recognize the solvency, technical expertise, and professionalism of building contractors. To protect consumers and their rights.	Towards eliminating defects in new homes. Excellence in the provision of new home warranty protection.
Standards	To assure that Warranty commitments, construction standards and guarantees made by the Atlantic Provinces Builders to the public will be honoured, insured and guaranteed.	To assure that builder commitments to the public will be honoured.	To ensure that builders meet or exceed the National Building Code or local building codes where these are more rigorous.	Builder regulation.
Service	Not Provided.	To provide professional and expert service to builders and to consumers.	To offer a personal, professional service for the consumer and the builder.	To provide continuing high quality customer service for builders and homeowners.
Communication	To promote understanding and communication between member home builders and the general buying public of the Atlantic Provinces in so far as new homes are concerned.	To facilitate communication between all parties.	To ensure active communication between consumers and builders.	To engage in undertakings for the purpose of improving communications between vendors and owners.
Complaints	To provide a method for dealing with complaints and grievances by members of the public involving guarantees pertaining to new homes constructed in the Atlantic Provinces so that such complaints and grievances may be handled on a rapid and equitable basis.	To provide impartial and fair resolution of all consumer and builder complaints.	To maintain a fast, effective procedure between consumers and builders to adequately settle their differences.	To assist in the conciliation of disputes between vendors and owners.
Industry Promotion	To urge upon the appropriate authorities changes, alterations and additions to Governmental statutory and regulatory provisions to more adequately serve the requirements and interests of the new home building industry in the Atlantic Provinces.	Not Provided.	Through ACQ, the Plan seeks to promote and defend the interests of the construction industry by presenting the builder's point of view in all relevant areas. The Plan also seeks to lighten the load of the judicial system by reducing to a minimum disputes between builders and consumers while improving the construction quality of its builder members.	Not Provided.

STATED GOALS AND OBJECTIVES
Eastern Provinces

	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴
Training - Professional Development	To provide information and educational services to the members of the Company and to co-ordinate their communications and educational materials which might be to the benefit of the home-building industry in Canada at large.	To provide a range of education and training options for builders and to promote education of the buying public.	The Plan contributes to the professionalism of builders through ACQ by offering management training and other builder courses for its members.	Consumer and builder education.
Viability	To be a fully market-driven program by the year 2000.	To continue to be fully market-driven.	The Plan is a service offered by ACQ, and will continue to protect consumers by maintaining indemnity funds and complete reinsurance of its holdings.	To ensure the continuing financial viability of the ONHWP. To minimize the overall cost of claims.
Other	To do all other such lawful things as are incidental or conducive to the attainment of any of the above objects and generally to support and engage in any worthy objects or projects.	Not Provided.	Not Applicable.	Not Provided.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: Memorandum of Association, Atlantic NHWP. Verified by Atlantic NHWP.

² Source: Background information provided by L'Association provinciale des constructeurs d'habitations du Quebec (APCHQ). Verified by APCHQ.

³ Source: Background information provided by L'Association de la construction du Quebec. Verified by ACQ.

⁴ Source: The Ontario New Home Warranties Plan Act and background information provided by ONHWP. Verified by ONHWP.

STATED GOALS AND OBJECTIVES
Western Provinces

	MANITOBA NHWP¹	SASKATCHEWAN NHWP²	ALBERTA NHWP³	BC & YUKON NHWP⁴
Mission Statement	To provide warranty protection for new home buyers and to support the building industry in its goal to achieve excellence in building standards.	To assure owners of eligible new homes that their homes are constructed to generally accepted building standards and are covered by a limited warranty acceptable to the public and the industry.	To provide investment protection for new home buyers in Alberta.	To ensure excellence in consumer service, excellence in housing construction, as well as the perpetuation of industry order through self-regulation.
Standards	To assure that warranty commitments, construction standards and guarantees made by Manitoba builders to the public are honoured under the warranty.	To reduce incidence of claim by encouraging all builder-members to adhere to generally accepted building, financial, and business practices and standards.	Towards promoting quality in new home construction.	To ensure that builders' construction meets Warranty standards and the building standards prescribed in the BC and National Building Codes.
Service	See Mission Statement above.	To promote understanding of the limited warranty and services provided by the Program.	Towards exemplary service to new home buyers and members.	See Mission Statement above.
Communication	To promote understanding and communications between member home builders and the general buying public of Manitoba in so far as new homes are concerned.	To maintain liaison with the CHBA, its associations, and other provincial warranty programs.	Towards direct, clear and timely communication to all parties.	To prescribe and communicate policies that ensure the Program will remain market-driven and responsive to consumers and builders.
Complaints	To provide a method of dealing with complaints and grievances by members of the public involving guarantees pertaining to new homes constructed in Manitoba so that such complaints and grievances may be handled on a rapid and equitable basis.	To provide an effective conciliation and mediation procedure for dealing with complaints and grievances between builder-members and their customers.	Towards exemplary service to new home buyers and members.	To ensure disputes between consumers and builders are resolved quickly, effectively, and equitably.
Industry Promotion	To promote and support efforts at improving relations with all branches of government, and to support the promotion of legislation or regulations which might be considered in the best interests of the home building industry in Manitoba.	To maintain active liaison with government departments to promote the continuance of 'good will' between Government and the Program.	Towards an excellent market image with all external parties.	To ensure governments and others are aware of the work performed by the Program in areas of consumer protection and industry regulation.

STATED GOALS AND OBJECTIVES Western Provinces				
	MANITOBA NHWP ¹	SASKATCHEWAN NHWP ²	ALBERTA NHWP ³	BC & YUKON NHWP ⁴
Training - Professional Development	To carry out such research, publicity and educational programs from time to time which the membership might consider necessary and advisable. To provide information and educational services to the members of the company and to co-ordinate their communications and educational material which might be to the benefit of the home building industry in Manitoba at large.	To participate in and promote research which will be of a benefit to the industry, the consumers, and the Program.	Towards a cohesive high performance team. Towards continually improving our management systems.	To set stiff, but reasonable and workable criteria for builders applying for Warranty registration in the prime areas of technical competence, financial stability, and established track record. To maintain the professional team to carry out objectives.
Viability	To operate in a financially viable manner.	To operate the Program in a financially viable manner.	Towards financial self-sufficiency.	To ensure that earned recognition from consumers, builders, the courts, and government is not diminished.
Other	To engage in the development and promotion of further or additional plans or certification programs from time to time as might become necessary for the protection and interest of the public at large in Manitoba.	To extend membership to new home builders consistent with Program standards.	Not Provided.	To ensure that builders' warranty obligations are carried out.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: MNHWP Letters Patent. Verified by MNHWP.

² Source: SNHWP Builders' Manual. Verified by SNHWP.

³ Source: ANHWP Mission Statement and Corporate Goals. Verified by ANHWP.

⁴ Source: BCNHWP Builders' Manual. Verified by BCNHWP.

4.2 Organization and Legal Structure

Methodology: The information provided in the tables below on the organization and legal structure of the not-for-profit new home warranty programs was (wherever possible) taken directly from the respective program's Memorandum of Association, Articles of Incorporation, or similar incorporating document. Recent amendments to these documents have been incorporated so that the information is as current as possible. Both legal stipulations and current practice have been provided so that the description reflects both what may occur and what does occur. The "Committees" category includes only those committees of the Board of Directors; where a non-Board committee is listed, this is noted.

Comments/Summary: Again, the relative similarity between the programs' legal structures reflects their common history and development. The size of the Board usually reflects the size of the program, as determined by total housing enrolments. All programs are incorporated as not-for-profit companies; the terms "corporation" and industry-supported "program" are generally used interchangeably throughout this report.

- All programs provide for Home Builder Association participation on the Board of Directors. In the case of the programs in Quebec, the warranty programs are actually divisions of the two builder associations.
- All programs (except for Atlantic NHWP and ACQ) now provide for consumer participation in the Board of Directors (usually through the appointment of a representative of the local consumers' association). In a number of cases this participation has been formalized through amendment to the Memorandum of Association.
- Some programs (Atlantic, Saskatchewan, and Alberta) provide for geographic representation on the Board of Directors;
- As the only legislated program, the Ontario NHWP is required to submit its annual report to the Minister of Consumer and Commercial Relations. The Minister must table the report in the Legislature. However, the program has the power to pass regulations affecting all of its operations except for those regulations concerning the registration of builders. These regulations must be approved by Order-in-Council.
- Quorum requirements for the Board of Directors vary across the country.

ORGANIZATION AND LEGAL STRUCTURE
Eastern Provinces

	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴
Year Established	1976	1976	1982	1976
Relevant Legislation	No direct legislation.	No direct legislation.	No direct legislation.	<u>Ontario New Home Warranties Plan Act</u> and associated regulations; <u>Ontario Building Code Act</u>
Corporate Structure	Non-profit, established under <u>The Companies Act of Nova Scotia</u> .	The Garantie des maisons neuves is a service of APCHQ.	The Plan de garantie des maisons neuves is a service of ACQ.	Non-profit, established under <u>The Ontario Corporations Act</u> .
Board of Directors	Minimum of three, maximum of twenty directors. Currently 12 directors.	Eleven directors.	30 members.	Currently 15 directors.
Term	Three years, staggered terms.	One year.	One year.	Each Board member is elected for a term of one year. Corporation bylaws do not limit the number of years a Board member may serve, but current practice limits the length of term to eight years.
Elect./Appt	Elected.	Appointed by the administrative council of APCHQ.	Elected by members following recommendations from regional offices.	Elected and Appointed
Restrict'ns	Each Provincial Council of the Canadian Home Builders Association has the right to elect three Board members. Board members must be elected from members of the respective Associations (or their representatives).	The Past President of the Commission sits as a director/commission member. The President of APCHQ sits as a director/commission member. The Executive Vice-President of APCHQ sits as a director/commission member. Three directors/commission members must be general builders. Two directors/commission members must be specialized builders. One director/commission member must represent a financial institution or be recognized for his administrative abilities. One director/commission member must represent consumer interests.	All council members must be qualified builders, including representatives from residential, commercial, industrial, and institutional construction.	Eight directors are builders from the Ontario Home Builders' Association; Two directors represent consumers; The corporation's president is a director; One director is appointed by the Ministry of Consumer and Commercial Relations; One director represents the municipalities; One director represents mortgage lenders; One director represents mortgage insurers.

ORGANIZATION AND LEGAL STRUCTURE
Eastern Provinces

	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴
Quorum & Approval	Quorum is a majority of Board members. Questions arising are decided by a majority vote of directors present, with the Chairman having a second, casting vote.	Quorum is five directors/commission members. Questions arising are decided by a majority vote of members present.	Quorum is achieved when two thirds of directors meet representing at least 50% of ACQ members.	Quorum is eight Board members. Questions arising are decided by a majority vote of directors present, with the Chairman having a second, casting vote.
Committees	Executive Committee	Commission des garanties Comite de revision des accreditations Comite de revision des reclamations Comite consultatif sur les projets d'envergure Comite de placement Comite Garantie renovation Comite de developpement des Garanties	Comite executif (CE) Comite de finance (CF) Comite provinciale de l'habitation et des Plans de garantie (CPHPG) Comite du bureau de soumissions deposees du Quebec (BSDQ) These committees are in addition to a dozen internal committees.	Executive Committee (Board) Audit Committee (Board) Registrar's Advisory Committee (Board and outside builders) Communications Committee (Board) Investment Committee (Board) Technical Committee (Board) Management Committee (Staff) Commercial Registration Appeal Tribunal (CRAT) Review Committee (Staff) Major Loss Committee (Staff) Policy and Evaluation Subcommittee (Staff)
Fiscal Year End	February 28.	September 30.	Not Provided.	December 31.
Program Admin.	Program is administered by a President with 9 staff members. Head office in Bedford with branch offices in Moncton, St. John's and Charlottetown.	Program is administered by a general manager with 35 paid staff members under three divisions: accreditation, inspection, and recruiting.	Plan is administered by personnel internal to ACQ, and directed by ACQ policy.	Program administered by Registrar/President with 160 paid staff members. Head office in Toronto with regional offices in Brampton, Hamilton, Kitchener, New Market, Ottawa, Sudbury, Thunder Bay and Whitby.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: Memorandum of Association, Atlantic NHWP (Table A) and NHWP annual reports. Verified by Atlantic NHWP.

² Source: Background information provided by APCHQ. Verified by APCHQ.

³ Source: Background information provided by ACQ. Verified by ACQ.

⁴ Source: Background information provided by ONHWP and ONHWP annual reports. Verified by ONHWP.

ORGANIZATION AND LEGAL STRUCTURE
Western Provinces

	MANITOBA NHWP ¹	SASKATCHEWAN NHWP ²	ALBERTA NHWP ³	BC & YUKON NHWP ⁴
Year Established	1976	1976	1974	1976
Relevant Legislation	No direct legislation.	No direct legislation, SHBA examining introduction of builder self-regulation.	No direct legislation, self-regulation. The ANHWP is a plan approved by the Minister under the Condominium Property Act. Builder members exempt from <u>"Prepaid Contracting Business"</u> regulation under the <u>License of Trades and Businesses Act</u> .	No direct legislation. In 1975, the BC government introduced legislation which was subsequently withdrawn in favour of industry self-regulation.
Corporate Structure	Non-profit, incorporated under <u>The Companies Act of Manitoba</u> .	Non-profit, governed by <u>The Non-profit Corporation Act of Saskatchewan</u> .	Not-for-profit	Not-for-profit company governed by <u>The BC Companies Act</u> . Shares owned by BCHBA.
Board of Directors	Minimum of ten, maximum of 13 directors. Currently 10 directors.	Minimum of eight, maximum of ten directors. Currently ten directors.	Minimum of 15, maximum of 25 directors. Currently 22 directors.	Minimum of nine, maximum of 13 directors. Currently 13 directors.
Term	No fixed term (under review).	Two years, staggered terms.	Except for Directors-at-Large appointed for a term of one (1) year, the term of office for all Directors is two (2) years. Directors may be appointed to two (2) consecutive terms, excepting those who are elected officers of the Company. Directors completing two (2) successive terms who are officers at the end of their second term are eligible to be appointed to subsequent terms so long as they retain any of the offices of the Executive Committee.	One year, to a maximum of three years.
Elect./Appt	Directors are appointed by a Nominating Committee.	At least eight directors must be elected, one may be appointed (usually a consumer representative), the immediate past chairman sits as an ex-officio member.	Directors are elected and appointed.	Six directors sit as a result of their position with the BCHBA or the Program. Up to seven additional directors may be appointed after review by a selection and nominating committee.

ORGANIZATION AND LEGAL STRUCTURE
Western Provinces

	MANITOBA NHWP¹	SASKATCHEWAN NHWP²	ALBERTA NHWP³	BC & YUKON NHWP⁴
Restrictions	<p>Seven directors must be from among active members (usually including the Past President of the MHBA).</p> <p>Three directors must be from among the associate members (usually including a consumer representative, a representative from the Professional Section of the MHBA, and one other associate member).</p>	<p>Four directors must be from southern region, four must be from northern region, the 5th parallel being the geographical dividing line;</p> <p>Three of the four directors from each region must be builder members of the Corporation, or a designated representative of such members;</p> <p>At least five of the eight elected directors must also be members of the SHBA.</p>	<p>Directors must be members of the Company unless otherwise noted;</p> <p>Three directors are builders appointed by each of the Calgary and Edmonton local associations of the AHBA;</p> <p>One director is appointed by each of the local builder associations of the AHBA in Grande Prairie, Red Deer, Lethbridge, and any other local association formed in the future;</p> <p>The following persons/organizations are entitled to become or to be represented by directors. Such directors need not hold a membership in, or represent a Member of the Company:</p> <ul style="list-style-type: none"> (i) the immediate past-chairman of the Company may be a director; (ii) Alberta Council of the AHBA may appoint a director; (iii) members of the Edmonton and Calgary Home Builders Associations who are not eligible to become members of the Company may each appoint a director; (iv) members of the Company who are members of the AHBA but who are not members of a local association thereof may appoint a director; (v) a recognized consumer association may appoint a director or alternately the Chairman may appoint a director from the general public; (vi) the Mortgage Loans Association of Alberta may appoint a director; and (vii) the Minister in charge of Consumer Affairs of the Province of Alberta may appoint a director. <p>The Chairman of the Company may appoint additional Directors-at-Large for terms of one year, subject to ratification of such appointments by a majority of the Board of Directors. Such Directors need not hold a membership, or represent a Member, of the Company.</p> <p>Quorum is a majority of the Board. Questions arising at any meeting shall be decided by a majority of votes. The Chairman holds a second, casting, vote.</p>	<p>The President, First and Second Vice Presidents and Immediate Past President of the BCHBA sit as Directors;</p> <p>The President and CEO and immediate Past Chairman of the Program sit as Directors;</p> <p>Two directors must be officers or directors of companies among the 30 largest builders registered with the Program;</p> <p>Remaining directors must be officers or directors of builders in good standing with a local association of the BCHBA and the Program.</p> <p>Appointed directors are selected on the basis of a numerical rating system established to quantify education, industry and community involvement, and warranty performance.</p> <p>Quorum is two-thirds of Board members. Questions arising are decided by a majority of votes. The Chairman holds a second, casting, vote.</p>
Quorum & Approval	<p>Quorum is at least six directors. Questions are decided by a majority of votes.</p>	<p>Quorum is at least four directors. Subject to unanimous Membership agreement, decisions are approved by a simple majority of board members present.</p>		

ORGANIZATION AND LEGAL STRUCTURE

Western Provinces

	MANITOBA NHWP ¹	SASKATCHEWAN NHWP ²	ALBERTA NHWP ³	BC & YUKON NHWP ⁴
Committees	<p>Executive Committee Financial Subcommittee Registration Committee Technical Committee</p> <p>Consumer Affairs Advisory Committee Quality Standards Committee (these last two committees provided for in bylaws but not constituted).</p>	<p>Management Committee Financial Subcommittee Registration Committee Marketing Committee Insurance Committee Consumer Relations Committee (provided for in bylaws but not constituted).</p>	<p>Audit Committee Finance and Budget Committee Registration, Criteria and Claims Committee Nominating Committee</p> <p>Other Committees for special purposes may be appointed by the Board at its discretion.</p>	<p>Executive Board Audit Committee Rating Review Committee Builder Appeal Board Special Non-Builder Advisory Board</p> <p>(The Advisory Board is intended to function as a vetting process to Board policy. Representatives are chosen from: CMHC, BC Consumers Assoc., BC Bar Society, BC Mortgage Lenders Assoc., BC Building Inspection Officials, BC Real Estate Assoc., BC Ministry of Housing, and BC Ministry of Consumer Services.)</p>
Fiscal Year End	December 31.	Set by Board, currently December 31	September 30	February 28
Program Admin.	Program is administered by an Executive Director appointed by the Board and with the assistance of a small, paid staff. Head office in Winnipeg.	Program is administered by an Executive Director appointed by the Board with the assistance of a small, paid staff. Head office in Saskatoon with a district office in Regina.	Program is administered by the Board working with 23 paid staff members. Head office in Calgary, district office in Edmonton.	The program is administered by a President with the assistance of a paid staff. Head office in Vancouver.

Information marked as 'Not Provided' was not provided by the respective home warranty program. Information marked as 'Not Applicable' is not applicable to a particular home warranty.

¹ Source: MNHWP Bylaws and Amendments; MNHWP annual reports. Verified by MNHWP.

² Source: SNHWP Builders' Manual; SNHWP Bylaws and Amendments; SNHWP annual reports. Verified by SNHWP.

³ Source: ANHWP Memorandum of Association and annual reports. Verified by ANHWP.

⁴ Source: Background information provided by BCNHWP. Verified by BCNHWP.

4.3 Warranty Information

Methodology: In all cases, information was taken directly from warranty certificates or from builder agreements. We interviewed officers of the programs to clarify terms/definitions where appropriate. Existing technical/legal information has been preserved wherever possible in order to make accurate comparisons between programs. Ease in presentation, however, has required the exclusion or modification of some of the legal construction of warranty provisions.

As with the section on "stated goals and objectives," the comparisons made in the tables below are for ease in presentation only; they do not reflect the order in which these phrases appear in the warranty certificates. The categories were chosen to provide a broad description of the warranty coverage, but these descriptions were not meant to be exhaustive. All relevant components of the warranty coverages have been reported.

The information presented on the Quebec programs has been translated from French. The translation is meant to be descriptive only and should not be considered to be final.

Comments/Summary: The warranty coverage varies significantly across the country, both in terms of the level of coverage (maximum liability to the program) and the nature of the coverage (what components of the house are covered). This variation is to be expected due to the differences in the housing market across the country. The breadth of the coverage is somewhat correlated with the size of the programs, but only marginally so, to the extent that Saskatchewan is able to offer a warranty which is comparable to that of Ontario. The definition of key warranty ingredients (like "major structural defect") is less variable than is the warranty coverage itself; this would tend to be expected in light of the legal nature of warranty certificates and the common history of the programs.

- All warranty programs offer a basic one- or two-year builder warranty on work and materials combined with a longer, five- or seven-year warranty for Major Structural Defects.
- All warranty programs offer protection in varying degrees against builder default on a deposit or prepayment.
- All warranty programs (except Atlantic NHWP, APCHQ, and ACQ) provide for off-site living and moving expenses in the event that warranty work displaces home occupants. In Ontario, the builder is responsible for off-site living expenses.

- Some warranty programs (Saskatchewan, Alberta, and BC) offer extended warranty coverage for Major Structural Defects. In all cases, coverage applies for an additional five years.
- In all cases, the cost of the initial warranty is borne by the builder, who passes the cost on to the consumer. The extended warranties are purchased through a registered builder and usually must be in place by the date of possession.
- In all cases, the new home warranties are transferable in the event that the home is sold. The new home owner receives coverage for the remainder of the initial and extended warranty periods as applicable.
- ACQ's warranty requires the payment of a \$250 deductible.

WARRANTY INFORMATION
Eastern Provinces

	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴
Geographic Coverage	Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador.	Entire Province.	Warranty only applies to province of Quebec.	Entire Province.
Relevant Definitions	<p>Defects</p> <p>"Latent Defects" are defined as defects which reasonably careful inspection will not reveal.</p> <p>"Patent Defects" are defined as defects which are plainly visible, or which can be discovered by such inspections as would be made in the exercise of ordinary care and prudence.</p>	<p>"Hidden Defects" are those defects in workmanship or material appearing after the date of possession which the purchaser would not have been able to discover prior to said date, subject to article 1522 of the Civil Code. Excluded from this definition are defects arising out of normal use as well as those which arise from the normal movement/adjustment of building material.</p> <p>"Major Structural Defects" are those defects which might result in the partial or total loss of the residential unit, subject to article 1688 of the Civil Code. Included in this definition are Major Structural Defects arising out of soil subsidence.</p>	<p>"Defect" means a defect in work or materials which was hidden at the date of possession but which a builder is liable to correct under article 1522 of the Civil Code.</p>	<p>Contained within the <u>Ontario New Home Warranties Plan Act</u> and the Ontario Building Code.</p>
Major Structural Defects	<p>"Major Structural Defects" are defined as defects resulting in failure of the load-bearing portion of the home, including damage due to soil movement as defined in the Warranty, which affects its load-bearing function and which vitally affects the use of the home for residential purposes as referenced in the Corporation's MSD Guide, provided always that structural failures caused by an Act of God or other causes not due to builder negligence are excluded. Excluded as Major Structural Defects are defects in driveways, basement floors, garage floors, patios, sidewalks, retaining walls, and all concrete constructions which are not load-bearing.</p>			<p>"Major Structural Defects" are defined as defects in work or materials which:</p> <p>(a) result in the failure of the load-bearing portion of any building or materially and adversely affect its load-bearing function, or which</p> <p>(b) materially and adversely affect the use of such building for the purpose for which it was intended, including significant damage due to soil movement, major cracks in basement walls, collapse or serious distortion of joints or roof structure and chemical failure of materials, but excluding flood damage, dampness not arising from failure of a load-bearing portion of the building, damage to drains or services, damages to finishes and damage arising from Acts of God, acts of owners and their tenants, licensees and invitees, acts of civil and military authorities, acts of war, riot, insurrection or civil commotion and malicious damage.</p>

WARRANTY INFORMATION
Eastern Provinces

	ATLANTIC NHWP¹	GMN DE L'APCHQ²	PGMN DE L'ACQ³	ONTARIO NHWP⁴
Application	The Home Warranty applies to: Prepayment or deposit or prepayment (f) Completion Not Applicable	The Home Warranty applies to: Default by the builder on the return of a deposit or prepayment (f) Completion of work as outlined on the Purchase agreement. (*)	The Home Warranty applies to: Default by the builder of the return of a deposit or prepayment (f) Uncompleted work as set out in the Purchase agreement in the event that the builder is unwilling or unable to complete this work, provided that the home is livable at the time of the request for warranty protection. (f)	The Home Warranty applies to: Default by the builder on the return of a deposit or prepayment (f) Delays in closing of a purchase agreement or delays in occupancy. (*)
Substitution	Not Applicable	Not Applicable	Not Applicable.	Protection against substitution of key elements set out in the Agreement of Purchase made without homeowner consent. (*)
Workmanship and Materials	Defects in workmanship in the construction of the home, and defective materials or appliances supplied by the builder where such latent defects become manifest within the first year after the date of possession of the home by the purchaser. (*)	Hidden defects in workmanship and materials for a one year period immediately following the date of possession by the purchaser. (*)	Defects in work and materials for a one-year period following the date of possession. (*)	Defects in workmanship and materials, and violations of the Ontario Building Code where such defects or violations become known within the first year immediately following the date of possession by the purchaser. (*) Violations of the Ontario Building Code's health and safety provisions, where such violations become known within the first two years immediately following the date of possession by the purchaser. (*)
Building Envelope	Not Applicable	Not Applicable	Covered under builder's warranty.	Defects in workmanship and materials including windows, doors, caulking, basement, and foundation such that the building envelope of the home permits water penetration for the two-year period immediately following the date of possession by the purchaser, as well as detachment or deterioration of exterior cladding for the same two-year period. (*)
Major Systems	Not Applicable	Not Applicable	Covered under builder's warranty.	Defects in workmanship and materials in any of the electrical, plumbing, and heating delivery and distribution systems for the two-year period immediately following the date of possession by the purchaser. (*)

WARRANTY INFORMATION
Eastern Provinces

	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴
Major Structural Defects	Major Structural Defects in the home after the first year but within the five years after the date of possession of the home by the purchaser. (1)	Major Structural Defects in the home after the first year but within the five years after the date of possession of the home by the purchaser. (1)	Construction Defects for the five-year period following the date of possession. (1)	Major Structural Defects for the seven-year period immediately following the date of possession by the purchaser. (1)
Exceptions	The following shall not be considered defects in workmanship or materials:	The following shall not be considered defects in workmanship or materials:	The following items are not warranted:	The following items shall not be considered defects in workmanship or materials:
Purchaser-Supplied Materials	Defects in materials, appliances, design and workmanship provided by the purchaser, and any resultant damage caused to the home there from.	Defects in material, equipment, design, and workmanship provided by the purchaser.	Defects in materials, work, and design supplied by the purchaser.	Defects in materials, design and work supplied by the owner.
Normal Cracks	Normal cracks in plaster, paint, drywall, masonry, stucco and concrete.	Normal cracks in plaster, paint, drywall, masonry, stucco and concrete.	Normal cracks in materials.	Normal wear and tear.
Shrinkage	Normal shrinkage of materials caused by drying after the date of possession.	Normal shrinkage of materials due to the drying of material after the date of possession.	Normal shrinkage of materials.	Normal shrinkage of materials caused by drying after construction.
Insufficient Maintenance	Defects arising from improper maintenance by the purchaser and damage caused by dampness or condensation.	Defects arising from improper maintenance by the purchaser, including defects caused by humidity or condensation due to the failure by the purchaser to maintain adequate ventilation.	Damage arising from misuse or use for purposes not recommended by the builder/manufacturer.	Damage caused by dampness or condensation due to failure by the owner to maintain adequate ventilation; Damage resulting from improper maintenance.
Alterations	Defects in workmanship or materials in alterations made by the purchaser and defects in workmanship or materials supplied by the builder arising from such alterations made by the purchaser, and any resultant damages to the home there from.	Defects in workmanship or materials in alterations made by the purchaser.	Any alteration made by the purchaser.	Alterations, deletions, or additions made by the owner.
Subsidence	Subsidence of the land around the building or along utility lines, excluding subsidence below the footings of the house.	Soil subsidence around the home or along utility lines with the exception of subsidence beneath the foundation.	Soil subsidence other than that occurring beneath the foundation of the home.	Subsidence of land around the building or along utility lines, other than subsidence beneath the footings of the building.
Visible Defects	Patent defects in workmanship and materials apparent at the date of possession.	Defects which were apparent at the date of possession and which are not provided for on the Certificate of Completion and Possession.	Defects apparent and accepted by the purchaser at the date of possession.	Surface defects in work and materials specified and accepted in writing by the owner at the date of possession.

WARRANTY INFORMATION
Eastern Provinces

	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴
Acts of God or beyond builder control	Damage to the home resulting from an Act of God or other causes not due to the negligence of the builder.	Damage to the home resulting from an Act of God or either cause not due to the negligence of the Builder.	Not Provided.	Damage resulting from an Act of God; Damage caused by insects and rodents, except where construction is in contravention of the Ontario Building Code; Damage caused by municipal services or other utilities.
Secondary Damage	Warranty only applies to the home and neither the builder nor the Corporation are responsible for any other damage, including damage to property or personal injury. Not Provided.	Secondary damage caused by defects, such as property damage and personal injury.	The warranty only applies to work and materials. The warranty is not responsible for secondary damage caused by defects, including personal injury or damage to private property. Not Provided.	Secondary damage caused by defects, such as property damage and personal injury. Not Provided.
Other	Not Provided.	Defects arising from improper use of the home as well as defects arising from the failure or insufficient performance of an appliance or system, particularly as this may apply to energy consumption, heat recovery or air leakage.	Not Provided.	Not Provided.
Prepayment or Deposit Loss	\$10,000	\$30,000	\$20,000 (\$30,000 with an optional supplement)	\$20,000 for all homes except condominiums; \$20,000 + Interest for condominiums.
Maximum Financial Liability to the Program	\$30,000	Purchase price of the unit; For multi-family units and condominiums, the maximum liability is \$15,000 x # of units. Payments greater than \$200,000 require prior APCHQ approval.	Purchase price of the home for most units. \$30,000/unit for multiple-family dwellings.	\$100,000/unit; The lesser of \$2,500,000 or \$50,000 x # of units for the common area in a condominium.
Completion Liability	Not Applicable	Value of work as described on Purchase Agreement, up to the purchase price of the home.	Value of work as stated in contract, provided the home is livable at the time of request for warranty protection.	Program liable for greater of \$5,000 or 2% of purchase price Vendor liable for \$100/day to a maximum of \$5,000 for accommodation and living expenses in the event of units not ready for occupancy.
Warranty Term	Builder's warranty expires after one year. Corporation's warranty expires after five years.	Builder's warranty provisions expire with the Program's warranty provisions after five years.	Builder's warranty expires after one year. ACQ's warranty expires after five years.	Builder's warranty provisions expire after one and two years. Program's warranty expires after seven years.
Off-Site Living Expenses	Not Applicable	Not Applicable	Not Applicable	Builder required to pay \$100/day to a maximum of \$5,000 for a delay in closing or occupancy.

WARRANTY INFORMATION
Eastern Provinces

	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴
Extended Warranty	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Term	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Maximum Liability	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Cost	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Transferability	Yes	Yes	Yes, without limit until expiration of initial warranty.	Yes

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

Note: Provisions marked by (!) are the responsibility of the respective Warranty Program.
Provisions marked by (*) are the responsibility of the builder.

Note: In all cases, the respective Program warrants that should the builder be unable or unwilling to honour the builder warranty, it will be honoured by the Program.

Note: This table assumes that warranty coverage is a "package deal". Where a particular program offers separate warranty certificates for each component of its warranty (e.g., APCHQ), these components have been considered together as if they were on one warranty certificate.

¹ Source: Atlantic NHWP Warranty Certificate and background information provided by the Atlantic NHWP. Verified by Atlantic NHWP.

² Source: APCHQ Warranty Certificate and background information provided by APCHQ. Verified by APCHQ.

³ Source: ACQ Warranty Certificate and background information provided by ACQ. Verified by ACQ.

⁴ Source: ONHWP Warranty Certificate and background information provided by the Ontario NHWP. Verified by ONHWP.

WARRANTY INFORMATION
Western Provinces

	MANITOBA NIHPW ¹	SASKATCHEWAN NIHPW ²	ALBERTA NIHPW ³	BC & YUKON NIHPW ⁴
Geographic Coverage	Entire Province.	Entire Province.	Entire Province	Entire Province and Yukon Territory.
Relevant Definitions				
Defects	"Defect in Workmanship or Materials" means any construction carried out by the builder which is below the building standards prescribed by the Manitoba Building code in force at the time of construction.	Not Provided.	"Defects" are defined as work or materials below the Alberta Building Code, or that are not in compliance with the plans and specifications outlined in the contract for the purchase of the new home.	"Latent Defect" is defined as a defect in the construction of a Residential Unit which prudent and reasonable inspection at the date of possession could not reveal. "Patent Defect" is defined as a defect in the construction of a Residential Unit or Associated Common property which was plainly visible at the date of possession or which could have been discovered by prudent and reasonable inspection, but excludes items disclosed on the Completion Inspection Certificate.
Major Structural Defects	"Major Structural Defects" means Defects in Workmanship or Materials which have an adverse effect on the performance of the load-bearing portion of the Home. Excluded as Major Structural Defects are defects in driveways, basement floors, garage floors, patios, sidewalks, retaining walls and all concrete constructions which are not load-bearing provided always that God or that are caused by any other reason not due to the negligence of the builder are excluded from the Warranty herein provided.	"Major Structural Defects" are defects in workmanship or materials which have or are likely to have an adverse effect on the performance of the load-bearing portion of the home. Excluded as Major Structural Defects are defects in driveways, basement floors, garage floors, patios, sidewalks, retaining walls and all construction which is not load-bearing.	"Structural Defects" are defined as defects which are likely to cause damage due to the failure of a load-bearing part of the home to provide support. Excluded are driveways, basement and garage floors, patios, sidewalks, retaining walls, and all other concrete work which is not load-bearing.	"Major Structural Defects" means defects resulting in failure of the load-bearing portion of the Residential Unit, including damage due to Soils Movement as defined in the Warranty, which affects its load-bearing function and which vitally affects the use of the Residential Unit for residential purposes, provided always that structural failures caused by an Act of God or other causes not directly related to workmanship or material provided by the builder are excluded.
Application	The Home Warranty Applies to: Default by the builder of the return of a deposit or prepayment. (l) Not Applicable Not Applicable	The Home Warranty applies to: Default by the builder of the return of a deposit or prepayment. (l) Not Applicable Not Applicable	The Home Warranty applies to: Default by the builder of the return of a deposit or prepayment. (l) Uncompleted work as set out in the Purchase Agreement. (*, l) Not Applicable	The Home Warranty Applies to: Default by the builder of the return of a deposit or prepayment. (l) Uncompleted work as set out in the Completion Certificate. (*) Not Applicable

WARRANTY INFORMATION
Western Provinces

	MANITOBA NHWP¹	SASKATCHEWAN NHWP²	ALBERTA NHWP³	BC & YUKON NHWP⁴
Workmanship and Materials	Defects in workmanship and materials or appliances supplied by the builder where such defects become apparent within one (1) year from the date of possession. (*)	Defects in workmanship in the construction of a home and defective materials or appliances supplied by the builder within the first year immediately following the date of possession of the home by the purchaser. Normal cracks and nail pops in walls shall be repaired only once, however, builder shall not be required to repaint or redecorate for cracks or nail pops. (*)	Defects in a new home where such defects become known within the first year immediately following the date of possession of the home by the purchaser. (*, !)	Latent defects in workmanship and materials supplied by the builder within the first year immediately following the date of possession by the purchaser. (*) Correction pursuant to BCNHWP Performance Standards Manual.
Building Envelope	Coverage as provided under the first year warranty.	Water penetration of the building envelope (roof, exterior cladding, windows, and doors) within the two years immediately following the date of possession of the home by the purchaser. Damage of this nature reported during the second year is subject to a \$100 deductible. (*)	Not Applicable	Coverage provided as part of first year warranty on workmanship and materials and thereafter as qualifying criteria of a Major Structural failure.
Major Systems	Coverage as provided under the first year warranty.	Not Applicable	Not Applicable	Coverage provided as part of first year warranty on workmanship and materials and thereafter as qualifying criteria of a Major Structural failure.
Major Structural Defects	Major Structural Defects after the first year but within the five years immediately following the date of possession. (!)	Major Structural Defects after the first year but within the five years immediately following the date of possession of the home by the purchaser. (!)	Structural Defects after the first year but within the five years immediately following the date of possession of the home by the purchaser. (!)	Major Structural Defects after the first year but within the five years (or 10 years) immediately following the date of possession of the home by the purchaser. (!)
Exceptions	The following items shall not be considered Defects in Workmanship or Materials: Defects in materials, appliances, design and workmanship supplied by the purchaser. Normal cracks in plaster, paint, drywall, masonry, stucco and concrete.	The following items are not considered defects in workmanship or materials: Defects in materials, appliances, and workmanship provided by the purchaser. Normal cracks in plaster, paint, drywall, masonry, stucco, concrete, and normal cracking or heaving of concrete floor slabs are <u>NOT</u> included except as noted elsewhere in the Warranty.	The following items are not considered defects: Any workmanship, design or material provided by the homeowner. Normal cracks in plaster, paint, masonry, stucco, and concrete.	The following items shall not be considered defects in workmanship and Materials: Defects in materials, appliances, design and workmanship supplied by the purchaser. Normal cracks in plaster, paint, drywall, masonry, stucco, and concrete.

WARRANTY INFORMATION
Western Provinces

	MANITOBA NIHP¹	SASKATCHEWAN NIHP²	ALBERTA NIHP³	BC & YUKON NIHP⁴
Shrinkage	Normal shrinkage or warpage of materials.	Defects arising from failure to adjust teleposts to allow for normal shrinkage of wooden structural members and movement of concrete slabs.	Normal shrinking and warping of materials.	Normal shrinkage or warpage of materials.
Insufficient Maintenance	Defects arising from improper maintenance by the purchaser including damage caused by or resulting from dampness or condensation due to the failure of the purchaser to maintain adequate ventilation in the Home.	Defects arising from improper or inadequate maintenance by purchaser, including damage caused by dampness or condensation due to the failure of the purchaser to maintain adequate heat and/or ventilation.	Damage from improper maintenance.	Defects arising from normal wear and tear or improper maintenance by the purchaser, including damage caused by or resulting from dampness due to failure of the purchaser to maintain adequate heat and/or ventilation.
Alterations	Defects in workmanship and materials caused by or resulting from alterations by the purchaser and Defects in Workmanship or Materials supplied by the builder arising from such alterations made by the purchaser.	Defects in builder-supplied materials arising from purchaser alterations.	Damage caused by alterations or work done by the homeowner.	Defects in workmanship or materials in alterations made by the purchaser and defects in workmanship or materials supplied by the builder arising from such alterations made by the purchaser.
Subsidence	Soil subsidence of the land around the building or along utility lines and sewer and water trenches including subsidence or heaving beneath the footing or piles of the home.	Minor subsidence of the land around the Home or along utility lines excluding subsidence beneath the footings of the home.	Normal soil movement along utility lines.	Soil/backfill consolidation around the Residential Unit or along utility lines, except that subsidence beneath the footings of the home and ground slabs (except under a garage floor) are covered.
Visible Defects	Colour variations, surface Defects in Workmanship and Materials apparent and accepted by the purchaser at the date of possession.	Apparent surface defects in workmanship and material not listed on the Certificate of Possession and New Home Warranty are deemed to be accepted by the purchaser at the date of possession.	Defects accepted by the homeowner at the date of possession.	Patent Defects or other surface imperfections in workmanship and materials known at the date of possession.
Acts of God or beyond Builder control	Damage to the Home arising from or caused by flood, earthquake, hail, windstorm, or other Acts of God, or other causes not due to the negligence or beyond the control of the builder.	Not Provided.	Not Provided.	Defects resulting from an Act of God or on account of acts or omissions of a third party for whom the builder is not at law responsible.
Secondary Damage	Warranty does not apply to property damage or personal injury caused by defects in the home, and does not apply to other damage to the home resulting from said defects.	Slight variations in colour which might occur when replacing defective materials. Warranty only applies to the home and neither the builder nor the Corporation are responsible for any other damage, including damage to property or personal injury.	Warranty does not apply to property damage or personal injury caused by defects in the home.	Warranty does not apply to personal property damage or personal injury caused by defects in the home.

WARRANTY INFORMATION
Western Provinces

	MANITOBA NHWP¹	SASKATCHEWAN NHWP²	ALBERTA NHWP³	BC & YUKON NHWP⁴
Other	Seams in sheet vinyl, carpet and drywall surfaces. Reflection caused by high gloss surfaces revealing the outline of sectional material below the surface of the finished material. Nail pops, seam lines and variations in drywall surfaces between areas covered by joint filler and normal wall board surfaces. Homes initially built for Purchase which are subsequently rented are eligible only for coverage on Major Structural Defects.	Defects in material or workmanship in detached garages, fences, landscaping, patios, sidewalks, or driveways. If home is rented by purchaser, Warranty only applies to Major Structural Defects.	Damage other than structural defects caused by soil movement	A defect in any item specifically agreed between the builder and the purchaser as excluded from this Limited Warranty. Damage caused by the purchaser at the time of move-in or thereafter. Matters of contract between the builder and purchaser not otherwise covered by the Limited Warranty Certificate.
Prepayment or Deposit Loss	\$10,000	\$10,000	Greater of \$10,000 or 10% of purchase price to a maximum of \$25,000.	\$20,000
Maximum Financial Liability to the Program	\$30,000	\$20,000	\$30,000 in the case of Residential Units. For condominiums, the lesser of \$1,000,000 or \$30,000 x # of units.	\$100,000 in the case of most Residential units. For condominium or Special Projects, the least of: (a) the original purchase price of Residential units, or (b) \$100,000 x the number of Residential units, or (c) \$2,000,000
Completion Liability	Not Applicable	Not Applicable	\$25,000	\$3,000 for defects noted at closing.
Warranty Term	Builder's warranty expires after one year. Program's warranty expires after five years.	Builder's warranty provisions expire after one or two years. Program's warranty provisions expire after five years.	Builder's warranty expires after one year. Program's warranty expires after five years.	Builder's warranty expires after one year. Program's initial warranty expires after five years. Extended warranty coverage available.

WARRANTY INFORMATION
Western Provinces

	MANITOBA NHWP ¹	SASKATCHEWAN NHWP ²	ALBERTA NHWP ³	BC & YUKON NHWP ⁴
Off-Site Living Expenses	Living & moving expenses not exceeding \$3,000.	Living & moving expenses not exceeding \$2,000. (*)	Living and moving expenses not exceeding \$3,000.	Living and moving expenses not to exceed \$200/day to a maximum of \$3,000 per Residential unit.
Extended Warranty	Not Available.	Applies only to Major Structural Defects. Additional 5 years. \$20,000	Applies only to Structural Defects. Additional 5 years. \$30,000	Applies only to Major Structural Defects. Additional 5 years. \$100,000
Term	Not Applicable.			
Maximum Liability	Not Applicable.			
Cost	Not Applicable.	\$195 + \$10/(every \$20,000 sale price over \$80,000)	\$100 + 7% G.S.T.	\$140-\$175 + 7% G.S.T. depending on builder rating.
Transferability	Yes	Yes	Yes	Yes

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

Note: Provisions marked by (!) are the responsibility of the respective Warranty Program.
Provisions marked by (*) are the responsibility of the builder.

Note: In all cases, the respective Program warrants that should the builder be unable or unwilling to honour the builder warranty, it will be honoured by the Program.

Note: This table assumes that warranty coverage is a "package deal". Where a particular program offers separate warranty certificates for each component of its warranty (e.g., Alberta), these components have been considered together as if they were on one warranty certificate.

¹ Source: MNHWP Warranty Certificate and background information provided by MNHWP. Verified by MNHWP.

² Source: SNHWP Warranty Certificate and background information provided by SNHWP. Verified by SNHWP.

³ Source: ANHWP Payment Indemnity, Builder Performance Indemnity, and Warranty Certificates. Verified by ANHWP.

⁴ Source: BCNHWP Schedule A, B, and C Warranty Certificates. Verified by BCNHWP.

4.4 Membership/Builder Registration

Methodology: Membership/Builder registration refers to the process whereby a builder firm becomes eligible to enrol its units in the respective provincial new home warranty program. Both phrases (membership and builder registration) are used by different warranty programs and, for the purpose of this document, bear the same meaning. The information in the following tables is drawn from Builder Registration Kits and background information provided by the programs. Using registration kits as the common reference point allows for a more accurate comparison between the programs than would another reference point since it provides the same perspective of each program: "What criteria are needed to become a member?" Note, however, that some of this information is not directly comparable. The more subjective information (like registration criteria) presents particular difficulties. Each program, for example, may have a different definition of "sufficient technical expertise." The information presented, however, should allow for an accurate comparison of the programs.

Comments/Summary: Like the warranty coverage, there is a variability in the procedures and criteria in place for builder registration. Despite these variations, however, all of the registration criteria are designed so that builders in every program must meet an established standard of technical proficiency and financial stability.

- The cost of application varies widely across the country, from \$250 in Quebec (ACQ) to \$970 in Saskatchewan.
- Some programs require letters of credit as a pre-condition to registration (Manitoba, Saskatchewan, Alberta) while others require security for some or all builders (BC and Ontario). These requirements arose as a consequence of the on-going review of claims experience.
- Most programs provide an automatic review mechanism to review builder registration.
- Most programs have implemented levels of membership usually based both on builder experience and history with the program.
- The means of determining technical and financial qualifications vary widely across the country.

MEMBERSHIP/BUILDER REGISTRATION
Eastern Provinces

	ATLANTIC NHWP'	GMN DE L'APCHQ'	PGMN DE L'ACQ'	ONTARIO NHWP'
Application Materials	Application must include: Application for Registration Form	Application must include: Application for Registration Form	Application must include: Application Form	Application must include: Application for Registration Form
Application Fee	\$500 + 7% G.S.T	\$300 + 7% G.S.T.	\$250 + 7% G.S.T. + 4.28% P.S.T. for members of an affiliated association. \$300 + 7% G.S.T. + 4.28% P.S.T. for non-members	\$600 + 7% G.S.T.
Builder Agreements	Two Agreement with Builder Forms	Two Completed Agreement with Builder Forms for each category of unit built.	Two copies of Agreement with Builder	Two copies Vendor/Builder Agreement
Guarantees	Personal Guarantee Form	Personal Guarantee (if applicable)	Personal Guarantee	Guarantee Form
Banking Information	Bank Information Form	Bank references and/or guarantees (if applicable)	Bank Reference	Bank Letter of Reference Copy of Offer to Finance (if applicable)
Financial Statements	Financial Statements prepared not more than six months before date of Application. Personal Net Worth statement.	Personal Net Worth Statements and/or current Financial Statements	Financial Statements for previous 3 years. Personal Net Worth statements of all principals. List of Monthly Accounts Receivable.	Opening Balance Sheet and/or Audited Financial Statements Personal Net Worth Statement (if Applicant is a sole proprietor)

MEMBERSHIP/BUILDER REGISTRATION
Eastern Provinces

	ATLANTIC NHWP¹	GMN DE L'APCHQ²	PGMN DE L'ACQ³	ONTARIO NHWP⁴
References	Three Customer Reference Letters Two Trade Reference Letters	Credit, Consumer and Sub-trade references (if applicable)	List of Sub-trade references. List of five Customer references.	Credit references.
Other Information	Certificate of Independent Legal Advice for Spouse (if necessary). Enrolment fees if homes are being enrolled at time of Application.	Copy of Quebec builder licence. Other information as may be required.	Photocopy of business licence. Curriculum Vitae (in prescribed form) of principals.	Confirmation from municipality of Draft Plan or Registered Plan of Subdivision approval (for freehold residential units only). Architectural elevations and/or a marketing brochure for the proposed project. Security, enrolment fees, Enrolment of Condominium Form, and Condominium General Review Form for all condominium projects.
Review Process	Applicants who meet entrance standards and who are otherwise approved by the Corporation shall be eligible for probationary status only, for a minimum of one year.	Applications are reviewed by the commission's accreditation division to determine suitability. Interviews may be performed. Inspections are usually carried out on applicants' homes under construction.	Application is reviewed by ACQ to determine builder suitability. Interviews and inspections may be performed to determine the strength of the application.	Applicants may be interviewed to establish business skills and to outline obligations under the Warranty. Applicants may also be required to complete a technical test in order to establish technical competency. The Builder Services Department will perform a financial and document analysis and review in order to determine builder/vendor suitability. The Applicant is informed of the decision in writing by the Registrar through the Builder Services Department.

MEMBERSHIP/BUILDER REGISTRATION
Eastern Provinces

	ATLANTIC NHWP'	GMN DE L'APCHQ'	PGMN DE L'ACQ'	ONTARIO NHWP*
<p>Criteria for Registration</p> <p>Technical Criteria</p>	<p>An applicant for membership must fulfil two of the following criteria:</p> <p>A satisfactory inspection report(s) of Code compliance on units already in progress;</p> <p>Three satisfactory references from owners of homes constructed by the applicant and sold within the last two years;</p> <p>A satisfactory reference as to technical ability from an existing member of the Corporation;</p> <p>Holding a Journeyman's/Carpenter Certificate from a recognized school or college;</p> <p>A satisfactory detailed resume of the applicant's past and/or proposed activities, including volume, locations and type of house, financing arrangements, details of principal site personnel, etc. (To be used only to supplement an application or where the applicant is well-known to the Corporation such that references would be considered unnecessary.)</p>	<p>Applicants must demonstrate sufficient technical and administrative expertise to ensure that they will be able to comply with Program guidelines and offer high quality service to the public.</p>	<p>Builder must demonstrate sufficient technical expertise to minimize the number of warranty claims. Technical merit is based on respect for municipal and national building codes as determined by inspections of existing homes constructed by the builder and by interviews with key builder staff. Overall management ability is determined by interview and by an examination of builder reputation.</p>	<p>Applicants may be required to complete a technical review in the form of a 30 question, multiple-choice exam on common building problems. The results of the technical evaluation will determine appropriate terms and conditions of registration.</p>

MEMBERSHIP/BUILDER REGISTRATION
Eastern Provinces

	ATLANTIC NHWP¹	GMN DE L'APCHQ²	PGMN DE L'ACQ³	ONTARIO NHWP⁴
Financial Criteria	Applicant must receive a favourable credit reference from a lending institution and from trade suppliers. Applicants may also be required to submit a cash deposit in an amount stipulated by the Corporation. Applicant must secure between \$2,000 and \$4,000 in working capital per Residential unit enrolled (depending on nature and financial situation of applicant), or provide the Corporation with an irrevocable and unconditional letter of credit in an amount assessed by the Program.	Applicants must demonstrate sufficient financial stability. Applicants may be required to post bonds or other guarantees.	Builder must demonstrate sufficient financial stability and liquidity to carry out warranty obligations. Financial strength is determined based on a review of financial statements, of indebtedness, and of profitability. Builders are expected to have a working to fixed capital ratio of at least 1.1 to 1. Builders without sufficient equity may be required to take out letters of credit or post security bonds of at least \$20,000.	The financial position of the Applicant, as determined by the Builder Services Department, will determine the terms and conditions of registration.
Other Criteria	Not stated.	Applicants must demonstrate sufficient business and entrepreneurial skills.	Not Provided.	Applicant must demonstrate competent business skills.
Term of Registration	Registration is valid for one year.	Registration is valid for one year.	Membership is for one year.	Registration is valid for one year.
Appeal Process	An applicant denied membership may appeal directly to the Board.	A denied application is automatically submitted to the Comité de révision des accreditations. Applicants may appeal to the Commission des garanties.	Not Applicable.	An applicant denied registration may appeal in writing to The Commercial Registration Appeal Tribunal under the <i>Ministry of Consumer and Commercial Relations Act</i> within 15 days of receiving notice of the denied application. The Tribunal will hold a hearing and rule upon the denied application.

MEMBERSHIP/BUILDER REGISTRATION
Eastern Provinces

	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴
Renewal of Registration Process	The following is required for renewal of Registration: Financial and net worth statements Probationary members are subject to an annual review.	Registration is automatically renewed for builders in good standing.	Renewal is automatic for builders in good standing. Other builders may be subject to inspections or interviews to determine suitability.	The following is required for Renewal of Registration: Registration Renewal Form Registration Renewal Fee
Renewal Fee	\$100 + 7% G.S.T.	\$200 + G.S.T.	\$150 + 7% G.S.T. + 4.28% P.S.T. for members of affiliated associations. \$200 + 7% G.S.T. + 4.28% P.S.T. for non-members.	\$300 + 7% G.S.T.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: Atlantic NHWP Registration Regulations and Procedures. Verified by Atlantic NHWP.

² Source: Background Information provided by APCHQ. Verified by APCHQ.

³ Source: Background Information provided by ACQ. Verified by ACQ.

⁴ Source: ONHWP Registration Package. Verified by ONHWP.

MEMBERSHIP/BUILDER REGISTRATION
Western Provinces

	MANITOBA NHWP¹	SASKATCHEWAN NHWP²	ALBERTA NHWP³	BC & YUKON NHWP⁴
Application Materials	Application must include: Application for Membership Form	Application must include: Application for Membership Form	Application must include: Application Form	Application must include: Application Form
Application Fee	\$500 + 7% G.S.T.	\$970 + 7% G.S.T.	\$800 + 7% G.S.T.	\$600 + 7% G.S.T.
Builder Agreements	One copy of Agreement with Builder	Two copies of Agreement with Builder	Agreement with Builder	Two signed copies of Agreement with Builder
Guarantees	No personal guarantees. Corporate Ownership Guarantees may be required.	Personal Guarantee Forms	Personal Guarantee required.	Guarantees may be required based on review process.
Banking Information	Irrevocable Letter of Credit	Bank Inquiry form signed and forwarded to relevant banking institutions. Irrevocable Letter of Credit	Bank Reference Letter of Credit	Lender Reference Form
Financial Statements	Financial Statements prepared on a "review" basis by a qualified accountant. Statements of Net Worth may be required in some cases.	Financial statements which have been prepared by a certified accountant not less than five months past date of fiscal year end. Statement of Personal Worth for all principals in company.	Financial Statements prepared on a "review" basis by a qualified accountant. Statement of Net Worth	Audited Financial Statements for recent year end and two preceding years. For non-incorporated entities options include personal equity data, income tax returns, and checked histories.
References	Customer References required.	Supplier and Customer references required.	Customer and Sub-trade references	Three Supplier references, in writing Four Sub-trade references, in writing One Builder Inspector reference from Municipality, in writing
Other Information	Not Applicable	Evidence of satisfactory completion of first set of Education and Training courses sponsored by SHBA. Remaining courses must be completed within first Membership year. Additional information as may be required from time to time.	Resume of principals/key management personnel of the Company; Business Plan for next year, including cash flow projections and work in progress reports; Confirmation from Alberta Corporate Registry of organization's registration; Copy of Liability Insurance Coverage and Workers' Compensation number; Evidence of enrolment or completion of Professional Home Builder's Institute complement of courses.	Resume of principals of Company Sample contracts between builder and purchaser Copy of Company's Incorporation Certificate

MEMBERSHIP/BUILDER REGISTRATION
Western Provinces

	MANITOBA NHWP¹	SASKATCHEWAN NHWP²	ALBERTA NHWP³	BC & YUKON NHWP⁴
Review Process	Once an application is received by the Program, the following steps are taken: (1) a credit report is ordered; (2) a technical inspection is carried out on uncompleted homes in builder's inventory; (3) the financial information is reviewed by the Financial Subcommittee; (4) the application is reviewed by the Registration Committee; and (5) Any decision or request for further documentation is communicated to the builder.	Financial information (only) is reviewed by the Financial Subcommittee which makes a recommendation to the Registration Committee. The Registration Committee considers the information and recommendations presented to it. A decision is then made as to whether the application is accepted. This decision is communicated to the Applicant in writing.	Application assessed and reviewed by Registration Committee using a points system. Interviews and inspections may be performed to determine builder suitability.	The application package and supporting data are reviewed by the Registrar and an accountant. Marginally acceptable applicants will be required to complete technical examinations and will be required to post security for risk. Applicants are notified in writing by Registrar as to state of acceptance.
Criteria for Registration	The builder must exhibit technical competence (or have someone on staff with such competence).	The principals or permanent employees of the builder must have favourable management and technical experience as home builders, and must enjoy a favourable business reputation, particularly regarding after-sales service. The builder must be employed full-time in the building business or have at least one employee on a full-time basis who has technical and managerial capabilities to respond to business and warranty problems.	Technical criteria vary depending on the technical qualifications of the applicant. Applicants must demonstrate previous active involvement in residential construction, or in another area of construction which would satisfy the technical requirements. Applicants must demonstrate technical and managerial skills. Applicants must provide cost estimates on new homes to be built, along with reports on the variance of actual cost from prior estimates of already completed homes.	Technical criteria vary depending on the technical qualifications of the applicant. Applicants must demonstrate previous active involvement in residential construction, or in another area of construction which would satisfy the intent of the technical requirements. Technical references must be rated average or better. Applicants with no track record and no technical expertise, joint ventures, and investors/entrepreneurs without technical experience are all usually required to apply for "Third Party Builder" status. A Third Party Builder is subject to risk premiums and security payments in addition to regular enrolment fees, and may be required to meet other conditions for registration, including retaining permanent technical staff acceptable to the Program.

MEMBERSHIP/BUILDER REGISTRATION
Western Provinces

	MANITOBA NHWP¹	SASKATCHEWAN NHWP²	ALBERTA NHWP³	BC & YUKON NHWP⁴
Financial Criteria	The builder must possess sufficient financial strength to carry out his building program.	The builder must receive a favourable credit rating and response to the Bank Inquiry form.	The builder must be financially stable, based on a rating system which assesses points for equity, working capital, and profitability in relation to the planned number of residential units to be constructed in one fiscal year.	Builders must receive a favourable credit rating and Lender Reference. Applicants must secure a minimum of \$5,000 in working capital per Residential Unit.
Other Criteria	Not stated.	The builder must be eligible to obtain local permits and licenses pertaining to home building, as required by the authority having local jurisdiction. Every builder-member must have a company name listed in the telephone directory, at least in the area in which he conducts business, and must maintain an office or representative in the province of Saskatchewan.	The builder must demonstrate an awareness of prevailing market conditions and must display a sound business reputation.	Not stated.
Term of Registration	Membership is valid for one year.	Registration is valid for one year.	Membership is valid for one year.	Registration is valid for one year.
Appeal Process	An applicant denied membership may appeal directly to the Board.	An applicant denied membership may appeal directly to the Board.	An applicant denied membership may appeal directly to the Board.	An applicant denied registration may, within 21 days of notice, appeal such decision to the 'Appeals Board'.

MEMBERSHIP/BUILDER REGISTRATION
Western Provinces

	MANITOBA NHWP ¹	SASKATCHEWAN NHWP ²	ALBERTA NHWP ³	BC & YUKON NHWP ⁴
Renewal of Registration Process	<p>The following is required for renewal of Membership: Membership Renewal Form Renewal of Membership fee Financial Statements</p> <p>The renewal date is 4 months after the builder's fiscal year end. One month prior to the renewal date a notice and renewal materials are sent to the builder.</p>	<p>The following is required for renewal of Membership: Renewal of Membership form Renewal of Membership fee Bank Inquiry Form Company Financial Statements Personal Worth Statements for some builders.</p> <p>Program representative may meet with the builder-member to discuss the renewal. Approval of the renewal of membership is made by the Financial Subcommittee</p>	<p>The following is required for renewal of Membership: Renewal of Membership Fee Bank Reference Financial Statements Activity Report (Work in progress, Specifications, Show Homes, and Forecasts)</p> <p>The Program reviews the Activity Report and Bank Reference to determine builder eligibility to continue with the Program. Program representatives may meet with builder representatives.</p>	<p>The following is required for renewal of Membership: Registration Renewal Form Registration Renewal Fee A copy of most recent Financial Statements List of Shareholders (if changed from previous year) Outstanding Possession Certificates</p> <p>Each year, all builders under go a performance review</p>
Renewal Fee	<p>\$125 + 7% G.S.T. if renewal documentation is received on time. \$375 + 7% G.S.T. if renewal information is late.</p>	<p>\$255 + 7% G.S.T. \$127.50 + 7% G.S.T. for Lloydminster builders who also belong to the Alberta program.</p>	<p>\$200 + 7% G.S.T.</p>	<p>\$100-\$300 + 7% G.S.T. depending on builder rating.</p>

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: Background information provided by MNHWP. Verified by MNHWP.

² Source: SNHWP Builders' Manual. Verified by SNHWP.

³ Source: Background information provided by ANHWP. Verified by ANHWP.

⁴ Source: BCNHWP Builders' Manual. Verified by BCNHWP.

4.5 Housing Enrolment

Methodology: Housing enrolment refers to the process whereby a builder registers a home for coverage with the respective provincial program. The information presented in the tables below was drawn from Builder Registration Kits and from background information provided by the new home warranty programs. To ensure comparability between the programs, eligible housing units were defined both in terms of the kind of structure involved (single detached, duplex, etc...) and the kind of ownership involved. This distinction between type of structure and type of ownership accommodates those programs in which type of ownership is an issue.

For the purpose of this study, type of ownership refers to the description used in the initial construction and marketing of the home. For example, those units classified under the rental housing ownership category identify those units which are constructed and marketed as rental units. A duplex is listed as an eligible unit under this category if it remains eligible for warranty coverage while being marketed as a rental unit. If the same duplex is only eligible for coverage if it is offered for sale only, then it is listed under the "private ownership" category. Where a program does not make a distinction based on ownership type, but does make a distinction on type of structure, it has been assumed that a given structure is covered under all kinds of ownership.

Comments/Summary: The most significant differences between the programs in terms of housing enrolment lie in the difference in fees charged for enrolment. There exists a large variety of pricing arrangements, from a flat rate per unit (Atlantic Canada), to a rate based exclusively on builder ratings (BC), to differential rates based on type of ownership (APCHQ and ACQ). Most of the programs lie somewhere between these three extremes, usually also factoring house price into enrolment fees.

- All programs require builders to enrol every eligible unit. BC and Ontario exempt not-for-sale units which are built by a builder for his/her personal use.
- In the event of builder failure, most programs automatically assume warranty responsibility for enrolled units which are unsold at the time of the failure.
- All programs offer warranty coverage on privately-owned single detached, semi-detached, duplex and row housing units.
- Condominium coverage varies by program.

HOUSING ENROLMENT
Eastern Provinces

	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴
Responsibility for Enrolment	Builder members are required to enrol all units at the earlier of the date of issue of Building Permit or the date of start of construction.	Builder members are required to enrol all eligible units with a purchase price of more than \$20,000 at the earlier of the date of issuance of a Building Permit or the date of completion of an Offer to Buy.	Builder must enrol all available units at the earlier of the issuance of a Building Permit or the signing of an offer to purchase. Builders not enrolling all eligible units are subject to a \$100/unit penalty.	Builder responsible for enrolling all eligible units forthwith upon issuance of a Building Permit in case of most homes, 30 days prior to start of construction for condominiums.
Eligible Units				
Private Ownership:				
Single Detached	Yes	Yes	Yes	Yes
Semi-Detached	Yes	Yes	Yes	Yes
Duplex	Yes	Yes	Yes	Yes
Row Housing	Yes	Yes	Yes	Yes
Factory Built	Yes	Yes	Yes	Yes
Rental Housing:				
Single det.	Yes	Yes	Yes	Not Applicable
Semi-det.	Yes	Yes	Yes	Not Applicable
Duplex	Yes	Yes	Yes	Not Applicable
Row Housing	Yes	Yes	Yes (less than three storeys)	Not Applicable
Apartments	Rental Units under three storeys	Yes	Yes	Not Applicable
Condominium Ownership:	Yes (Low level only, including common area)	Yes	Yes	Yes (including common areas)
Non-Market/Public Ownership:				
Seniors Comp.	Yes	Yes	Not Applicable	Not Applicable
Public Housing	Yes	Yes	Not Applicable	Not Applicable
Other Buildings	Not Applicable	Multi-family dwellings (more than five units) Mobile homes, provided that they are built in Quebec and financed by a guaranteed mortgage. Conversions to condominiums. Renovations to existing homes are covered by a separate, but similar warranty administered by APCHQ.	Co-op ownership in accordance with regulation 1725-82 under articles 441 b) and 442 p) of the Civil Code. Major renovations are covered by a separate but similar warranty administered by ACQ.	Any other dwelling of a class prescribed by regulation under <u>The Ontario New Home Warranties Act</u>

HOUSING ENROLMENT
Eastern Provinces

	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴																																																																													
Ineligible Units	High-level Condominiums Apartment Buildings over three storeys Buildings not attached to a permanent foundation, including mobile homes.	Manufactured housing not attached to a permanent foundation, except as noted above.	Mobile Homes Pre-fabricated Cottages Seasonal and non-permanent Dwellings	Dwellings built and sold for occupancy for temporary or seasonal purposes.																																																																													
Home Enrolment Fees	All enrolment fees subject to 7% G.S.T. Single Detached \$185/unit (Prob. \$285) Semi-Detached \$185/unit Row/Townhouse \$185/unit Senior Citizen \$110/unit (Govt Fin.) Senior Citizen \$205/unit (Other Fin.) Condominium \$205/unit Rental \$205/unit Other \$205/unit	Enrolment fees are based on purchase price, builder qualification, type of structure, and (in the case of condominiums) the height of the structure. All enrolment fees are subject to 7% G.S.T. and 8% P.S.T. CATEGORY A HOMES (one - five families) <table border="1"> <thead> <tr> <th>Builder</th> <th>Unit Price</th> <th></th> </tr> </thead> <tbody> <tr> <td>Category < \$100K</td> <td>\$100-\$200K</td> <td>> \$200K</td> </tr> <tr> <td>Gold</td> <td>255</td> <td>265</td> </tr> <tr> <td>Silver</td> <td>265</td> <td>272</td> </tr> <tr> <td>Bronze</td> <td>275</td> <td>285</td> </tr> <tr> <td>> 2 yrs</td> <td>300</td> <td>310</td> </tr> <tr> <td>< 2 yrs</td> <td>350</td> <td>360</td> </tr> <tr> <td colspan="3">CONDOMINIUMS</td> </tr> <tr> <td>Builder</td> <td>Purchase Price</td> <td><\$100K/>\$100K</td> </tr> <tr> <td>Category < 2 yrs</td> <td>3 firs</td> <td>4+ firs</td> </tr> <tr> <td>Gold</td> <td>310/320</td> <td>335/355</td> </tr> <tr> <td>Silver</td> <td>320/330</td> <td>345/365</td> </tr> <tr> <td>Bronze</td> <td>330/340</td> <td>410/430</td> </tr> <tr> <td>> 2 yrs</td> <td>355/365</td> <td>435/455</td> </tr> <tr> <td>< 2 yrs</td> <td>405/415</td> <td>485/505</td> </tr> </tbody> </table>	Builder	Unit Price		Category < \$100K	\$100-\$200K	> \$200K	Gold	255	265	Silver	265	272	Bronze	275	285	> 2 yrs	300	310	< 2 yrs	350	360	CONDOMINIUMS			Builder	Purchase Price	<\$100K/>\$100K	Category < 2 yrs	3 firs	4+ firs	Gold	310/320	335/355	Silver	320/330	345/365	Bronze	330/340	410/430	> 2 yrs	355/365	435/455	< 2 yrs	405/415	485/505	Enrolment fees are based on purchase price. Condominiums are enrolled at \$5/\$1000 of purchase price to a maximum of \$325/unit. Rental Apartments (under three storeys) are enrolled at \$150/unit. Note: All home enrolment fees are subject to 7% G.S.T. and 4.28% P.S.T. Note: House prices below assume land is included in price. <table border="1"> <thead> <tr> <th>House Price</th> <th>Enrolment Fee</th> </tr> </thead> <tbody> <tr> <td>< 50K</td> <td>225</td> </tr> <tr> <td>50,001-90K</td> <td>250</td> </tr> <tr> <td>90,001-120K</td> <td>260</td> </tr> <tr> <td>> 120K</td> <td>275</td> </tr> </tbody> </table>	House Price	Enrolment Fee	< 50K	225	50,001-90K	250	90,001-120K	260	> 120K	275	Low-rise condominiums add \$100 per unit for common element. High-rise condominiums add \$150 per unit for common element 7% G.S.T. and 8% P.S.T. apply to enrolment fees. Security may be required from some builders or for certain structure types (e.g. septic systems). <table border="1"> <thead> <tr> <th>Sale Price</th> <th>Fee</th> </tr> </thead> <tbody> <tr> <td>\$0 - \$100K</td> <td>\$445</td> </tr> <tr> <td>\$100,001 - \$150K</td> <td>\$470</td> </tr> <tr> <td>\$150,001 - \$200K</td> <td>\$520</td> </tr> <tr> <td>\$200,001 - \$250K</td> <td>\$570</td> </tr> <tr> <td>\$250,001 - \$300K</td> <td>\$620</td> </tr> <tr> <td>\$300,001 - \$350K</td> <td>\$670</td> </tr> <tr> <td>\$350,001 - \$400K</td> <td>\$720</td> </tr> <tr> <td>\$400,001 - \$450K</td> <td>\$770</td> </tr> <tr> <td>\$450,001 - \$500K</td> <td>\$820</td> </tr> <tr> <td>> \$500,001</td> <td>\$870</td> </tr> </tbody> </table>	Sale Price	Fee	\$0 - \$100K	\$445	\$100,001 - \$150K	\$470	\$150,001 - \$200K	\$520	\$200,001 - \$250K	\$570	\$250,001 - \$300K	\$620	\$300,001 - \$350K	\$670	\$350,001 - \$400K	\$720	\$400,001 - \$450K	\$770	\$450,001 - \$500K	\$820	> \$500,001	\$870
Builder	Unit Price																																																																																
Category < \$100K	\$100-\$200K	> \$200K																																																																															
Gold	255	265																																																																															
Silver	265	272																																																																															
Bronze	275	285																																																																															
> 2 yrs	300	310																																																																															
< 2 yrs	350	360																																																																															
CONDOMINIUMS																																																																																	
Builder	Purchase Price	<\$100K/>\$100K																																																																															
Category < 2 yrs	3 firs	4+ firs																																																																															
Gold	310/320	335/355																																																																															
Silver	320/330	345/365																																																																															
Bronze	330/340	410/430																																																																															
> 2 yrs	355/365	435/455																																																																															
< 2 yrs	405/415	485/505																																																																															
House Price	Enrolment Fee																																																																																
< 50K	225																																																																																
50,001-90K	250																																																																																
90,001-120K	260																																																																																
> 120K	275																																																																																
Sale Price	Fee																																																																																
\$0 - \$100K	\$445																																																																																
\$100,001 - \$150K	\$470																																																																																
\$150,001 - \$200K	\$520																																																																																
\$200,001 - \$250K	\$570																																																																																
\$250,001 - \$300K	\$620																																																																																
\$300,001 - \$350K	\$670																																																																																
\$350,001 - \$400K	\$720																																																																																
\$400,001 - \$450K	\$770																																																																																
\$450,001 - \$500K	\$820																																																																																
> \$500,001	\$870																																																																																

HOUSING ENROLMENT Eastern Provinces				
	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴
Cancellation of Home Enrolment	Upon termination of the Agreement with Builder, all unsold units may be removed from enrolment at the discretion of the Program.	Unsold units may be de-registered at the Program's discretion upon builder failure.	In case of builder failure, ACQ assumes directly the responsibilities of the builder except where homes have been registered with the program but unsold for a period of one year.	Enrolments may be cancelled upon builder failure or at builder's request with proof that a project will not go forward and with the return of all deposits.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

Note: Builder ratings vary between programs. Each program develops its own classification scheme which may not be consistent with rating schemes in other provinces.

¹ Source: Background information provided by Atlantic NHWP and by National Home Warranty Council. Verified by Atlantic NHWP.

² Source: Background information provided by APCHQ. Verified by APCHQ.

³ Source: Background information provided by ACQ. Verified by ACQ.

⁴ Source: ONHWP Registration Package and background information provided by ONHWP and by National Home Warranty Council. Verified by ONHWP.

HOUSING ENROLMENT
Western Provinces

	MANITOBA NI-WP¹	SASKATCHEWAN NI-WP²	ALBERTA NI-WP³	BC & YUKON NI-WP⁴
Responsibility for Enrolment	Builder is required to enrol all eligible units at the earlier of the date of issue of the Building Permit or the date of payment of a deposit by a purchaser.	Builder Member is required to enrol all eligible units upon completion of structural portion of home.	Builder is required to enrol all eligible units at the earliest of receipt of Building Permit, completion of purchase or construction agreement. Condominium projects require prior approval.	Builder is required to enrol all eligible units (with some exceptions where the enrolment is at the builder's discretion). Enrolment is required at the earlier of the date of issuance of Building Permit or at the start of construction.
Eligible Units				
Private Ownership:				
Single Det.	Yes	Yes	Yes	Yes
Semi-Det.	Yes	Yes	Yes	Yes
Duplex	Yes	Yes	Yes	Yes
Row Housing	Yes	Yes	Yes	Yes
Factory Built	Yes	Yes	Yes (if placed on a permanent foundation)	Yes
Rental Housing:				
Single Det.	Yes	Not Applicable	Yes	Yes
Semi-det.	Yes	Not Applicable	Yes	Yes
Duplex	Yes	Not Applicable	Yes	Yes
Row Housing	Yes	Not Applicable	Yes	Yes
Apartments	Not Applicable	Not Applicable	Yes (including common areas)	Yes (including common areas)
Condominium	Yes (Low-level only, including common area)	Yes (Low-level only, including common area)	Yes (both, low and high rise, including common area)	Yes (both Low and High rise, including common area)
Ownership:				
Non-Market/Public	Not Applicable	Not Applicable	Yes	Yes (including common area)
Seniors Comp.	Not Applicable	Not Applicable	Yes	Yes
Public Housing	Not Applicable	Not Applicable	Not Applicable	Major Conversions to Residential.
Other Buildings:				
Ineligible Units	Rehabilitated homes, recreational homes, mobile homes and condominiums over three storeys.	All dwellings built strictly as rental units. Recreational or cottage properties not intended for permanent use.	Recreational or cottage properties not intended for permanent use.	Owner built and occupied dwellings. Any construction by Registered Builder where builder supplies less than 80% of material and labour, exclusive of land. Dormitories, hostels and care facilities.

**HOUSING ENROLMENT
Western Provinces**

Home Enrolment Fees	MANITOBA NHWP ¹	SASKATCHEWAN NHWP ²	ALBERTA NHWP ³	BC & YUKON NHWP ⁴																																																																																																																																																																																																																																				
<p>Each eligible single-family unit is assessed an enrolment fee based on four builder levels and on the sale price. Builder levels are determined by number of years membership in program.</p> <p>Note: Fees below are subject to 7% G.S.T.</p> <p>Note: If land price is excluded from house price, add \$25.</p> <table border="1"> <tr> <th>House Price</th> <th>#1</th> <th>#2</th> <th>#3</th> <th>#4</th> </tr> <tr> <td>< 75,000</td> <td>115</td> <td>130</td> <td>150</td> <td>170</td> </tr> <tr> <td>75K - 99,999</td> <td>135</td> <td>150</td> <td>170</td> <td>190</td> </tr> <tr> <td>100K-124,999</td> <td>155</td> <td>170</td> <td>190</td> <td>210</td> </tr> <tr> <td>125K-149,999</td> <td>175</td> <td>190</td> <td>210</td> <td>230</td> </tr> <tr> <td>> 150K</td> <td>195</td> <td>210</td> <td>230</td> <td>250</td> </tr> </table>	House Price	#1	#2	#3	#4	< 75,000	115	130	150	170	75K - 99,999	135	150	170	190	100K-124,999	155	170	190	210	125K-149,999	175	190	210	230	> 150K	195	210	230	250	<p>Each eligible single-family unit is assessed an enrolment fee based on three builder-member levels and on the purchase price. Builder levels are based on years membership in the program.</p> <p>Note: 7% G.S.T. included in fees listed below.</p> <p>Note: If land price is excluded from house price, add \$24.</p> <table border="1"> <tr> <th>House Price</th> <th>Bldr1</th> <th>Bldr2</th> <th>Bldr3</th> </tr> <tr> <td>< 80K</td> <td>300</td> <td>320</td> <td>350</td> </tr> <tr> <td>80,001-100K</td> <td>310</td> <td>335</td> <td>360</td> </tr> <tr> <td>100,001-120K</td> <td>320</td> <td>350</td> <td>375</td> </tr> <tr> <td>120,001-140K</td> <td>335</td> <td>360</td> <td>385</td> </tr> <tr> <td>140,001-160K</td> <td>350</td> <td>375</td> <td>395</td> </tr> <tr> <td>160,001-180K</td> <td>360</td> <td>385</td> <td>405</td> </tr> <tr> <td>180,001-200K</td> <td>375</td> <td>395</td> <td>415</td> </tr> <tr> <td>> 200K</td> <td>385</td> <td>405</td> <td>430</td> </tr> </table>	House Price	Bldr1	Bldr2	Bldr3	< 80K	300	320	350	80,001-100K	310	335	360	100,001-120K	320	350	375	120,001-140K	335	360	385	140,001-160K	350	375	395	160,001-180K	360	385	405	180,001-200K	375	395	415	> 200K	385	405	430	<p>Each eligible unit is assessed an enrolment fee based on house price and builder rating.</p> <p>Fees listed below are subject to 7% G.S.T.</p> <p>Builder rating is based on a Technical Review which places the builder in one of five Builder categories (Technical levels 1-4 and Accredited) and determines the frequency of inspections.</p> <table border="1"> <tr> <th>Inspections</th> <th>T1</th> <th>T2</th> <th>T3</th> <th>T4</th> <th>Accr</th> </tr> <tr> <td>100%</td> <td>50%</td> <td>25%</td> <td>10%</td> <td>0%</td> <td>0%</td> </tr> </table> <p>House Price</p> <table border="1"> <tr> <th>House Price</th> <th>T1</th> <th>T2</th> <th>T3</th> <th>T4</th> <th>Accr</th> </tr> <tr> <td>< 60K</td> <td>445</td> <td>410</td> <td>350</td> <td>290</td> <td>195</td> </tr> <tr> <td>60,001-75K</td> <td>480</td> <td>440</td> <td>370</td> <td>305</td> <td>210</td> </tr> <tr> <td>75,001-90K</td> <td>515</td> <td>470</td> <td>390</td> <td>320</td> <td>225</td> </tr> <tr> <td>90,001-105K</td> <td>550</td> <td>500</td> <td>410</td> <td>335</td> <td>240</td> </tr> <tr> <td>105,001-120K</td> <td>585</td> <td>530</td> <td>430</td> <td>350</td> <td>255</td> </tr> <tr> <td>120,001-135K</td> <td>620</td> <td>560</td> <td>450</td> <td>365</td> <td>270</td> </tr> <tr> <td>135,001-150K</td> <td>655</td> <td>590</td> <td>470</td> <td>380</td> <td>285</td> </tr> <tr> <td>150,001-165K</td> <td>690</td> <td>620</td> <td>490</td> <td>395</td> <td>300</td> </tr> <tr> <td>165,001-180K</td> <td>725</td> <td>650</td> <td>510</td> <td>410</td> <td>315</td> </tr> <tr> <td>180,001-195K</td> <td>760</td> <td>680</td> <td>530</td> <td>425</td> <td>330</td> </tr> <tr> <td>195,001-210K</td> <td>795</td> <td>710</td> <td>550</td> <td>440</td> <td>345</td> </tr> <tr> <td>210,001-225K</td> <td>830</td> <td>740</td> <td>570</td> <td>455</td> <td>360</td> </tr> <tr> <td>225,001-240K</td> <td>865</td> <td>770</td> <td>590</td> <td>470</td> <td>375</td> </tr> <tr> <td>240,001-255K</td> <td>900</td> <td>800</td> <td>610</td> <td>485</td> <td>390</td> </tr> <tr> <td>255,001-270K</td> <td>935</td> <td>830</td> <td>630</td> <td>500</td> <td>405</td> </tr> <tr> <td>270,001-285K</td> <td>970</td> <td>860</td> <td>650</td> <td>515</td> <td>420</td> </tr> <tr> <td>285,001-300K</td> <td>1005</td> <td>890</td> <td>670</td> <td>530</td> <td>435</td> </tr> <tr> <td>> 300K</td> <td>1055</td> <td>940</td> <td>720</td> <td>575</td> <td>475</td> </tr> </table>	Inspections	T1	T2	T3	T4	Accr	100%	50%	25%	10%	0%	0%	House Price	T1	T2	T3	T4	Accr	< 60K	445	410	350	290	195	60,001-75K	480	440	370	305	210	75,001-90K	515	470	390	320	225	90,001-105K	550	500	410	335	240	105,001-120K	585	530	430	350	255	120,001-135K	620	560	450	365	270	135,001-150K	655	590	470	380	285	150,001-165K	690	620	490	395	300	165,001-180K	725	650	510	410	315	180,001-195K	760	680	530	425	330	195,001-210K	795	710	550	440	345	210,001-225K	830	740	570	455	360	225,001-240K	865	770	590	470	375	240,001-255K	900	800	610	485	390	255,001-270K	935	830	630	500	405	270,001-285K	970	860	650	515	420	285,001-300K	1005	890	670	530	435	> 300K	1055	940	720	575	475	<p>Each eligible Residential unit is assessed an enrolment fee based on a five-level builder rating. Builder ratings are assigned by the Program. Builders may be required to pay an additional Risk Premium Fee, and may be required to deposit security with the Program. Builders may be eligible for volume discounts.</p> <p>Note: Home enrolment fees listed below are subject to 7% G.S.T.</p> <table border="1"> <tr> <th>Builder Rating</th> <th>Total Fee</th> <th>Ext</th> </tr> <tr> <td>Master</td> <td>185</td> <td>140</td> </tr> <tr> <td>AA</td> <td>215</td> <td>140</td> </tr> <tr> <td>A</td> <td>258.50</td> <td>150</td> </tr> <tr> <td>B</td> <td>302.50</td> <td>150</td> </tr> <tr> <td>C</td> <td>324.50</td> <td>175</td> </tr> </table>	Builder Rating	Total Fee	Ext	Master	185	140	AA	215	140	A	258.50	150	B	302.50	150	C	324.50	175	<p>Each eligible Residential unit is assessed an enrolment fee based on a five-level builder rating. Builder ratings are assigned by the Program. Builders may be required to pay an additional Risk Premium Fee, and may be required to deposit security with the Program. Builders may be eligible for volume discounts.</p> <p>Note: Home enrolment fees listed below are subject to 7% G.S.T.</p> <table border="1"> <tr> <th>Builder Rating</th> <th>Total Fee</th> <th>Ext</th> </tr> <tr> <td>Master</td> <td>185</td> <td>140</td> </tr> <tr> <td>AA</td> <td>215</td> <td>140</td> </tr> <tr> <td>A</td> <td>258.50</td> <td>150</td> </tr> <tr> <td>B</td> <td>302.50</td> <td>150</td> </tr> <tr> <td>C</td> <td>324.50</td> <td>175</td> </tr> </table>	Builder Rating	Total Fee	Ext	Master	185	140	AA	215	140	A	258.50	150	B	302.50	150	C	324.50	175
House Price	#1	#2	#3	#4																																																																																																																																																																																																																																				
< 75,000	115	130	150	170																																																																																																																																																																																																																																				
75K - 99,999	135	150	170	190																																																																																																																																																																																																																																				
100K-124,999	155	170	190	210																																																																																																																																																																																																																																				
125K-149,999	175	190	210	230																																																																																																																																																																																																																																				
> 150K	195	210	230	250																																																																																																																																																																																																																																				
House Price	Bldr1	Bldr2	Bldr3																																																																																																																																																																																																																																					
< 80K	300	320	350																																																																																																																																																																																																																																					
80,001-100K	310	335	360																																																																																																																																																																																																																																					
100,001-120K	320	350	375																																																																																																																																																																																																																																					
120,001-140K	335	360	385																																																																																																																																																																																																																																					
140,001-160K	350	375	395																																																																																																																																																																																																																																					
160,001-180K	360	385	405																																																																																																																																																																																																																																					
180,001-200K	375	395	415																																																																																																																																																																																																																																					
> 200K	385	405	430																																																																																																																																																																																																																																					
Inspections	T1	T2	T3	T4	Accr																																																																																																																																																																																																																																			
100%	50%	25%	10%	0%	0%																																																																																																																																																																																																																																			
House Price	T1	T2	T3	T4	Accr																																																																																																																																																																																																																																			
< 60K	445	410	350	290	195																																																																																																																																																																																																																																			
60,001-75K	480	440	370	305	210																																																																																																																																																																																																																																			
75,001-90K	515	470	390	320	225																																																																																																																																																																																																																																			
90,001-105K	550	500	410	335	240																																																																																																																																																																																																																																			
105,001-120K	585	530	430	350	255																																																																																																																																																																																																																																			
120,001-135K	620	560	450	365	270																																																																																																																																																																																																																																			
135,001-150K	655	590	470	380	285																																																																																																																																																																																																																																			
150,001-165K	690	620	490	395	300																																																																																																																																																																																																																																			
165,001-180K	725	650	510	410	315																																																																																																																																																																																																																																			
180,001-195K	760	680	530	425	330																																																																																																																																																																																																																																			
195,001-210K	795	710	550	440	345																																																																																																																																																																																																																																			
210,001-225K	830	740	570	455	360																																																																																																																																																																																																																																			
225,001-240K	865	770	590	470	375																																																																																																																																																																																																																																			
240,001-255K	900	800	610	485	390																																																																																																																																																																																																																																			
255,001-270K	935	830	630	500	405																																																																																																																																																																																																																																			
270,001-285K	970	860	650	515	420																																																																																																																																																																																																																																			
285,001-300K	1005	890	670	530	435																																																																																																																																																																																																																																			
> 300K	1055	940	720	575	475																																																																																																																																																																																																																																			
Builder Rating	Total Fee	Ext																																																																																																																																																																																																																																						
Master	185	140																																																																																																																																																																																																																																						
AA	215	140																																																																																																																																																																																																																																						
A	258.50	150																																																																																																																																																																																																																																						
B	302.50	150																																																																																																																																																																																																																																						
C	324.50	175																																																																																																																																																																																																																																						
Builder Rating	Total Fee	Ext																																																																																																																																																																																																																																						
Master	185	140																																																																																																																																																																																																																																						
AA	215	140																																																																																																																																																																																																																																						
A	258.50	150																																																																																																																																																																																																																																						
B	302.50	150																																																																																																																																																																																																																																						
C	324.50	175																																																																																																																																																																																																																																						

HOUSING ENROLLMENT
Western Provinces

	MANITOBA NHWP¹	SASKATCHEWAN NHWP²	ALBERTA NHWP³	BC & YUKON NHWP⁴
Cancellation of Home Enrolment	Upon termination of Builder Agreement, any residential unit enrolled but not yet sold may be removed from enrolment at the Program's discretion.	Upon de-registration of a builder-member, all unsold units are removed from enrolment lists	Program may cancel enrolments at its discretion if a home remains unsold or uncompleted for two years after its date of enrolment. Unsold homes may also be de-enrolled upon termination of Agreement with Builder.	All enrolled units remain eligible for warranty coverage. To effect warranty coverage, possession must be taken from the Registered Builder.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

Note: Builder ratings vary between programs. Each program develops its own classification scheme which may not be consistent with rating schemes in other provinces.

¹ Source: Background information provided by MNHWP and by National Home Warranty Council. Verified by MNHWP.

² Source: SNHWP Builders' Manual and background information provided by National Home Warranty Council. Verified by SNHWP.

³ Source: Background information provided by ANHWP and by National Home Warranty Council. Verified by ANHWP.

⁴ Source: BCNHWP Builders' Manual and background information provided by National Home Warranty Council. Verified by BCNHWP.

4.6 Construction and Inspection

Methodology: Since work up to the applicable construction standard is usually exempted from a warranty claim, the reliance of the new home warranty programs on different construction standards (local and provincial codes as well as national standards) potentially has the effect of varying their warranty coverage as well.

Comments/Summary: All the programs rely on either the National Building Code or on their own respective provincial building codes. This reliance provides the programs with a widely accepted external standard upon which to base warranty claims. All programs have reserved the right to make inspections to see that this standard is being upheld.

- Most programs reserve the right to inspect at least three times during the construction of a new home. Usually these inspections are performed before backfill, after framing but before drywall, and after completion of interior finishing.
- Some programs (BC and Saskatchewan) have developed their own standards which are either more stringent than the respective provincial or national code, or which include areas not covered by the code.
- BC subjects its builders to a mandatory inspection fee; others charge a fee on a case-by-case basis (Atlantic, Ontario, Manitoba, Saskatchewan).

CONSTRUCTION AND INSPECTION
Eastern Provinces

Construction Standard	ATLANTIC NHWP ¹ National Building Code of Canada	GMN DE L'APCHQ ² National Building Code of Canada, Quebec Building Code, and municipal standards where these are more stringent.	PGMN DE L'ACQ ³ National Building Code of Canada, Quebec Building Code, and municipal standards where these are more stringent.	ONTARIO NHWP ⁴ Ontario Building Code
Inspection	<p>Performed at the Corporation's discretion. Builders may be required to advise the Corporation as to the completion of footings, framing and interior finish, or other stages of construction as may be specified by the Corporation.</p> <p>Probationary Builders require inspections on at least the first three units, once prior to backfill and once prior to drywall. Builders are subject to an inspection fee.</p>	<p>Performed at the Program's discretion by the Program's Inspection Service. Inspections are undertaken on every new builder member. Builders may be required to inform the Program as to the state of construction of any unit and submit that unit to inspection. Where required, builders are subject to an inspection fee.</p>	<p>Inspections are mandatory during accreditation and are performed on problematic builders throughout the year.</p>	<p>Performed at the Program's discretion. Most new, previously unregistered, and problem builders have their first three homes inspected at a minimum of three stages: 1) foundation prior to backfill, 2) framing and insulation in place, 3) immediately prior to occupancy. Builders are subject to an inspection fee.</p>

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

Note: In all cases, the Warranty programs reserve the right to carry out inspections as may be required for conciliation purposes, including inspections subsequent to a conciliation award.

¹ Source: Atlantic NHWP Agreement with Builder. Verified by Atlantic NHWP.
² Source: Background information provided by APCHQ. Verified by APCHQ.
³ Source: Background information provided by ACC. Verified by ACC.
⁴ Source: ONHWP Prevention Strategy. Verified by ONHWP.

CONSTRUCTION AND INSPECTION
Western Provinces

	MANITOBA NHWP ¹	SASKATCHEWAN NHWPs	ALBERTA NHWP ²	BC & YUKON NHWP ³
Construction Standard	Manitoba Building Code	Saskatchewan Building Code and municipal standards where these are more stringent. Program has also developed performance standards to cover areas not addressed in building standards.	Alberta Building Code	BC Building Code and Municipal standards where these are more stringent. Program has also developed its own standards guide.
Inspection	If required to do so, builders shall advise the Program upon completion of the footings, framing, and interior finish and at other times as may be required by the Program. The Program may, at its option, engage inspectors to inspect of any of the builder's Residential units. The cost of these inspections are charged to the builder.	The first three homes of probationary builders are inspected. Other inspections are performed at the Program's discretion.	The Program is entitled to inspect any structural defect prior to beginning repair work.	Where required, builders shall advise the Program on completion of such stages of construction as may be specified by the Program, and shall submit copies of such inspection reports as the Program may require. The Program may conduct other inspections at its discretion. Builders are subject to an inspection fee.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

Note: In all cases, the Warranty programs reserve the right to carry out inspections as may be required for conciliation purposes, including inspections subsequent to a conciliation award.

¹ Source: MNHWP Agreement with Builder. Verified by MNHWP.

² Source: Background information provided by SNHWP. Verified by SNHWP.

³ Source: Background information provided by ANHWP. Verified by ANHWP.

⁴ Source: BCNHWP Agreement with Builder. Verified by BCNHWP.

4.7 Dispute Mechanisms

Methodology: The information presented below is drawn from warranty certificates and background information provided by the new home warranty programs. Just as the information in the section on Membership/Builder Registration was presented with the individual builder as the point of reference, the information presented here is designed using the individual consumer as the point of reference. The categories chosen for comparison follow the natural consumer progression from complaint, to conciliation, to arbitration (if applicable), to builder discipline or sanction.

Comments/Summary: Most of the programs have as one of their stated goals the quick resolution of customer complaints or claims. It is not surprising, therefore, that the programs have developed similar procedures for handling disputes. In most cases, the consumer's first point of recourse is with the individual builder. If satisfaction is not forthcoming from the builder, the consumer is then directed to the respective program which intervenes in the complaint and may proceed to conciliation. In some provinces, conciliation represents the last stage of appeal. In others, consumers have recourse to arbitration or the legal system (or both).

- Complaints in Saskatchewan are taken initially by the program and forwarded directly to the builder. In BC and Ontario complaints may be initially directed to either the builder or the program, but in Ontario the complaint must be filed with the program within a set time limit.
- All programs offer a conciliator service.
- All programs (except BC) require a conciliation fee which is subsequently refunded in case of a successful conciliation.
- Arbitration is available in Ontario, Quebec, Alberta and BC.
- All programs reserve the right to suspend or cancel builder registration in the event of continued violation or disregard of program guidelines and requirements.

DISPUTE MECHANISMS
Eastern Provinces

	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴
Purchaser Complaints	Initial complaint taken in writing by the builder. If dispute is not resolved satisfactorily, purchaser contacts both the builder and the Corporation by registered mail. The Corporation contacts the builder directly. If a reply is not forthcoming, or is unsatisfactory, the Corporation recommends conciliation.	Initial complaints may be taken in writing by either the builder or the Program. A preliminary study is performed to determine the validity of the complaint. This study includes but is not limited to the verification of the Purchase Agreement. If the complaint is deemed to be valid, the builder is notified for resolution. If resolution is not forthcoming, the Program initiates conciliation.	Purchaser complaints are taken by the builder in writing. The Plan also provides a purchaser complaint form which must be returned to ACQ accompanied by the letter to the builder.	Complaints taken in writing by Program before the end of the warranty period. Program notifies builder of complaint. If builder is unable or unwilling to take action, Program recommends conciliation.
Conciliation Method of Conciliation	Yes Either party may request conciliation in writing on a warranty matter by completing Request for Conciliation form and by enclosing the \$100 fee at any time, but no later than sixty (60) days after the end of the one (1) year Warranty. Only items submitted to the builder in writing within the year following the Date of Possession shall qualify for conciliation. The conciliation procedure is mandatory before the Program will do any repair work. The Program shall appoint a conciliator who will take information from both parties and make any necessary inspections. Should the conciliation turn in the name of the applicant, the conciliation fee is to be refunded. The conciliator's written report shall be final and binding on both parties unless varied, revoked, or altered by an order or judgement of a court of competent jurisdiction.	Yes Either party may request conciliation in writing on a warranty matter by forwarding the conciliation fee to the Program. The Program appoints a conciliator who meets with both parties and performs inspections as necessary. Within 30 days of the date of inspection, the conciliator delivers his report in writing which is deemed to be binding on both parties. If the decision is in favour of the party submitting the conciliation fee, this fee is returned.	Yes In the case of a disagreement between the purchaser and the builder, the purchaser may apply for conciliation by submitting his demand in writing to the Plan, along with the \$100 conciliation fee. (The fee is reimbursed if the conciliation is decided in the homeowner's favour.) The Plan appoints a conciliator who meets with the parties and undertakes any inspections or inquiries deemed necessary. Within 30 days, the conciliator delivers his decision in writing to the parties and to the Plan.	Yes An owner may seek conciliation by notifying the Program in writing. Homeowner is required to submit the applicable conciliation fee. The Program shall assign a conciliator who will inspect the home and meet with the homeowner and builder on-site. Both parties receive a copy of the written conciliation report which will outline any remedial work (if necessary) as may be required to settle the dispute. Both parties may ask for a second opinion. Should a homeowner's claim prevail, the conciliation fee is to be refunded. A homeowner may appeal a decision of the program to the Commercial Registration Appeal Tribunal (CRAT). A builder has no right of appeal in this instance. A builder may only appeal a notice to revoke his/her registration. Appeal of a CRAT decision is made in divisional court to the Supreme Court of Ontario.

DISPUTE MECHANISMS
Eastern Provinces

	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴
Arbitration Method of Arbitration	No Not Applicable	Yes Either party may request within 30 days that the decision of the conciliator be reviewed in arbitration. The party initiating this request is responsible for submitting any appropriate arbitration fees (which may be refunded in a successful arbitration). The Quebec Arbitration Institute appoints an arbitrator who meets with both parties and decides upon the conciliator's report.	Yes Either party may appeal to conciliator's decision if he/she is not satisfied with the outcome. This appeal is first directed to an internal committee. If the committee's decision still does not satisfy either party, he/she has recourse to the legal system.	Yes According to section 17(4) of the <u>Ontario New Home Warranties Plan Act</u> , every agreement between a vendor and prospective owner shall be deemed to contain a written agreement to submit present or future differences to arbitration, subject to appeal to the Divisional Court, and the <u>Arbitrations Act</u> applies.
Discipline of Builder Members	Builder Members subject to de-registration for failure to comply with Program guidelines and regulations.	Builders are subject to de-registration for failure to comply with Program guidelines and regulations.	Builders are subject to de-registration in the event of failure to comply with Plan guidelines and regulations.	Builder Members subject to de-registration for failure to comply with Program guidelines and regulations.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: Atlantic NHWP Warranty Certificate and background information provided by the Corporation. Verified by Atlantic NHWP.

² Source: Background information provided by APCHQ. Verified by APCHQ.

³ Source: Background information provided by ACQ. Verified by ACQ.

⁴ Source: Background information provided by ONHWP. Verified by ONHWP.

DISPUTE MECHANISMS
Western Provinces

	MANITOBA NHWP¹	SASKATCHEWAN NHWP²	ALBERTA NHWP³	BC & YUKON NHWP⁴
Purchaser Complaints	Taken in writing by the builder.	Taken in writing by the Head Office of the Program and forwarded to the builder-member for response. Builder reply forwarded to purchaser. If purchaser is unsatisfied with reply, or if no reply is forthcoming, the Program recommends conciliation.	Taken in writing by the builder.	Taken in writing by the builder and the Program. Written notification required within prescribed time to preserve rights under warranty.
Conciliation Method of Conciliation	<p>Yes</p> <p>Either party may request conciliation in writing on a warranty matter by completing Request for Conciliation form and enclosing the \$100 fee. A Conciliator appointed by the Program (at the Program's expense) provides a written, binding, conciliation report which outlines responsibility for warranty items and imposes time limits for the completion of warranty work where necessary. Conciliation fee is refundable if report finds in favour of the applicant.</p>	<p>Yes</p> <p>Either party may request conciliation in writing on a warranty matter by completing Request for Conciliation form and enclosing the \$100 fee. A Conciliator appointed by the Program (at the Program's expense and subject to the approval of both parties), after receiving representation from both parties, provides a written, binding, conciliation report which outlines responsibility for warranty items and imposes time limits for the completion of warranty work where necessary. Conciliator has discretion to refund conciliation fee in whole or in part.</p>	<p>Yes</p> <p>Either party may request conciliation in writing on a warranty matter by completing Request for Conciliation form and by enclosing the \$50 fee at any time, but no later than sixty (60) days after the end of the one (1) year Warranty. The conciliation procedure is mandatory before the Program will do any repair work. Any purchaser withholdings from the builder due to claimed defect or workmanship or materials must be paid unconditionally prior to the commencement of conciliation. The Program shall appoint a conciliator who will take information from both parties and make any necessary inspections. Should the conciliation turn in the name of the applicant, the conciliation fee is to be refunded. The conciliator's written report shall be final and binding on both parties unless the builder, homeowner, or Program proceeds to arbitration.</p>	<p>Yes</p> <p>Purchaser or builder may request conciliation in writing on a warranty matter by completing the Request for Conciliation form no later than sixty (60) days after the first anniversary of the Date of Possession. A Conciliator appointed by the Program (at the Program's expense) provides a written conciliation report after receiving representation from both parties which outlines responsibility for warranty items and imposes time limits for the completion of warranty work where necessary. The conciliation report is final unless varied, revoked, or altered by an order or judgement from a court of competent jurisdiction. A conciliator may require that any portion of the purchase price for the Residential unit unpaid by the purchaser to the builder be paid 'in trust' to the Program pending completion of the conciliation and remedial works required thereby.</p>

DISPUTE MECHANISMS
Western Provinces

	MANITOBA NHWP ¹	SASKATCHEWAN NHWP ²	ALBERTA NHWP ³	BC & YUKON NHWP ⁴
Arbitration Method of Arbitration	No Not Applicable	No Not Applicable	Yes If any dispute arises, with respect to a warranty matter or contained in the conciliation or inspection report, it shall be referred to a single arbitrator under the Rules adopted by the Program and in accordance with <u>The Arbitration Act</u> within the first sixty (60) days from the date of the conciliation or inspection report. The costs of the arbitration shall be awarded at the sole discretion of the arbitrator. The arbitration is final and binding upon all parties.	Yes Upon receipt of a joint submission by the purchaser and the builder, the Program may agree to appoint a person to act as an arbitrator pursuant to <u>The BC Commercial Arbitration Act</u> to resolve disputes which may otherwise be covered within the provisions of the Limited Warranty. The costs of any such arbitration shall be determined and assessed by the arbitrator.
Discipline of Builder Members	Builder subject to de-registration for failure to comply with Program guidelines and regulations. Builder may appeal de-registration directly to the Board. Builder Members subject to a surcharge of 25% of total costs (with a \$250 minimum) of work undertaken on the builder's behalf by the Program.	Builder Members subject to de-registration for failure to comply with Program guidelines and regulations. Builder may appeal de-registration to the Board. Builder Members subject to a minimum administration fee of 20% on the cost of work undertaken by the Program in carrying out the builder's obligations under the warranty. Builder Members also subject to interest charges at 2% over prime for expenses incurred by the Program on the builder's behalf. Payments from the purchaser to the builder may be directed to the Program to recover monies owing.	Builder subject to de-registration for failure to comply with Program guidelines and regulations. Builder subject to de-registration for failure to comply with Program guidelines and regulations.	Builders subject to disciplinary action or de-registration for failure to comply with Program guidelines and regulations. Decisions taken against a builder which may affect Registration status may be appealed directly to an Appeals Board. Any decision issued by the Appeals Board is final.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: Background information provided by MNHWP. Verified by MNHWP.

² Source: SNHWP Builders' Manual. Verified by SNHWP.

³ Source: Background information provided by ANHWP. Verified by ANHWP.

⁴ Source: BCNHWP Warranty Certificate. Verified by BCNHWP.

4.8 Non-Warranty Activities

Methodology: The information listed in the tables on the following pages has been drawn from promotional pamphlets, public information, or background information provided by the new home warranty programs. As a result, some activities which a program may pursue in its day-to-day operations, but which are not codified or communicated publicly, may have been omitted. Furthermore, since the classification used to categorize the non-warranty activities was designed for ease in presentation rather than comprehensiveness, activities may be excluded. It should not be assumed, therefore, that a program with little information listed has no non-warranty activities.

Comments/Summary: Education and training represents the most common non-warranty activity performed by the programs. Each program undertakes (either on its own or in conjunction with the local builders' association) to develop and present builder training and education courses. Marketing and publicity represents the second largest non-warranty activity. Activities here range from the coordination of large scale campaigns to the provision of point-of-sale information and signage.

- Some programs (APCHQ, ACQ, Ontario, and Saskatchewan) provide incentives to builders for after sales service.
- Some programs (BC and Ontario) provide ongoing advice to regulatory authorities.
- All programs either fund or provide training workshops, seminars, or forums.

NON-WARRANTY ACTIVITIES
Eastern Provinces

	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴
Builder Incentives	Not Provided.	Master Builder program which offers lower enrolment fees to qualified builders. Privilege Club program which offers a variety of benefits to high-volume builders.	The Plan offers a "Club Privilege" to certain members. It also runs a Master Builder program to encourage construction excellence.	<i>Home Buyer's Guide to After Sales Service</i> - Builder rating service. Ernest Assaly Award - given to the builder with the best after sales service.
Education and Training	Funds Atlantic Home Builders Training Board (1993/94 funding \$60,000). Finances builder participation in CMHC/CHBA Training Workshops.	Builder training and development is handled by a separate division of APCHQ. APCHQ offers 19 training courses to builders, covering all aspects of home construction and management, from a course on soil type and compaction, to a course on book-keeping and financial management. These courses are offered at various times and locations across the province. APCHQ also provides consumer education and seminars to non-builders. APCHQ has established a research and development committee which looks at areas of interest to builders. APCHQ also collaborates with other members of the building community to undertake such research as may be required.	ACQ offers a number of builder training and education courses. Training and advice are also provided to builders during inspections.	<p>CLIENT WORKSHOPS & SEMINARS</p> <p>For the Building Community</p> <ul style="list-style-type: none"> • OHBA Builder Forum • CHBA Conference • Site Supervision • Speaking In Code 2 • CMHC Workshops • OBOA Annual Meeting and Training Sessions • Condominium Symposium <p>For the Buying Community</p> <ul style="list-style-type: none"> • Revamping <i>What Every New Home Buyer Should Know</i> for participation in seminars at community colleges, libraries, trade shows, etc. • Developing ONHWP section for the Ontario Real Estate Association's refresher course on new home sales. • Linking with Law Society's one-day seminars. • Presentations to undergraduate legal students. • Establishing links with the lending community to incorporate ONHWP information in lenders' courses for staff and home buyers. <p>RESEARCH PROJECTS</p> <ul style="list-style-type: none"> • Review of building code and updating relevant documentation. • Developing relevant technical and standards guides on various aspects of the residential construction industry.

NON-WARRANTY ACTIVITIES
Eastern Provinces

	ATLANTIC NHWP ¹	GMN DE L'APCHQ ²	PGMN DE L'ACQ ³	ONTARIO NHWP ⁴
Marketing/Publicity	Not Provided.	Marketing and client relations are handled by a separate division of the Program. The Program provides marketing and public relations including, but not limited to: (a) signage; (b) point-of-sale information and brochures.	The Plan participate regularly in "Construire" and "Constructo" magazines. The Plan is also regularly represented on federal and provincial construction panels.	Annual publication of <i>Home Buyer's Guide to After Sales Service</i> . Weekly column, <i>On the House</i> , appears in 23 newspapers across the province. Monthly column appears in <i>Homes</i> magazine and in <i>Homes & Cottages</i> magazine. Regular contributor to <i>OBOA Journal</i> ("Warranty Watch"). Development of a home buyer point-of-sale package.
Other Activities	Not Provided.	Not Provided.	Not Applicable.	Regular meetings with home building associations. Regular meetings with building inspectors. Presentations to municipal councils on regulatory responsibilities. Briefing of Members of the Provincial Parliament.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: Background information provided by Atlantic NHWP. Verified by Atlantic NHWP.

² Source: Background information provided by APCHQ. Verified by APCHQ.

³ Source: Background information provided by ACQ. Verified by ACQ.

⁴ Source: ONHWP Prevention Strategy. Verified by ONHWP.

NON-WARRANTY ACTIVITIES
Western Provinces

	MANITOBA NHWP ¹	SASKATCHEWAN NHWP ²	ALBERTA NHWP ³	BC & YUKON NHWP ⁴
Builder Incentives	Not Provided.	Gold Service Award	Service Awards, and SAM (Sales, Advertising, Marketing) awards	Multi-level Performance Awards program having substantial financial incentive.
Education and Training	The Program advises on builder education courses provided by MHBA.	Program cooperates with SHBA in the development and delivery of Certified Professional Home Builder Program. Program has prepared a Builders' Workmanship and Material Standards Guide.	Program provides seminars, feedback, and publications for builders, as well as the sponsorship of external industry support committees.	Program actively finances and initiates research on the industry. Program also funds local industry education and training courses. Expenditure on education and training expected to be \$180,000 for 1993. The Program also provides funding to the BCHBA and to UDI of BC to develop and deliver education and training programs which are acceptable to the Program.
Marketing/Publicity	Provides marketing and public relations including, but not limited to: (a) signage; (b) brochures; (c) homeowners maintenance manual.	Provides marketing and public relations including, but not limited to: (a) signage; (b) brochures; (c) homeowners maintenance manual.	Provides marketing and public relations including, but not limited to: (a) signage; (b) brochures; (c) homeowners maintenance manual.	Provides marketing and public relations including, but not limited to: (a) company logo and point-of-sale information pamphlets and other marketing material; (b) co-operative marketing with numerous builders; (c) area-wide television promotion; (d) training for builder sales and technical staff; (e) seminars (training) for mortgage lenders, real estate sales personnel, and municipal inspectors; (f) direct input in development process for National and BC Building Codes.
Other Activities	Not Provided.	Not Provided.	Not Provided.	Not applicable.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: Background information provided by MNHWP. Verified by MNHWP.

² Source: Background information provided by SNHWP. Verified by SNHWP.

³ Source: Background information provided by ANHWP. Verified by ANHWP.

⁴ Source: BCNHWP Builders' Manual. Verified by BCNHWP.

5.0 STATISTICAL AND FINANCIAL OVERVIEW OF NEW HOME WARRANTY PROGRAMS

Methodology: The statistical summaries were compiled on the basis of information provided by the New Home Warranty Programs. The information itself provides a general overview of the warranty programs and is meant to be descriptive only. The information consists of annual series from 1987 to 1992. Since the information corresponds to the respective program's annual fiscal year, in some cases direct comparisons may not be possible. Wherever possible, data has been adjusted so that a given category has the same meaning across the various warranty programs. This has not always been possible; direct comparisons should be made carefully in all categories. Furthermore, because of changes in reporting methods and categories, some series may not be directly comparable from year-to-year.

Financial information provided is usually drawn from annual reports. Again, comparisons should be made carefully since differences in accounting procedures exist among the programs.

ACQ was unwilling to provide such information.

Comments/Summary: Based on the information provided in the statistical summaries, the late 1980s were a turbulent time for most New Home Warranty Programs. In all cases, the number of claims rose substantially during 1987-1990, and levelled off or declined thereafter. The value of claims followed a similar pattern.

- The amount of enrolment fees collected during the period fluctuated dramatically for most programs, in keeping with the trend in housing starts and the generally depressed housing market over that time.
- The number of builders registered in most programs followed the same pattern as enrolment fees.

5.1 Atlantic New Home Warranty Corporation

Fiscal Year Ending Feb 28.	1987	1988	1989	1990	1991	1992	1993	TOTS/AVGS 1987-93
REGISTRATION/ENROLMENT								
Number of New Builders Registered	257	233	173	158	111	82	128	1142
Number of Builders Deregistered	96	126	141	154	147	171	101	936
Net Builders on Register	858	965	997	2001	965	896	928	1087
Number of Homes Enrolled (Gross)	4151	4607	4425	4051	3546	2821	4250	27851
Number of Homes De-Enrolled	292	474	828	683	632	710	523	4142
Warranty Certificates Issued	Not Provided.							
Net Homes Enrolled	3859	4133	3597	3368	2914	2111	3725	23707
Number of Homes Still at Risk	N/A	13296	15372	16688	16956	16577	16054	13563
Average Enrolment per Builder	4.8	4.8	4.4	2.0	3.7	3.1	4.6	3.93
FINANCIAL INFORMATION								
Enrolment Fees (less insurance)	\$323,423	\$381,375	\$403,480	\$406,104	\$386,515	\$443,699	\$547,369	\$2,891,965
Registration and Renewal Fees	\$128,500	\$115,500	\$85,500	\$77,000	\$55,500	\$40,000	\$63,000	\$565,000
Program Expenditures	\$472,215	\$595,496	\$616,699	\$598,822	\$902,727	\$740,576	\$783,933	\$4,710,468
COMPLAINTS								
Total Complaints Received	613	617	875	799	591	419	480	4394
Total Conciliations Performed	65	110	135	119	116	71	57	673
Complaints/1000 Enrolments	147.7	133.9	197.7	197.2	166.7	148.5	112.9	157.8
Conciliations/1000 Enrolments	15.7	23.9	30.5	29.4	32.7	25.2	13.4	24.2
For the period from September 30, 1988 to September 30, 1993, complaints were received in the following proportions. The Program has indicated that this pattern is fairly stable.								
Interior Finishing 41.5%	Exterior Finishing 32.6%	Mechanical Systems 10.0%	Basement 8.8%	Structural 1.8%	Contractual 5.3%			
CLAIMS								
Number of Claims (Total)	31	36	56	86	94	92	63	458
Number of First Year Claims	16	15	32	64	52	54	26	259
Number of MSD Claims	15	21	24	22	42	38	37	199
Number of Deposit Claims	1	0	0	1	0	0	0	2
Value of Claims (Grossed Up)	\$143,163	\$126,763	\$174,319	\$208,623	\$328,693	\$371,702	\$245,181	\$1,598,444
Value of First Year Claims	\$90,527	\$93,601	\$102,573	\$155,583	\$190,915	\$195,513	\$73,944	\$902,656
Value of MSD Claims	\$47,636	\$33,162	\$71,746	\$48,040	\$137,778	\$176,189	\$171,237	\$685,788
Value of Deposit Claims	\$5,000	\$0	\$0	\$5,000	\$0	\$0	\$0	\$10,000
Claims Recovery (L/C's, etc.)	\$20,594	\$16,273	\$22,663	\$30,801	\$13,693	\$40,346	\$14,039	\$158,409
Number of Claims/1000 Enrolments	7.5	7.8	12.7	21.2	26.5	32.6	14.8	16.4
Average Cost of Claims (combined)	\$4,618	\$3,521	\$3,113	\$2,426	\$3,497	\$4,040	\$3,892	\$3,490
Average First Year Claim	\$5,658	\$6,240	\$3,205	\$2,431	\$3,671	\$3,621	\$2,844	\$3,485
Average MSD Claim	\$3,176	\$1,579	\$2,989	\$2,184	\$3,280	\$4,637	\$4,628	\$3,446
Average Deposit Claim	\$5,000	\$0	\$0	\$5,000	\$0	\$0	\$0	\$5,000

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

Source: ANHWP Annual Reports and Background information provided and verified by ANHWP.

PRA

Prairie Research Associates Inc.

5.2 La Garantie des Maisons Neuves du Quebec (APCHQ)

Fiscal Year ending September 30.	1987	1988	1989	1990	1991	1992	TOTS/AVGS 1987-92
REGISTRATION/ENROLMENT							
Number of New Builders Registered	461	607	576	546	999	570	3759
Number of Builders Deregistered	275	342	379	374	418	640	2428
Net Builders on Register	1364	1546	1616	1716	2159	1907	1718
Number of Homes Enrolled (Gross)	20649	16736	13752	14696	15644	16738	98215
Number of Homes De-Enrolled	Not Provided.						
Warranty Certificates Issued	18811	17667	16745	14723	11722	20074	99742
Net Homes Enrolled	20649	16736	13752	14573	15519	16442	97671
Number of Homes Still at Risk	N/A	88228	82906	82247	80737	76734	68475
Average Enrolment per Builder	15.1	10.8	8.5	8.5	7.2	8.6	9.8
FINANCIAL INFORMATION							
Enrolment Fees Collected	\$5,723,000	\$5,026,000	\$4,135,000	\$3,814,000	\$4,084,000	\$4,395,000	\$27,177,000
Builder Registration Fees	Not Provided.						
Registration Renewal Fees	Not Provided.						
Program Expenditures	\$2,357,000	\$2,854,000	\$3,298,000	\$3,452,000	\$3,712,000	\$3,376,000	\$19,049,000
COMPLAINTS							
Total Complaints Received	1164	981	1028	881	1024	N/A	5078
Total Conciliations Performed	611	593	658	473	556	N/A	2891
Complaints/1000 Enrolments	56.4	58.6	74.8	59.9	65.5	0.0	51.7
Conciliations/1000 Enrolments	29.6	35.4	47.8	32.2	35.5	0.0	29.4
For the longer period from 1977-1991, complaints were received by the program in the following proportions. The Program has indicated that this pattern is relatively stable.							
Exterior Cladding	11.7%	Mech./Elec./Plumb.	13.1%	Doors/Windows	17.5%	Major Structural	2.0%
Water Penetration	11.6%	Finishing	13.7%	Drywall/Interior	20.5%	Others	9.9%
CLAIMS							
Number of Claims (Total)	1442	981	1028	881	1024	1200	6556
Number of First Year Claims	Not Provided.						
Number of MSD Claims	Not Provided.						
Number of Deposit Claims	Not Provided.						
Value of Claims (Grossed Up)	\$908,825	\$945,765	\$1,099,760	\$1,517,954	\$1,986,039	\$2,891,781	\$9,350,124
Value of First Year Claims	\$683,035	\$746,515	\$952,944	\$1,295,245	\$1,829,086	\$2,787,744	\$8,294,569
Value of MSD Claims	Not Provided.						
Value of Deposit Claims	\$203,890	\$147,563	\$87,985	\$180,277	\$84,151	\$39,862	\$743,728
Claims Recovery	Not Provided.						
Number of Claims/1000 Enrolments	69.8	58.6	74.8	60.5	66.0	73.0	67.1
Average Cost of Claims (combined)	\$630	\$964	\$1,070	\$1,723	\$1,939	\$2,410	\$1,426
Average First Year Claim	Not Provided.						
Average MSD Claim	Not Provided.						
Average Deposit Claim	Not Provided.						

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

Source: Background information provided and verified by APCHQ

PRA

Prairie Research Associates Inc.

5.3 Ontario New Home Warranty Program

Fiscal Year Ending December 31.	1987	1988	1989	1990	1991	1992	TOTS/AVGS 1987-92
REGISTRATION/ENROLMENT							
Number of New Builders Registered	1870	2071	N/A	N/A	N/A	N/A	N/A
Number of Builders Deregistered	690	962	1270	N/A	N/A	N/A	N/A
Net Builders on Register	5959	7068	8173	7193	6176	5462	6E
Number of Homes Enrolled (Gross)	74300	72300	76500	41398	31402	24200	320100
Number of Homes De-Enrolled	Not Provided.						
Warranty Certificates Issued	49714	63706	63057	50745	34000	N/A	
Net Homes Enrolled	Not Provided.						
Number of Homes Still at Risk	Not Provided.						
Average Enrolment per Builder	12.5	10.2	9.4	5.8	5.1	4.4	
FINANCIAL INFORMATION							
Enrolment Fees	\$26,289,044	\$28,328,506	\$28,801,435	\$8,516,150	\$3,229,417	\$9,327,000	\$104,491,552
Registration Fees	\$684,600	\$723,100	\$779,800	\$473,200	\$419,850	\$511,000	\$3,591,5
Registration Renewal Fees	\$400,200	\$470,900	\$583,000	\$531,300	\$985,400	\$1,367,000	\$4,337,8
Program Expenditures	\$5,256,719	\$9,028,922	\$16,222,240	\$17,299,017	\$17,897,822	\$17,685,000	\$83,389,720
COMPLAINTS							
Total Complaints Received	15000	16594	15940	12600	12236	9675	820
Total Conciliations Performed	2762	4082	5146	2600	2073	1740	18403
Complaints/1000 Enrolments	201.9	229.5	208.4	304.4	389.7	399.8	25
Conciliations/1000 Enrolments	37.2	56.5	67.3	62.8	66.0	71.9	5
CLAIMS							
Number of Claims (Total)	1507	1125	1300	1550	2010	1270	87
Number of Builder Claims	787	842		Not Provided.			
Number of MSD Claims	77	78		Not Provided.			
Number of Deposit Claims	643	205		Not Provided.			
Value of Claims (Grossed Up)	\$3,502,728	\$7,973,256	\$5,956,818	\$16,200,000	\$22,700,000	\$15,700,000	\$72,032,8
Value of Builder Claims	\$1,226,630	\$2,952,019	\$3,778,294	Not Provided.			
Value of MSD Claims	\$235,377	\$291,700	\$207,231	Not Provided.			
Value of Deposit Claims	\$2,040,721	\$4,729,537	\$1,971,293	Not Provided.			
Claims Recovery (L/C's, etc.)	\$437,223	\$800,000	\$2,000,000	\$2,800,000	\$7,100,000	\$4,700,000	\$17,837,220
Number of Claims/1000 Enrolments	20.3	15.6	17.0	37.4	64.0	52.5	2
Average Cost of Claims (combined)	\$2,324	\$7,087	\$4,582	\$10,452	\$11,294	\$12,362	\$8,241
Average Builder Claim	\$1,559	\$3,506		Not Provided.			
Average MSD Claim	\$3,057	\$3,740		Not Provided.			
Average Deposit Claim	\$3,174	\$23,071		Not Provided.			

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

Source: ONHWP Annual Reports and Background information provided and verified by ONHWP.

5.4 New Home Warranty Program of Manitoba Inc.

Fiscal Year Ending December 31.	1987	1988	1989	1990	1991	1992	TOTS/AVGS 1987-92
REGISTRATION/ENROLMENT							
Number of New Builders Registered	57	66	20	25	19	23	210
Number of Builders Deregistered	38	44	68	48	38	28	264
Net Builders on Register	222	244	196	183	164	159	195
Number of Homes Enrolled (Gross)	2801	2412	2145	1800	930	1357	11445
Number of Homes De-Enrolled	15	7	24	70	39	8	163
Warranty Certificates Issued	2860	2703	2148	2110	905	1167	11893
Net Homes Enrolled	2786	2405	2121	1730	891	1349	11282
Number of Homes Still at Risk	12152	12730	12858	12743	10743	9064	11715
Average Enrolment per Builder	12.6	9.9	10.9	9.8	5.7	8.5	9.6
FINANCIAL INFORMATION							
Enrolment Fees	\$438,040	\$414,420	\$352,505	\$296,865	\$155,390	\$231,670	\$1,888,890
Registration and Renewal Fees	\$39,800	\$49,400	\$29,850	\$29,120	\$25,350	\$22,950	\$196,470
Program Expenditures	\$376,309	\$359,569	\$422,155	\$432,114	\$287,583	\$227,980	\$2,105,710
COMPLAINTS							
Total Complaints Received	132	146	101	103	227	100	809
Total Conciliations Performed	59	87	51	60	42	22	321
Complaints/1000 Enrolments	47.1	60.5	47.1	57.2	244.1	73.7	70.7
Conciliations/1000 Enrolments	21.1	36.1	23.8	33.3	45.2	16.2	28.0
Complaints can be broken down for each year as follows: ¹							
Basement	4.2%	4.0%	5.3%	7.0%	7.2%	9.6%	
Site & Preparation	2.9%	5.0%	2.5%	4.0%	1.5%	3.0%	
Floors	8.7%	9.0%	5.1%	9.0%	N/A	N/A	
Doors/Windows	9.7%	18.0%	10.0%	18.0%	N/A	N/A	
Painting/Ceiling/Cabinets/Walls	32.8%	34.0%	32.4%	28.0%	39.0%	32.3%	
Exterior Finishing (including Garages)	24.4%	16.0%	27.1%	19.0%	19.0%	22.1%	
Structural (including Framing)	5.9%	3.0%	7.8%	3.0%	17.5%	16.8%	
Mechanical/Heating/Electrical/Plumbing	11.4%	11.0%	9.8%	12.0%	15.8%	16.2%	
CLAIMS							
Number of Claims (Total)	31	60	50	59	204	108	512
Number of Builder Claims	21	54	46	52	186	98	457
Number of MSD Claims	9	4	4	3	13	9	42
Number of Deposit Claims	1	2	0	4	5	1	13
Value of Claims (Grossed Up)	\$102,285	\$178,500	\$135,200	\$176,955	\$340,061	\$228,660	\$1,161,661
Value of Builder Claims	\$58,840	\$158,103	\$113,151	\$136,210	\$254,191	\$205,910	\$926,405
Value of MSD Claims	\$38,445	\$10,397	\$22,049	\$12,295	\$80,870	\$21,750	\$185,806
Value of Deposit Claims	\$5,000	\$10,000	\$0	\$28,450	\$5,000	\$1,000	\$49,450
Claims Recovery	\$20,549	\$14,800	\$44,000	\$88,752	\$215,989	\$155,984	\$540,074
Number of Claims/1000 Enrolments	11.1	24.9	23.3	32.8	219.4	79.6	44.7
Average Cost of Claims (combined)	\$3,300	\$2,975	\$2,704	\$2,999	\$1,667	\$2,117	\$2,269
Average Builder Claim	\$2,802	\$2,928	\$2,460	\$2,619	\$1,367	\$2,101	\$2,027
Average MSD Claim	\$4,272	\$2,599	\$5,512	\$4,098	\$6,221	\$2,417	\$4,424
Average Deposit Claim	\$5,000	\$5,000	N/A	\$7,113	\$1,000	\$1,000	\$3,804

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Due to a change in the reporting method in 1991, comparisons should be made carefully.

Source: MNHWP Annual Reports and Background information provided and verified by MNHWP.

PRA

Prairie Research Associates Inc.

5.5 New Home Warranty Program of Saskatchewan Inc.

Fiscal Year Ending December 31.	1987	1988	1989	1990	1991	1992	TOTS/AVC 1987-92
REGISTRATION/ENROLMENT							
Number of New Builders Registered	14	8	4	4	1	24	55
Number of Builders Deregistered	21	33	39	34	15	13	15
Net Builders on Register	174	149	114	84	70	81	11
Number of Homes Enrolled (Gross)	1848	1129	755	634	337	722	5425
Number of Homes De-Enrolled	5	11	27	7	9	5	6
Warranty Certificates Issued	2054	1224	861	677	361	582	575
Net Homes Enrolled	1843	1118	728	627	328	717	5361
Number of Homes Still at Risk	10608	10431	7590	6800	5251	3518	3772
Average Enrolment per Builder	10.6	7.5	6.4	7.5	4.7	8.9	7.1
FINANCIAL INFORMATION							
Enrolment Fees Collected	\$421,130	\$196,795	\$127,900	\$148,445	\$87,627	\$202,696	\$1,184,593
Builder Registration Fees	\$22,875	\$6,650	\$3,800	\$3,350	\$950	\$20,800	\$58,42
Registration Renewal Fees	\$18,161	\$17,479	\$27,034	\$19,271	\$17,644	\$14,156	\$113,74
Program Expenditures	\$433,375	\$402,903	\$332,947	\$267,821	\$208,652	\$271,854	\$1,917,552
COMPLAINTS							
Total Complaints Received	157	159	164	100	54	46	68
Total Conciliations Performed	33	36	48	15	13	10	15
Complaints/1000 Enrolments	85.2	142.2	225.3	159.5	164.6	64.2	126.8
Conciliations/1000 Enrolments	17.9	32.2	65.9	23.9	39.6	13.9	28
Complaints can be broken down for each year as follows: ¹							
Interior	205	218	325	208	115	N/A	
Exterior	140	201	190	150	77	N/A	
Concrete	N/A	N/A	N/A	N/A	N/A	12	
Mechanical/Electrical/Plumbing	N/A	N/A	N/A	N/A	N/A	24	
Ext. Finish/Eaves/Roofs/Insul./Site	N/A	N/A	N/A	N/A	N/A	9	
Int. Finish/Stairs/Fire & Sound Prot.	N/A	N/A	N/A	N/A	N/A	54	
Structural	N/A	N/A	N/A	N/A	N/A	10	
Windows/Doors/Skylights	N/A	N/A	N/A	N/A	N/A	32	
CLAIMS							
Number of Claims (Total)	21	37	98	38	27	29	25
Number of First Year Claims	N/A	31	75	35	22	23	18
Number of MSD Claims	N/A	5	12	1	4	5	27
Number of Deposit Claims	1	1	11	2	1	1	17
Value of Claims (Grossed Up)	\$69,489	\$46,703	\$139,657	\$58,319	\$49,068	\$31,455	\$394,69
Value of First Year Claims	\$48,991	\$24,427	\$41,192	\$45,469	\$38,342	\$18,681	\$217,102
Value of MSD Claims	\$18,498	\$13,265	\$15,966	\$2,350	\$6,233	\$5,274	\$61,58
Value of Deposit Claims	\$2,000	\$9,011	\$82,500	\$10,500	\$4,494	\$7,500	\$116,00
Claims Recovery (L/C's, etc.)	\$13,913	\$58,123	\$82,589	\$24,223	\$29,856	\$19,719	\$228,42
Number of Claims/1000 Enrolments	11.4	33.1	134.6	60.6	82.3	40.4	46.8
Average Cost of Claims (combined)	\$3,309	\$1,262	\$1,425	\$1,535	\$1,817	\$1,085	\$1,57
Average First Year Claim	N/A	\$788	\$549	\$1,299	\$1,743	\$812	\$1,167
Average MSD Claim	N/A	\$2,653	\$1,331	\$2,350	\$1,558	\$1,055	\$2,281
Average Deposit Claim	\$2,000	\$9,011	\$7,500	\$5,250	\$4,494	\$7,500	\$6,82

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Due to a change in the reporting method in 1992, comparisons should be made carefully. Note also that the number of complaints here adds to more than the number reported above due to multiple problems for the same complaint.

Source: Background information provided and verified by SNHWP

PRA

Prairie Research Associates Inc.

5.6 The Alberta New Home Warranty Program

Fiscal Year Ending September 30.	1987	1988	1989	1990	1991	1992	TOTS/AVGS 1993	1987-93
REGISTRATION/ENROLMENT								
Number of New Builders Registered	126	68	63	61	66	72	77	533
Number of Builders Deregistered	110	85	66	64	72	57	47	501
Net Builders on Register	476	459	466	481	497	529	576	498
Number of Homes Enrolled (Gross)	5617	6664	7996	10547	6401	9581	11586	58392
Number of Homes De-Enrolled	7	0	109	87	61	199	60	523
Warranty Certificates Issued	4327	4399	6971	9822	7510	8636	9473	51138
Net Homes Enrolled	5610	6664	7887	10460	6340	9382	11526	57869
Number of Homes Still at Risk	29711	27611	30676	37027	35504	43351	48097	35997
Average Enrolment per Builder	11.8	14.5	17.2	21.9	12.9	18.1	20.1	16.6
FINANCIAL INFORMATION								
Enrolment Fees	\$788,008	\$1,443,245	\$1,443,630	\$2,588,778	\$2,127,205	\$3,434,745	\$4,734,233	\$16,559,844
Registration and Renewal Fees	\$148,800	\$140,930	\$145,355	\$155,325	\$160,039	\$177,033	\$163,341	\$1,090,823
Program Expenditures	\$1,016,877	\$847,523	\$885,563	\$1,201,499	\$1,556,544	\$1,655,701	\$1,714,103	\$8,877,810
COMPLAINTS								
Total Complaints Received	471	303	421	441	948	333	451	3368
Total Conciliations Performed	405	237	373	387	881	316	426	3025
Complaints/1000 Enrolments	83.9	45.5	52.7	41.8	148.1	34.8	38.9	57.7
Conciliations/1000 Enrolments	72.1	35.6	46.6	36.7	137.6	33.0	36.8	51.8
CLAIMS								
Number of Claims (Total)	293	240	250	188	633	368	287	2259
Number of Builder/1st Year Claims	233	171	216	154	528	215	151	1668
Number of BPI Claims ¹	N/A	N/A	N/A	N/A	18	12	56	86
Number of MSD Claims	31	33	10	33	57	127	72	363
Number of Deposit Claims	29	36	24	1	30	14	8	142
Value of Claims (Grossed Up)	\$570,077	\$635,358	\$496,281	\$370,289	\$1,909,678	\$1,574,820	\$1,622,971	\$7,179,474
Value of Builder/First Year Claims	\$344,322	\$327,023	\$298,777	\$236,649	\$931,744	\$535,835	\$63,172	\$2,737,522
Value of BPI Claims	N/A	N/A	N/A	N/A	\$282,592	\$182,114	\$1,287,786	\$1,752,492
Value of MSD Claims	\$134,355	\$160,540	\$125,772	\$131,862	\$308,314	\$779,389	\$200,937	\$1,841,169
Value of Deposit Claims	\$91,400	\$147,795	\$71,732	\$1,778	\$387,028	\$77,482	\$71,076	\$848,291
Claims Recovery (L/C's, etc.)	\$258,127	\$166,047	\$251,224	\$186,868	\$1,067,207	\$283,159	\$1,137,168	\$3,349,800
Number of Claims/1000 Enrolments	52.2	36.0	31.3	17.8	98.9	38.4	24.8	38.7
Average Cost of Claims (combined)	\$1,946	\$2,647	\$1,985	\$1,970	\$3,017	\$4,279	\$5,655	\$3,178
Average Builder/First Year Claim	\$1,478	\$1,912	\$1,383	\$1,537	\$1,765	\$2,492	\$418	\$1,641
Average BPI Claim	N/A	N/A	N/A	N/A	\$15,700	\$15,176	\$22,996	\$20,378
Average MSD Claim	\$4,334	\$4,865	\$12,577	\$3,996	\$5,409	\$6,137	\$2,791	\$5,072
Average Deposit Claim	\$3,152	\$4,105	\$2,989	\$1,778	\$12,901	\$5,534	\$8,885	\$5,974

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Builder Performance Indemnity

Source: Background information provided and verified by ANHWP and ANHWP Annual Reports

5.7 New Home Warranty Program of British Columbia and the Yukon

Fiscal Year ending February 28.	1987	1988	1989	1990	1991	1992	1993	TOTS/AVGS 1987-93
REGISTRATION/ENROLMENT								
Number of New Builders Registered	256	302	252	202	160	126	269	1567
Number of Builders Deregistered	213	220	243	198	220	97	104	1295
Net Builders on Register	719	801	810	814	754	783	948	5629
Number of Homes Enrolled (Gross)	7369	10942	9642	10066	6181	7308	12291	63799
Number of Homes De-Enrolled	352	145	290	683	474	19	8	1971
Warranty Certificates Issued	6399	9202	7416	9383	7827	6382	8218	54827
Net Homes Enrolled	7017	10797	9352	9383	5707	7289	12283	61828
Number of Homes Still at Risk	27257	35833	41429	46515	45949	45943	49106	41719
Average Enrolment per Builder	9.8	13.5	11.5	11.5	7.6	9.3	13.0	10.9
FINANCIAL INFORMATION								
Enrolment Fees Collected		Not Provided						
Builder Registration Fees		Not Provided						
Registration Renewal Fees		Not Provided						
Program Expenditures		Not Provided						
COMPLAINTS								
Total Complaints Received	628	654	1288	1728	1836	1537	1119	8790
Total Conciliations Performed	124	111	168	182	250	198	153	1186
Complaints/1000 Enrolments	89.5	60.6	137.7	184.2	321.7	210.9	91.1	142.2
Conciliations/1000 Enrolments	17.7	10.3	18.0	19.4	43.8	27.2	12.5	19.2
CLAIMS								
Number of Claims (Total)	134	137	127	306	304	427	332	1767
Number of First Year Claims	114	120	89	235	203	301	185	1247
Number of MSD Claims	13	14	31	68	100	123	147	496
Number of Deposit Claims	7	3	7	3	1	2	0	23
Value of Claims (Grossed Up)	\$181,142	\$173,981	\$187,717	\$399,145	\$465,781	\$811,440	\$734,179	\$2,953,385
Value of First Year Claims	\$111,072	\$94,015	\$96,445	\$213,337	\$153,325	\$509,702	\$394,816	\$1,572,712
Value of MSD Claims	\$40,070	\$64,966	\$56,272	\$170,808	\$311,656	\$273,738	\$339,363	\$1,256,873
Value of Deposit Claims	\$30,000	\$15,000	\$35,000	\$15,000	\$800	\$25,000	\$0	\$120,800
Claims Recovery (L/C's, etc.)	\$20,895	\$58,313	\$37,260	\$57,476	\$83,165	\$166,720	\$52,983	\$476,812
Number of Claims/1000 Enrolments	19.1	12.7	13.6	32.6	53.3	58.6	27.0	28.6
Average Cost of Claims (combined)	\$1,352	\$1,270	\$1,478	\$1,304	\$1,532	\$1,900	\$2,211	\$1,671
Average First Year Claim	\$974	\$783	\$1,084	\$908	\$755	\$1,693	\$2,134	\$1,261
Average MSD Claim	\$3,082	\$4,640	\$1,815	\$2,512	\$3,117	\$2,226	\$2,309	\$2,534
Average Deposit Claim	\$4,286	\$5,000	\$5,000	\$5,000	\$800	\$12,500	ERR	\$5,252

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

Source: Background information provided and verified by BCNHWP.

PRA

Prairie Research Associates Inc.

**PART B:
A SURVEY OF THE NEW HOME CONSTRUCTION
QUALITY GUARANTEE**

March 23, 1994

Prepared for
Canada Mortgage and Housing Corporation

**PART B:
A SURVEY OF THE NEW HOME CONSTRUCTION
QUALITY GUARANTEE**

PREFACE

The information in this report is based upon information provided by J. Folk & Associates and verified by PAFCO Insurance Company. No attempt has been made to verify the claims made as to coverages or program scope. The reader is advised that the sole purpose of this report is to collect and synthesize publicly available information without making or implying any evaluation.

Descriptions of program features are taken directly from written information or have been provided and approved by J. Folk & Associates or by PAFCO Insurance Company.

1.0 PURPOSE OF THE REVIEW

Home warranty programs have been a feature of the new housing industry for the past two decades. All regions of Canada except the North-West Territories have industry-supported programs designed to provide the purchaser of a new home with coverage against a number of structural and systems defects. Traditionally, these warranty programs have only been offered by not-for-profit programs affiliated with the National Home Warranty Council or with a provincial builders association.

More recently, however, PAFCO Insurance Company has entered into the new home warranty market in Alberta with a for-profit new home warranty plan called the New Home Construction Quality Guarantee.

Canada Mortgage and Housing Corporation engaged Prairie Research Associates Inc. (PRA) to prepare a description of the current programs available across Canada. The overview is designed to be factual and detailed, without commentary or analysis.

This report is divided into two sections. The first (chapters 2 and 3) provides a brief outline of the methodology used in compiling the report and of the major features of PAFCO's New Home Construction Quality Guarantee. The second (chapter 4) provides a description of the objectives, coverages, and various procedures used by the New Home Construction Quality Guarantee.

2.0 METHODOLOGY

This review is based on information provided by J. Folk & Associates and by PAFCO Insurance Company. J. Folk & Associates was contacted initially by telephone to explain the nature of the research. Basic information about the New Home Construction Quality Guarantee (public information kits, builder registration packages, sample warranty certificates, etc ...) at was requested that time.

The information received was categorized and summarized in a series of tables. Once the preliminary tables were prepared, additional contacts were made requesting missing information. The tables were reviewed and supplemented by J. Folk & Associates and PAFCO Insurance Company representatives prior to publication.

3.0 OUTLINE OF THE MAIN FEATURES OF THE PAFCO NEW HOME CONSTRUCTION QUALITY GUARANTEE

3.1 Program Configuration

The New Home Construction Quality Guarantee (NHCQG) is currently sold as a construction insurance policy on new homes in Alberta. The warranty is underwritten by PAFCO Insurance Company, but is administered and sold by J. Folk & Associates which operates as an insurance broker for PAFCO. J. Folk & Associates is also responsible for line administration of the warranty, including the enrolment of homes, registration of builder members, and the conciliation of disputes between homeowners and builders.

3.2 General Features of the New Home Construction Quality Guarantee

- The seven New Home Warranty Programs and ACQ's Plan de garantie des maisons neuves were traditionally the only source of construction/structural warranties on new homes. In each case, these programs are operated by not-for-profit companies set up in close affiliation with provincial home builders' associations.
- In 1990, PAFCO Insurance Company introduced the NHCQG. The NHCQG is the first for-profit home warranty offered in Canada, and is administered and sold by J. Folk & Associates. The NHCQG is currently only available in Alberta.
- In the first year of the NHCQG, the warranty ensures that the builder will correct, verify, and qualify defects which arise as a result of faults in either workmanship or materials. In the second through fifth years, the warranty is limited to correcting Major Structural Defects (MSD). In this warranty period, the responsibility for settling claims lies with PAFCO, with limited rights of recovery back to the builder, as is typical for most insurance programs.
- The NHCQG also covers consumers against possible loss of a prepayment or deposit and provides for off-site living expenses in the event that warranty work displaces the home's occupants.
- The NHCQG also indemnifies builders against construction defects which become apparent beyond the first year of possession.

- PAFCO has implemented a builder registration process which screens builders for financial security, construction quality, and managerial expertise. PAFCO has established its own criteria for determining builder suitability. These criteria are applied by J. Folk & Associates, which is responsible for the actual screening process.
- Once a builder firm is accepted as a member of the NHCQG, it agrees to be bound by program regulations and guidelines. Builders which fail to comply with regulations or guidelines are subject to de-registration.
- Once a builder is registered with the NHCQG, he/she must enrol all eligible units. Enrolment fees are due at the date of enrolment.
- PAFCO assumes responsibility for warranty coverage in the event of builder failure.
- Homeowner complaints are directed initially to J. Folk & Associates, who acts as a facilitator between the builder and the consumer. If the builder fails to address a customer complaint, PAFCO has the authority to appoint a claims adjuster to settle the dispute.
- Warranty claims are made in a similar manner as are regular insurance claims.

4.0 ORGANIZATION OF THE NEW HOME CONSTRUCTION QUALITY GUARANTEE

4.1 Stated Goals and Objectives

Methodology: The goals and objectives listed below have been provided directly by PAFCO on the basis of a sample table provided to it. In most cases, the language used by PAFCO to express its goals has been quoted directly to prevent ambiguities or misinterpretation.

Comments: According to its Mission Statement, the NHCQG is committed to providing builders and consumers with a dependable new home warranty program that protects the investment of the individual and encourages builder integrity.

- The NHCQG cites as a goal the encouragement of the highest possible ethical standards for its program administrators and builder members.
- PAFCO conducts face-to-face annual meetings between member builders and program administrators to encourage open lines of communication. The program also encourages consumers to contact J. Folk & Associates with any of their concerns or questions.

NEW HOME CONSTRUCTION QUALITY GUARANTEE¹ Stated Goals and Objectives	
Mission Statement	It is the goal of PAFCO Insurance Company and NHCQG to offer member builders and their customers/consumers access to a viable, refined, dependable New Home Warranty program that protects the investment of the individual and encourages builder integrity and the long term commitment to the development of high quality affordable housing.
Standards	Construction standards at a minimum to meet those enunciated by the National Building Code of Canada. Encourage the highest possible ethical standards on behalf of program administrators member builders.
Service	Member builders and individual consumers are provided with details to ease program access.
Communication	Face to face annual meetings between member builders and the program and regular newsletter mailings to member builders. Consumers are encouraged to contact the program administrators with any concerns or questions regarding the warranty program.
Complaints	Consumers receive detailed information on the program's preferred method for dealing with consumer complaints. Builders are apprised at time of membership on the recommended procedure to follow for program enquiries and complaint registration.
Industry Promotion	PAFCO Insurance Company will strive to restrict lobbying to a level of open communication between the government bodies and the program administrators.
Training - Professional Development	PAFCO Insurance Company requires that its inspectors be current in developments concerning the National Building Code of Canada. Developing self-help/education programs.
Viability	PAFCO Insurance Company has nation-wide expertise as a guarantor of programs and as an insurance underwriter and administrator. PAFCO has completed 10 years of research and development to the new home warranty market and is committed to being a long-term, stable insurer.
Other	Not Provided.

Information marked as "Not Provided" was not provided by PAFCO Insurance Company. Information marked as "Not Applicable" is not applicable to the NHCQG.

¹ Source: PAFCO Insurance Company.

4.2 Organization and Legal Structure

Methodology: The information presented below on the organization and legal structure of PAFCO Insurance Company was provided directly by PAFCO on the basis of a sample table provided to it.

Comments: The NHCQG is an insurance policy offered by a private insurance company. As a result, it does not have an "organizational structure" that is comparable to the not-for-profit home warranties which are all organized for the express purpose of providing a single home warranty.

- The NHCQG was established in 1990.
- PAFCO Insurance Company is organized as a private insurance company. As an insurance company, PAFCO is regulated by the Superintendent of Insurance (or equivalent position) in each province in which it operates and is also required to comply with any regulations or legislation pertaining to insurance in that province.
- The warranty is administered jointly by PAFCO Insurance Company and its broker J. Folk & Associates.

NEW HOME CONSTRUCTION QUALITY GUARANTEE¹ Organization and Legal Structure	
Year Established	1990
Relevant Legislation	Relevant provincial Insurance Act; Relevant provincial Condominium Property Act or similar legislation.
Corporate Structure	Private Insurance Company.
Board of Directors	Not Applicable.
Term	Not Applicable.
Elected/Appointed	Not Applicable.
Restrict'ns	Not Applicable.
Quorum & Approval	Not Applicable.
Committees	Not Applicable.
Fiscal Year End	December 31.
Program Administration	The warranty is administered by a committee comprised of representatives from PAFCO Insurance Company and the designated broker.

Information marked as 'Not Provided' was not provided by PAFCO Insurance Company. Information marked as 'Not Applicable' is not applicable to the NHCQG.

¹ Source: PAFCO Insurance Company.

4.3 Warranty Information

Methodology: Warranty information was taken directly from the NHCQG warranty certificate or from Builder Agreements provided by J. Folk & Associates. This information was confirmed by PAFCO Insurance Company. Clarification of terms/definitions was obtained directly from the program where appropriate. Existing technical/legal information has been preserved wherever possible in order to make accurate comparisons between programs. Ease in presentation, however, has required the exclusion or modification of some of the legal construction of warranty provisions.

Comments/Summary: The NHCQG protects the consumer against defects in workmanship or materials during the first year after the date of possession and against Major Structural Defects for the first five years after the date of possession. The warranty also covers consumers against builder failure by providing deposit/prepayment loss protection and completion insurance.

- Responsibility for defects in workmanship or materials and major structural defects during the first year lies with the builder. Warranty claims in the second or subsequent years are the responsibility of PAFCO Insurance Company.
- Homes covered by the NHCQG are not presently eligible for CMHC-backed mortgage loan insurance under the National Housing Act.
- The NHCQG does not provide for extended warranty coverage.

NEW HOME CONSTRUCTION QUALITY GUARANTEE¹ Warranty Information	
Year Coverage First Offered	1990
Geographic Coverage	At present, warranty is only offered in Alberta.
Relevant Definitions Defects Major Structural Defects	<p>"Defect" means work or material which is inferior to the standards of work and material prescribed under the Alberta Building Code in force at the time of construction.</p> <p>"Structural Defect" means a defect in one or more of the following load-bearing components of a Residential Unit which impairs the overall structural integrity and stability of the Residential Unit: the piles, footings, foundation walls, grade beams, teleposts, bearing wall, floor joists, posts and beams, and roof trusses.</p>
Application Prepayment or Deposit Loss Completion Substitution Workmanship and Materials Building Envelope Major Systems Major Structural Defects	<p>The Home Warranty Applies to:</p> <p>Default by the builder of the return of a deposit or prepayment. (!)</p> <p>Uncompleted work as set out in the Purchase Agreement in the event of builder failure. (!)</p> <p>Not Applicable.</p> <p>Defects in workmanship and materials for a one-year period beginning on the date of possession. (*)</p> <p>Not Applicable.</p> <p>Not Applicable.</p> <p>Major Structural Defects for a five-year period beginning on the date of possession. For the first year, contractual responsibility for correcting defects lies with the builder. (!,*)</p>
Exceptions Purchaser-Supplied Materials Normal Cracks Shrinkage Insufficient Maintenance Alterations Subsidence Visible Defects Acts of God or beyond Builder control Secondary Damage Other	<p>The following items shall not be considered Defects in workmanship or materials:</p> <p>Defects in design, workmanship or materials supplied by the purchaser.</p> <p>Normal cracks in plaster, paint, drywall, masonry, stucco, and concrete work including without limitation, cracks in basement floors, garage floors, retaining walls, patios, sidewalks, and driveways.</p> <p>Normal shrinkage or warping of materials.</p> <p>Normal deterioration or wilful neglect or criminal act of the purchaser.</p> <p>Any alteration, modification or addition to the Residential Unit made following the date of possession.</p> <p>Soil subsidence resulting from excavation or backfilling.</p> <p>Defects apparent to and accepted by the purchaser on the date of possession.</p> <p>Not Provided.</p> <p>Consequential loss of any description.</p> <p>Not Provided.</p>

NEW HOME CONSTRUCTION QUALITY GUARANTEE¹ Warranty Information	
Prepayment or Deposit Loss	\$25,000
Maximum Liability to the Program	\$50,000
Completion Liability	\$25,000
Warranty Term	Builder's warranty expires after one year. PAFCO's warranty expires after five years.
Off-Site Living Expenses	\$5,000 Emergency Living Expenses
Deductible	Not Applicable.
Extended Warranty	Not Applicable
Term	Not Applicable
Maximum Liability	Not Applicable
Cost	Not Applicable
Transferability	Yes

Information marked as "Not Provided" was not provided by PAFCO Insurance Company. Information marked as "Not Applicable" is not applicable to the NHCQG.

Note: Provisions marked by (!) are the responsibility of PAFCO Insurance Company.
Provisions marked by (*) are the responsibility of the builder.

Note: In all cases, PAFCO Insurance Company warrants that should the builder be unable or unwilling to honour the builder warranty, it will be honoured by PAFCO.

¹ Source: New Home Construction Quality Guarantee Insuring Agreement and background information provided by J. Folk & Associates. Verified by PAFCO Insurance Company.

4.4 Builder Registration

Methodology: Builder registration refers to the process whereby a builder firm becomes eligible to enrol its units in the NHCQG. The information in the following table is drawn from Builder Registration Kits and background information provided by J. Folk & Associates. Using registration kits as the reference point allows for a better description of the warranty since it answers the basic question: "What criteria are needed to become a member?"

Comments/Summary: J. Folk & Associates review builder suitability according to criteria established by PAFCO. The process consists of a review of application material, credit checks, and a review of reports from consumers, subtrades and building inspectors.

- The initial application fee for the NHCQG is \$500; renewal fees are \$300/year.
- PAFCO reserves the right to conduct interviews with applicants as part of the review process.
- Registration must be renewed annually. Builders with complaints or claims are interviewed as part of the renewal process.

NEW HOME CONSTRUCTION QUALITY GUARANTEE' Membership/Builder Registration	
<p>Application Materials</p> <p>Application Form</p> <p>Application Fee</p> <p>Builder Agreements</p> <p>Guarantees</p> <p>Banking Information</p> <p>Financial Statements</p> <p>References</p> <p>Other Information</p>	<p>Application must include:</p> <p>Application Form</p> <p>\$500 + 7% G.S.T.</p> <p>Builder Assurance Agreement</p> <p>Not Provided.</p> <p>Bank Reference.</p> <p>Most recent Financial Statements Personal Net Worth statements of all principals.</p> <p>List of all sub-trades and suppliers.</p> <p>Completed business plan including cash flow projections and work in progress reports for next twelve months. Confirmation of Provincial Corporate Registry. Copy of liability insurance coverage and Workers' Compensation number.</p>
<p>Review Process</p>	<p>Application is reviewed by PAFCO to determine builder suitability. The review process includes a credit check and the consideration of reports from subtrades, building inspectors and consumers. Interviews and inspections may be carried out to determine the strength of the application.</p>
<p>Criteria for Registration</p> <p>Technical Criteria</p> <p>Financial Criteria</p> <p>Other Criteria</p>	<p>Builder must demonstrate sufficient technical and managerial expertise. Technical competence of the builder is established through inspections of ongoing projects, and discussions with owners, support staff, and local building inspectors. The expertise of current management is assessed based on reports from inspectors, subtrades and consumers.</p> <p>Data submitted (financial statements, bank references, building activity, etc.) is assessed according to specific parameters that reflect the geographic area of the applicant's operations. Builders must demonstrate sufficient financial stability and liquidity to fulfil their warranty obligations to the public. Where deemed necessary, letters of credit, personal guarantees, or security bonds are established to ensure that the financial criteria are satisfied.</p> <p>The builder must demonstrate an awareness of prevailing market conditions (as determined by an interview) and must display a sound business reputation. Credit investigation, other members, and the Canadian Home Builders Association are used to establish the reputation of the builder.</p>

NEW HOME CONSTRUCTION QUALITY GUARANTEE ¹ Membership/Builder Registration	
Term of Registration	Membership is for one year.
Appeal Process	Not Applicable.
Renewal of Registration	
Renewal Process	Renewal is automatic for builders without complaints or claims. Other builders are interviewed prior to renewal.
Renewal Fee	\$300 + 7% G.S.T.

Information marked as "Not Provided" was not provided by PAFCO Insurance Company. Information marked as "Not Applicable" is not applicable to the NHCQG.

¹ Source: Background information provided by J. Folk Associates. Verified by PAFCO Insurance Company.

4.5 Housing Enrolment

Methodology: Housing enrolment refers to the process whereby a builder registers a home for coverage with the NHCQG. The information presented in the table below was drawn from the NHCQG Builder Registration Kit and from background information provided by J. Folk & Associates.

Eligible housing units are defined both in terms of the kind of structure involved (single detached, duplex, etc...) and the kind of ownership involved. This distinction between type of structure and type of ownership is important because the type of ownership affects the warranty coverage.

For the purpose of this study, type of ownership refers to the description used in the initial construction and marketing of the home.

Comments: The NHCQG's warranty coverage applies only to condominiums and those units sold for private ownership. Rental properties and non-market housing are not eligible for warranty coverage.

- Enrolment fees are based on a sliding scale using purchase price of the home (including land) as a guide. The NHCQG has 13 different pricing levels, with enrolment fees varying from \$215-\$485 per unit.
- Builder must enrol all units when they issue a deposit receipt or obtain a Building Permit, whichever is earlier.
- The NHCQG does not apply to rental units.

NEW HOME CONSTRUCTION QUALITY GUARANTEE¹ Housing Enrolment																																	
Responsibility for Enrolment	Builder must enrol all units at the earlier of issuing a deposit receipt or obtaining a Building Permit.																																
Eligible Units																																	
Private Ownership:																																	
Single Detached	Yes																																
Semi-Detached	Yes (by special application)																																
Duplex	Yes (by special application)																																
Row Housing	Yes (by special application)																																
Factory Built	Yes (by special application)																																
Rental Housing:																																	
Single Detached	Not Applicable.																																
Duplex	Not Applicable.																																
Row Housing	Not Applicable.																																
Apartment Blocks	Not Applicable.																																
Condominium Ownership:	Yes																																
Non-Market/Public Ownership:																																	
Seniors Complexes	Not Applicable.																																
Public Housing	Not Applicable.																																
Other Buildings:	Not Provided.																																
Ineligible Units	Not Provided.																																
Home Enrolment Fees	<p>Enrolment fees are based on purchase price and assume that land is included in the price.</p> <p>Note: All home enrolment fees are subject to 7% G.S.T.</p> <table border="0"> <thead> <tr> <th>House Price</th> <th>Enrolment Fee</th> <th>House Price</th> <th>Enrolment Fee</th> </tr> </thead> <tbody> <tr> <td>< 90K</td> <td>\$215</td> <td>150,001-160K</td> <td>\$350</td> </tr> <tr> <td>90,001-100K</td> <td>\$230</td> <td>160,001-170K</td> <td>\$380</td> </tr> <tr> <td>100,001-110K</td> <td>\$245</td> <td>170,001-180K</td> <td>\$400</td> </tr> <tr> <td>110,001-120K</td> <td>\$265</td> <td>180,001-190K</td> <td>\$420</td> </tr> <tr> <td>120,001-130K</td> <td>\$280</td> <td>190,001-200K</td> <td>\$445</td> </tr> <tr> <td>130,001-140K</td> <td>\$295</td> <td>> 200K</td> <td>\$485</td> </tr> <tr> <td>140,001-150K</td> <td>\$325</td> <td></td> <td></td> </tr> </tbody> </table>	House Price	Enrolment Fee	House Price	Enrolment Fee	< 90K	\$215	150,001-160K	\$350	90,001-100K	\$230	160,001-170K	\$380	100,001-110K	\$245	170,001-180K	\$400	110,001-120K	\$265	180,001-190K	\$420	120,001-130K	\$280	190,001-200K	\$445	130,001-140K	\$295	> 200K	\$485	140,001-150K	\$325		
House Price	Enrolment Fee	House Price	Enrolment Fee																														
< 90K	\$215	150,001-160K	\$350																														
90,001-100K	\$230	160,001-170K	\$380																														
100,001-110K	\$245	170,001-180K	\$400																														
110,001-120K	\$265	180,001-190K	\$420																														
120,001-130K	\$280	190,001-200K	\$445																														
130,001-140K	\$295	> 200K	\$485																														
140,001-150K	\$325																																
Cancellation of Home Enrolment	In cases of builder failure, PAFCO Insurance Company assumes the responsibilities of the builder.																																

Information marked as "Not Provided" was not provided by PAFCO Insurance Company. Information marked as "Not Applicable" is not applicable to the NHCQG.

¹ Source: Background information provided by J. Folk & Associates. Verified by PAFCO Insurance Company.

4.6 Construction and Inspection

Methodology: The information presented below is drawn from the NHCQG warranty certificate and from background information provided by PAFCO Insurance Company.

Comments: Since work up to the applicable construction standard is exempted from a warranty claim, this standard directly affects home warranty coverage.

- NHCQG builders must comply with the minimum standards in the National Building Code.
- PAFCO reserves the right to conduct inspections at its discretion.

NEW HOME CONSTRUCTION QUALITY GUARANTEE¹ Construction and Inspection	
Construction Standard	All units must comply with the minimum standards detailed by the National Building Code of Canada.
Inspection	Performed at PAFCO's discretion. Inspections are undertaken at the foundation, framing, and completion prior to possession stages of home construction.

Information marked as "Not Provided" was not provided by PAFCO Insurance Company. Information marked as "Not Applicable" is not applicable to the NHCQG.

¹ Source: PAFCO Insurance Company.

4.7 Dispute Mechanisms

Methodology: The information presented below is drawn from the NHCQG warranty certificate and background information provided by J. Folk & Associates. Just as the information in the section on Builder Registration was presented with the individual builder as the point of reference, the information presented here is designed using the individual consumer as the point of reference. The description of the dispute mechanism follows the natural consumer progression from complaint, to conciliation, to builder discipline or sanction.

Comments: Since PAFCO administers the NHCQG as an insurance policy, the mechanism it has built to deal with customer claims and complaints is typical of its other insurance policies.

- Under the NHCQG, initial complaints are directed to the broker who in turn contacts the builder.
- If the builder is unable or unwilling to address the homeowner's complaint, J. Folk & Associates notify PAFCO Insurance Company. The company advises the builder in writing that he/she has 120 days to satisfy the homeowner's complaints. If the dispute is not resolved within the 120 days, PAFCO appoints an arbitrator/adjuster to rectify the defect.
- PAFCO reserves the right to de-register builders who do not comply with program guidelines.

NEW HOME CONSTRUCTION QUALITY GUARANTEE¹ Dispute Mechanisms	
Purchaser Complaints	Upon occupancy, the homeowner is advised of the broker's name and means of contacting said broker. Initial complaints and queries as to coverage are handled by the broker. If, in the broker's opinion, the customer has a justified complaint, the broker acts as facilitator to ease rectification. Should the complaint be judged as unjustified, the customer is so advised by the broker.
Conciliation Method of Conciliation	Yes In cases where the builder fails to rectify a defect to the customer's satisfaction, the customer is asked to detail the complaint in written form to the broker's office. PAFCO Insurance Company is advised of the situation at that point. Before any action is taken by the broker or by PAFCO, the builder is contacted and advised that there is a 120-day time limit to satisfy the homeowner's complaints. If the problem has not been rectified after the 120-day period has expired, PAFCO appoints an adjuster/arbitrator. The adjuster/arbitrator is empowered to require the builder to rectify the defect or in the alternative to have the defect corrected directly.
Arbitration Method of Arbitration	See above See above
Discipline of Builder Members	If a builder fails to live up to obligations on a recurring basis, having previously been warned, membership in the program may be cancelled or not renewed. The builder is advised of this decision by Registered Letter from PAFCO Insurance.

Information marked as "Not Provided" was not provided by PAFCO Insurance Company. Information marked as "Not Applicable" is not applicable to the NHCQG.

¹ Source: Background information provided by J. Folk & Associates. Verified by PAFCO Insurance Company.

4.8 Non-Warranty Activities

Methodology: The information presented below has been provided directly by J. Folk & Associates and confirmed by PAFCO. Note that this information may not fully express the extent of non-warranty activities undertaken by the either PAFCO or J. Folk & Associates.

Comments: As previously indicated, PAFCO is operating the NHCQG as a for-profit insurance program. As a result, its non-warranty activities are limited.

- PAFCO is developing builder seminars and public information sessions to acquaint builders and consumers with the NHCQG.
- PAFCO's broker, J. Folk & Associates, is reported to be enrolled as a member of the Calgary and Edmonton Home Builders' Associations.

NEW HOME CONSTRUCTION QUALITY GUARANTEE ¹ Non-Warranty Activities	
Builder Incentives	Not Provided.
Education and Training	PAFCO Insurance Company is developing Builder Seminars and public information sessions. Plans are currently being formatted pending a decision by CMHC.
Marketing/Publicity	Not Provided.
Other Activities	According to J. Folk & Associates, the program administrators are enrolled members of the Canadian Home Builders Association.

Information marked as "Not Provided" was not provided by PAFCO Insurance Company. Information marked as "Not Applicable" is not applicable to the NHCQG.

¹ Source: PAFCO Insurance Company.

PRA

Prairie Research Associates Inc.

**PART C:
A SURVEY OF RESALE HOME WARRANTY PROGRAMS
IN CANADA**

March 23, 1994

Prepared for
Canada Mortgage and Housing Corporation

**PART C:
A SURVEY OF RESALE HOME WARRANTY PROGRAMS
IN CANADA**

PREFACE

The information in this report is based upon information provided by the various home warranty programs. No attempt has been made to verify the claims made as to coverages or program scope. The reader is advised that the sole purpose of this report is to collect and synthesize publicly available information without making or implying any evaluation.

Descriptions of program features are taken directly from written information or have been provided and approved by the warranty programs. In some cases there is considerable variation in how the programs may express an essentially equivalent program feature.

1.0 PURPOSE OF THE REVIEW

Home warranty programs have been a feature of the new housing industry for the past two decades. All regions of Canada except the North-West Territories have industry-supported programs designed to provide the purchaser of a new home with coverage against a number of structural and systems defects. Traditionally, these warranty programs have only been offered by programs affiliated with the National Home Warranty Council. Warranty coverage offered by these programs has also been generally restricted to new housing construction.

More recently, however, private insurance companies have entered into the home warranty market by providing warranties on existing homes for resale. Note that in this context, a "resale home" is a home on which new home warranty coverage has either expired or is not applicable. In most cases, this refers to a home which is older than five or seven years and for which new home warranty coverage would have expired. In the case where a home covered by a new home warranty is sold, warranty coverage continues on that home as if there had been no change in ownership.

Canada Mortgage and Housing Corporation engaged Prairie Research Associates Inc. (PRA) to prepare a description of the current programs available across Canada. The overview is designed to be factual and detailed, without commentary or analysis.

This report is divided into two sections. The first (chapters 2 and 3) provides a brief outline of the methodology used in compiling the report and of the major features of the resale home warranty programs. The second (chapter 4) provides a description of the objectives, coverages, and various procedures used by the resale home warranties in Canada.

2.0 METHODOLOGY

This review is based on information provided by each of the warranty programs. Each program was contacted initially by telephone to explain the nature of the research. Basic information about the programs (public information kits, registration packages, sample warranty certificates, etc ...) was requested at that time.

The information received was categorized and summarized in a series of tables. Once the preliminary tables were prepared, additional contacts were made requesting missing information. The tables were reviewed and supplemented by program representatives prior to publication.

Wherever possible, similar information categories and definitions were used to ensure that information is comparable across programs. The methodology descriptions relevant to each table outline some of the constraints of this approach.

3.0 OUTLINE OF THE MAIN FEATURES OF RESALE HOME WARRANTY PROGRAMS

3.1 Program Configuration

A number of resale home warranties are currently offered in Canada. A resale warranty usually covers the major systems (heating, plumbing, electrical) of a used home. Resale warranties are typically offered by real estate or finance companies as incentives to purchase or finance a used home. Resale warranties in Canada are currently underwritten by Continental Insurance Company and by PAFCO Insurance Company. PAFCO Insurance Company offers more than one individual resale home warranty plan.

3.2 General Features of Resale Home Warranty Programs

- Two private insurance companies recently began to offer warranties on resale homes. Resale warranties are sold by real estate agencies, mortgage lenders and trust companies largely as financing incentives. Resale warranties do not apply to new homes, rather they cover the major systems (electrical, heating, and plumbing) of existing used homes.
- Dominion Home Warranty administers (but does not actually sell) the resale warranty underwritten by Continental Insurance Company. Real estate agents and mortgage companies act as brokers for Dominion.
- PAFCO Insurance Company underwrites more than one resale home warranty. Each warranty has slightly different coverage on systems and components. The real estate and mortgage companies which act as PAFCO's brokers decide individually which warranty they will provide to their customers.
- Most homes are eligible for resale warranty coverage, providing they were constructed within the previous 50 years.
- Warranties on resale homes are renewable indefinitely, subject to the approval of the insuring body. The first year's cost is generally borne by the real estate agency or trust company. The second and subsequent years' coverage is usually the responsibility of the homeowner.

4.0 RESALE HOME WARRANTY PROGRAMS

4.1 Stated Goals and Objectives

Methodology: The goals and objectives listed below have been provided directly by the warranty programs on the basis of sample tables provided to them or have been approved by the warranty programs prior to publication. The language used by the respective program to express its goals has been quoted directly to prevent ambiguities or misinterpretation.

The sample tables were designed to facilitate comparison between the programs, not to indicate priority. As a result, the ordering of goals may not reflect the degree of importance attached to each by the respective program.

Comments: While the two resale home warranty programs (Dominion and PAFCO) share comparable goals (high quality service, customer satisfaction), they express these goals in different fashions:

- Dominion Home Warranty's mission statement refers to providing insurance on home systems in a cost-effective and profitable manner. PAFCO's mission statement refers instead to providing the consumer with peace of mind and security in purchasing or owning a resale home.
- Dominion Home Warranty adopts as a goal the timely and fair resolution of customer complaints. PAFCO encourages customers to contact its customer service representatives.

RESALE HOME WARRANTY PROGRAM
Stated Goals and Objectives

	DOMINION HOME WARRANTY PLAN¹	PAFCO HOME WARRANTY PLANS²
Mission Statement	To provide insurance on home systems in a cost-effective and profitable manner.	It is the goal of PAFCO to market a Home Warranty product that provides the consumer with peace of mind and security in purchasing or owning a resale home.
Standards	By participation in industry associations to promote and enforce standards in home systems and appliance repair to provincial codes.	Not Provided.
Service	To provide professional and timely service to the housing and consumer market.	To maintain a 24 hour claims service and network of independent contractors and claims adjusters throughout Canada to provide the best possible service to our customers.
Communication	To provide a flexible and workable program on all levels; service; market and consumer satisfaction.	To encourage consumers to discuss their concerns with customer service representatives located in our regional offices.
Complaints	To resolve complaints in a timely and fair manner.	To provide consumers with detailed information about the programs to minimize consumer complaints.
Industry Promotion	Not Applicable.	Promotion is the responsibility of individual Marketers. PAFCO representatives work with Marketers and approve promotional literature.
Training - Professional Development	To educate the real estate industry about potential liabilities and solutions for the consumer.	To develop and encourage expertise in warranty claims through the use of skilled staff and self-help education. To continue research and development in the Home Warranty field.
Viability	To provide a competent actuarial basis to support the program and on-going consumer participation.	To build upon nationwide expertise as a guarantor of programs and as an underwriter and administrator.
Other	To promote usage of home warranties to Canadian home owners.	Not Provided.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: Dominion Home Warranty.

² Source: PAFCO Insurance Company. Note that PAFCO offers more than one home warranty plan. Information within this table may not reflect all of PAFCO's activity in a particular area.

4.2 Organization and Legal Structure

Methodology: The information presented below on the organization and legal structure of the resale home warranties was provided directly by the warranty programs on the basis of sample tables provided to them.

Comments: The resale home warranty plans are underwritten by private insurance companies and administered either directly by the company (PAFCO) or by a separate administrative/management company (Dominion). This distinction in warranty delivery accounts for the difference in legal structure between Dominion and PAFCO.

RESALE HOME WARRANTY PROGRAMS
Organization and Legal Structure

	DOMINION HOME WARRANTY PLAN ¹	PAFCO HOME WARRANTY PLANS ²
Year Established	1991	1992
Relevant Legislation	Federal Insurance Legislation	Provincial Insurance Acts
Corporate Structure	Limited Corporation	Private Insurance Company
Board of Directors	Two Directors	Not Applicable.
Term	Not Applicable.	Not Applicable.
Elected/Appointed	Not Applicable.	Not Applicable.
Qualifications	Not Applicable.	Not Applicable.
Quorum & Approval	Not Applicable.	Not Applicable.
Committees	Not Applicable.	Not Applicable.
Fiscal Year End	October 31.	December 31.
PROGRAM ADMINISTRATION	The Plan is administered by 42 staff members with a head office in Alberta and branch offices in British Columbia, Toronto, Montreal, Halifax, Brandon and the United States.	The program is administered by a PAFCO department of 10 full-time staff plus several support staff working part-time for the department. PAFCO has regional offices Vancouver, Edmonton, Toronto, and Montreal.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: Dominion Home Warranty.

² Source: PAFCO Insurance Company. Note that PAFCO offers more than one home warranty plan. Information within this table may not reflect all of PAFCO's activity in a particular area.

4.3 Warranty Information

Methodology: In all cases, warranty information was taken directly from warranty certificates provided by the insurers or underwriters. Clarification of terms/definitions was obtained directly from the insuring body where appropriate. Existing technical/legal information has been preserved wherever possible in order to make accurate comparisons between programs. Ease in presentation, however, has required the exclusion or modification of some of the legal construction of warranty provisions.

The comparisons made below are for presentation only, and neither reflect the order in which these phrases appear in warranty certificates, nor the degree of importance attached to a particular provision by the respective warranty program. The categories were chosen to provide a broad description of warranty coverage and program procedures, but these are not meant to be exhaustive.

For the basis of the tabular presentation below, the warranty sold by First Line Trust has been chosen as an example of a PAFCO-sponsored resale home warranty. The First Line Trust warranty is a "basic" PAFCO warranty. Other resale home warranties offered by PAFCO provide greater coverage. It should not be assumed, therefore, that PAFCO coverage is "Not Applicable" on wells, swimming pools, appliances, or other areas in the First Line Trust warranty below.

Comments/Summary: The two warranties described below provide coverage for major systems (plumbing, heating, electrical) and for some appliances, but do not apply to the structural elements of a used home.

- Each warranty is underwritten by a major insurance company.
- Both warranties listed require a \$50 deductible/service fee per problem or visit.
- Warranty coverage is limited to major systems; structural components are excluded from coverage.
- The resale warranties are renewable indefinitely, subject to the approval of the insuring body.

RESALE HOME WARRANTY PROGRAMS
Resale Warranties

		DOMINION HOME WARRANTY PLAN'	FIRST LINE TRUST CO. PLAN'
Year Coverage First Offered	1992		1993
Insurer/Underwriter	Continental Insurance Company	PAFCO Insurance Company	
Cost	Usually absorbed during first year by real estate or mortgage loan company. Homeowner responsible for second and subsequent years. Current rate is \$349/year.	Absorbed for the first year by First Line. Homeowner responsible for second and subsequent years. Current rate is \$188/year.	
Term	No fixed term.	No fixed term.	
Deductible/Service Fee	\$50/service call.	\$50/service call.	
Maximum Liability	\$2,500/item to a maximum total of \$10,000.	\$10,000 in any 12 month period.	
Application	The Warranty applies to the following systems/appliances, provided that the home was built within the previous 50 years and the appliances are no more than 15 years old. All parts of the central heating system within the interior of the dwelling, including heat pumps (when being used for heating), all floor, ceiling, or window heating units, including space heaters when affixed to a part of the residence. Concrete-encased steam or radiant heating coils or pipes in floors, walls or ceiling are subject to a maximum limit of \$500. NOT COVERED: Solar heating equipment or gravity furnaces. All domestic water, gas, drain, vent, and waste piping and the connection housings, provided they are within the interior of the dwelling (if piping is concrete-encased, subject to a maximum of \$500); component parts within the water closet tank, supply valves and risers leading into sinks, lavatories, water closets, laundry tubs and bath tubs. NOT COVERED: Bath tubs and showers, shower enclosures and bath pans, sinks, caulking and grouting, septic tanks, pressure regulators, inadequate or excessive water pressure, flow restrictions caused by rust, corrosion or chemical products, sewage ejector pumps, holding or storage tanks, steam rooms and taps. All gas control valves, thermostats, heating elements, burner and pilot assemblies, burner blower motors and blower wheels, fuel units, static disks, air tubes, nozzles and nozzle lines, line filters and strainers, impeller, ignition wires, electrodes, terminals and transformers, pressure and temperature relief valves, thermo-couplers, drain-cocks, flue pipe fittings, all wiring and electrical connections, and water heater tank. NOT COVERED: Solar water heaters, solar components, holding or storage tanks, and failure due to mineral deposits.	The Warranty applies to the following systems/appliances, provided that the home was built within the previous 50 years. PAFCO reserves the right to amend the warranty if applied to a home older than 50 years. All parts of the centralized heating system as well as all floor, ceiling or window heating units, including space heaters and electric baseboard heaters when affixed to walls; heat pumps located within or outside the home; compressors; control systems; and oil storage tanks located within the home. Any blockage, leak or breakage of water, gas, drain, vent or waste piping and connections thereto. Any work with respect to concrete-encased piping is limited to \$500. Clogged sink drains and leaks from taps or toilets are not covered. All gas control valves; thermostats; heating elements; burner and pilot assemblies; gas control valves; burner blower motors and blower wheels; fuel units; static discs, air tubes; nozzles and nozzle lines; line filters and strainers; impellers; ignition wires; electrodes; terminals and transformers; pressure and temperature relief valves; thermo-couplers; drain-cocks; fuel pipe and fittings; and water heater tank.	
Central Heating System			
Plumbing System			
Water Heater			

RESALE HOME WARRANTY PROGRAMS

Resale Warranties

	DOMINION HOME WARRANTY PLAN'	FIRST LINE TRUST CO. PLAN'
Electrical System	All electrical switches, electrical receptacles (outlets), central vacuum cleaning grids, garage door openers, electrical circuits (including repair of electrical short circuits), circuit breaker panel, all breakers and fuse boxes. NOT COVERED: Door bells, chimes, intercom and inadequate wiring capacity, power failure or surge.	All electrical switches, electrical receptacles, electrical circuits (including repair of electrical short circuits); circuit breaker panel, all breakers, and fuse boxes.
Duct Work	All types of exposed accessible duct work pertaining to a central heating and/or central air conditioning system. NOT COVERED: Registers and grills.	All exposed or accessible duct work pertaining to a central heating and/or central air conditioning system.
Central Air Conditioning System	All types and parts of electrical control systems, external compressors and heat pumps, evaporate coolers, and all types and parts of non-central (room) units permanently affixed to dwelling through the wall. Coverage commences thirty (30) days after start-up and/or seasonal operating times. NOT COVERED: Gas air conditioning, condenser casing, register grills, filters, electronic air cleaners, window units, water towers and humidifiers.	All parts of centralized systems as well as any air conditioners that are permanently installed in the home and not portable (e.g., not window-installed units); heat pumps located within or outside the home; evaporate coolers; compressors; and control systems.
Well and Sump Pumps	Domestic well and sump pumps located inside or outside of the dwelling and pumps submerged in the well. NOT COVERED: Well casings, pressure tanks, piping or electrical lines leading to or connecting pressure tank to main dwelling, holding or storage tanks and redrilling.	Not Applicable.
Appliances	Refrigerators, ranges, ovens, washing machines and dryers and the following built-in appliances: dishwashers, microwave ovens, garbage disposal units, trash compactors, water softener, ceiling fans, exhaust and wall fans. NOT COVERED: Microwave - clocks, shelves, meat probe, rotisseries; Range/Stove - meat probe assemblies, rotisseries; Washer - plastic mini tubs, dispensers, damage to clothing; Refrigerator - Door liners, door gaskets. This service agreement covers the working components of appliances and does not cover knobs, switches, handles, hinges, plastic shelving or doors, belts, structural or cosmetic items and rust	Not Applicable.
Swimming Pool, Spa, and Whirlpool Equipment	Heaters, pumps, motors, relays, impellers, timers, backflush valve and above ground plumbing. Coverage commences thirty (30) days after start-up and/or seasonal operating time. NOT COVERED: Filters, pool sweep motors, lights, liners, concrete encased or underground electrical, plumbing or gas lines, cleaning equipment, structural defects, solar equipment and jets.	Not Provided.

RESALE HOME WARRANTY PROGRAMS

Resale Warranties

	DOMINION HOME WARRANTY PLAN'	FIRST LINE TRUST CO. PLAN'
Other	Not stated.	If the service provider, as a result of performing repairs in connection with central heating/cooling systems or electrical systems, is required to break through any walls, floors, or ceilings, PAFCO will pay up to \$500 to cover the cost of repairs. Restoration of decor, such as wallpaper, paint, trim, etc. is not covered.
Limitations and Exclusions	Dominion shall not be liable for repair or replacement caused by the following:	In the event of a failure of the central heating source within the home, provided that there is no secondary heat source, the exterior temperature has been less than 0 degrees Celsius, and the repairs are expected to require more than 24 hours to fix, the Program will provide up to \$50/day, to a maximum of \$250, to cover alternate living accommodations during the repair.
Homeowners Insurance	A peril which is or may be covered by any homeowners insurance policy whether purchased or not (e.g. since homeowners insurance can be purchased for water damage due to a leaking water tank, the warranty would cover the water tank but would not provide for the consequential water damage. A similar example would be damage caused by water leakage from pipes frozen due to a failure of a furnace. The warranty would cover the replacement/repair of the furnace but would not cover the consequential water damage.)	The Program does not cover any loss, damage, expense, breakdown, or malfunction caused by: External causes; structural changes; freezing; fire; electrical failure; flood; wind; water; lightning; mud; earthquake; ice; snow; sleet; explosion; war; order of any civil authority; intrusion by unauthorized person(s); vandalism; malicious mischief; sudden and accidental tearing asunder or any other accident of occurrence or event other than the normal use of property, or any cause that could be covered by what is commonly known as "extended coverage" or homeowner's insurance.
Unrecommended Use	Use of systems, appliances, components or parts not intended by the manufacturer.	Use of systems, components or parts for purposes other than those intended by the Manufacturer.
Maintenance	Failure to provide normal and adequate maintenance.	Failure to provide normal and proper maintenance, as specified by the manufacturer for the component in question.
Alteration	Alteration, modification, addition to or deletion from improper electrical amperage, or overloading power fluctuation of any systems, appliances, components or parts.	Alteration, modification, addition to, or deletion from any system, appliance, component or part thereof.
Efficiency	Lack of capacity, adequate efficiency, design or improper installation.	The inadequacy or lack of capacity of any component in the home or improper installation of equipment or design deficiencies.
Delays in acquiring Parts	Delays in obtaining parts; Any loss or damage due to the unavailability of parts.	Delays in getting parts.
Walls	Expense to open or close walls, floors and ceilings, including and removing tight cabinets or counter tops in order to gain access or any resulting damage there from.	See above.

RESALE HOME WARRANTY PROGRAMS
Resale Warranties

	DOMINION HOME WARRANTY PLAN¹	FIRST LINE TRUST CO. PLAN²
Secondary Damage	Consequential loss, damage or expense of any covered system, component or part.	Consequential loss.
Accepted/Visible Defects	Any condition known to have existed by any party prior to this policy and/or certificate coming into effect.	A pre-existing condition, when such condition gives rise to a claim during the first 6-month period the Warranty is in effect
Upgrades	Any existing code violations or upgrading of systems, appliances, components or parts required by law or bylaw.	Any violations of building codes, bylaws, or other laws (any upgrade work or services required to meet building code or conform to bylaws, or other laws is also not covered).
Freezing	Freezing of a heating or plumbing system.	Freezing of a heating or plumbing system.
Infidelity	Infidelity of the service agreement holder.	The Homeowner's failure to take all reasonable actions to prevent further damage after an event giving rise to a claim under this program. Any dishonest act on the part of the Homeowner.
Impact	Damage due to an appliance or covered system caused by impact	Not stated.
Rental Units	Any rented or borrowed appliance or system.	Not stated.
No Defect	No defect found at the time of requested service.	Not stated.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: Dominion Home Warranty Program Warranty Certificate.

² Source: First Line Home Warranty Certificate. Please note that the First Line Trust warranty described here is a "basic" warranty plan. PAFCO Insurance Company offers other warranty plans with greater coverage than that which is described here.

4.4 Inspection Procedures

Methodology: The information presented below is drawn from warranty certificates and background information provided by the resale home warranties.

Comments: Because the resale home warranties apply to homes which are already built, the home warranty plans are not able to exercise any quality control measures on the homes they are insuring. Much of the responsibility for limiting the plan's liability, therefore, rests with the real estate agent or trust company official who insures the home.

Neither of the resale home warranty programs conducts its own inspection of the houses it insures. Instead, the programs require the homeowner to sign a declaration that all systems are in working order at the time of purchase.

RESALE HOME WARRANTY PROGRAMS
Inspection Procedures

	DOMINION HOME WARRANTY PLAN ¹	PAFCO HOME WARRANTY PLANS ²
Construction Standard	Not Applicable.	Not Applicable.
Inspection	Prior to the sale of a used home, the realtor may require the purchasing home owner to sign a disclaimer (affidavit) that all of the home's systems are in good working order. This decision is left to the individual realtor who must exercise due diligence. Realtors may request that the home be inspected by an independent inspector. Claims are assessed by qualified technicians who may also proceed with repairs.	PAFCO obtains a written declaration from the homeowner that all systems are in working order prior to issuing a policy. PAFCO does not conduct inspections of the homes it insures.

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: Dominion Home Warranty.

² Source: PAFCO Insurance Company. Note that PAFCO offers more than one home warranty plan. Information within this table may not reflect all of PAFCO's activity in a particular area.

4.5 Dispute Mechanisms

Methodology: The information presented below is drawn from warranty certificates and background information provided by the resale home warranties. The information presented here is designed using the individual consumer as the point of reference. The categories chosen for comparison follow the natural consumer progression from complaint to settlement.

Comments: The procedures established for addressing warranty complaints are based on the traditional mechanism by which most insurance claims are handled. For both programs, complaints are made initially to claims adjusters. If the adjuster is unable to resolve the complaint, he/she directs to customer to a claims supervisor. If the supervisor is unable to resolve the complaint, the customer is directed to a senior administrator.

RESALE HOME WARRANTY PROGRAMS Dispute Mechanisms		
	DOMINION HOME WARRANTY PLAN ¹	PAFCO HOME WARRANTY PLANS ²
Purchaser Complaints	Taken in writing by the Program. Customer complaints are directed to a Claims Supervisor for review. Upon completion of the review, which may involve an inspection, the Supervisor communicates a decision in writing to the customer. If the customer is not satisfied with the decision, he/she may appeal to an Insurance Administrator. The Insurance Administrator conducts a subsequent review and communicates a decision in writing to the customer. Customers who are not satisfied with the decision of the Insurance Administrator are directed to the Better Business Bureau.	Complaints are directed initially in writing to a claims adjuster. If the adjuster is unable to address the complaint to the customer's satisfaction, the customer is directed to a claims supervisor. The supervisor reviews the complaint and issues a decision to the customer in writing. If the customer is still unsatisfied with the response, he/she may appeal to the Vice-President of Sales & Marketing.
Conciliation	No	No
Method of Conciliation	Not Applicable	Not Applicable
Arbitration	No	No
Method of Arbitration	Not Applicable	Not Applicable

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: Dominion Home Warranty.

² Source: PAFCO Insurance Company. Note that PAFCO offers more than one home warranty plan. Information within this table may not reflect all of PAFCO's activity in a particular area.

4.6 Non-Warranty Activities

Methodology: The information presented below has been provided directly by the resale home warranties. Note that this information may not fully express the extent of non-warranty activities undertaken by the warranty programs.

Comments: The resale home warranty programs engage in relatively few non-warranty activities. This is probably because each program has a specific mandate to provide warranty insurance.

- Dominion's non-warranty activities largely consist of providing training and information to the real estate industry.
- PAFCO's warranty program does not engage in any non-warranty activities on its own, although PAFCO Insurance Company as a whole does.

RESALE HOME WARRANTY PROGRAMS Non-Warranty Activities		
	DOMINION HOME WARRANTY PLAN ¹	PAFCO HOME WARRANTY PLANS ²
Education and Training	Training with the real estate industry through conventions, seminars, written material, and videos.	Not Applicable
Marketing/Publicity	Market warranty to real estate industry through written material and seminars to enable the industry to communicate with the consumer on a one-to-one basis.	Not Applicable
Other Activities	Not Provided.	Not Applicable

Information marked as "Not Provided" was not provided by the respective home warranty program. Information marked as "Not Applicable" is not applicable to a particular home warranty.

¹ Source: Dominion Home Warranty.

² Source: PAFCO Insurance Company. Note that PAFCO offers more than one home warranty plan. Information within this table may not reflect all of PAFCO's activity in a particular area.

APPENDIX A
Terms of Reference

SCHEDULE A -- TERMS OF REFERENCE

NO CHANGES TO THIS SECTION AND THE FOLLOWING UNLESS WRITTEN PERMISSION OF THE CORPORATION IS GIVEN.

1. PROJECT MANAGEMENT:

Principal Investigator: Greg Mason

CMHC Project Officer: Anne Price

2. STATEMENT OF WORK:

The contractor will prepare a state-of-the-art paper on Canada's experience with home warranty today and in the past. It will be a factual report, documenting as comprehensively as possible, the activities and performance of all warranty program sponsors since their introduction.

The report will contain sufficient background material to give readers with little or no knowledge of home warranty a good understanding of the concept, the major differences between the warranty plans, and the way they have evolved over time.

3. SCHEDULE OF TASKS:

NATURE OF REPORT

The data and information for each of the Canadian warranty program sponsors will be based on documented facts. Presenting the views held by individuals, institutions and groups in the industry, and identifying and discussing warranty issues, are beyond the scope of the project.

DATA/INFORMATION GATHERING

Data and information will be presented for each of the following programs, from the time of program implementation to 1993:

- A) The New Home Warranty Programs (NHWP) affiliated with the home building industry:
 - o NHWP of British Columbia and Yukon
 - o Alberta NHWP
 - o NHWP of Saskatchewan
 - o NHWP of Manitoba Inc.

- o Ontario NIWP
 - o NIWP of Association provincial des constructeurs d'habitations du Québec (APCHQ)
 - o Atlantic NIW Corporation
- B) Other industry based programs:
- o ACQ (Association de la construction du Québec)
- C) Non-industry-based programs:
- o Pafco Insurance Company Limited
 - o All others (existing or former)

Fact-finding will be extensive and will include, but will not be limited to, the following types of data and information:

Overview

- o Home warranty concept
- o History of Programs (e.g. date of introduction, rationale, major changes in)
- o Purpose and objectives
- o Government legislation

Descriptive Program Profiles

- o Organizational and legal structure
- o Registration and Inspection procedures
- o Housing Activities (e.g. new homes, renovation)
- o Non-insurance Program activities (e.g. builder training and education, industry promotion, public awareness, builder counselling)
- o Program administration
- o Construction standard
- o Eligibility requirements and builder screening process
- o Dispute Procedures
- o Geographical coverage

Statistical Program Profiles

- o Coverage details (e.g. house/tenure type, amount of liability, protection type, term)
- o Fees (e.g. enrollment, registration, renewal)
- o Claims (e.g. applications, payments, type)
- o Builder and unit enrollment
- o Builders rejected

- o Warranties issued by house type
- o Financial Position (e.g. information contained in Auditor's report)
- o Market Share (i.e. enrollments as proportion of starts)
- o Purchaser Complaints (numbers, nature of)
- o Builder bankruptcies

FORMAT

The basis of the written text will be a series of tables that present the information and data. To that end, the data will be standardized to the largest extent possible to facilitate comparisons across time and between warranty program sponsors. When standardization is inappropriate or not feasible, the written text will complement the tabular format to ensure clarity of the data.

Summary tables facilitating both the presentation of data for specific warranty program sponsors, and data comparability across different programs, will be used whenever feasible.

PHASES

The paper will be completed in two phases. Phase I will involve the preparation and submission of a draft report based on the specifications described in Schedule A. Phase II will involve the preparation of a final report based on the Corporation's comments on the draft report.