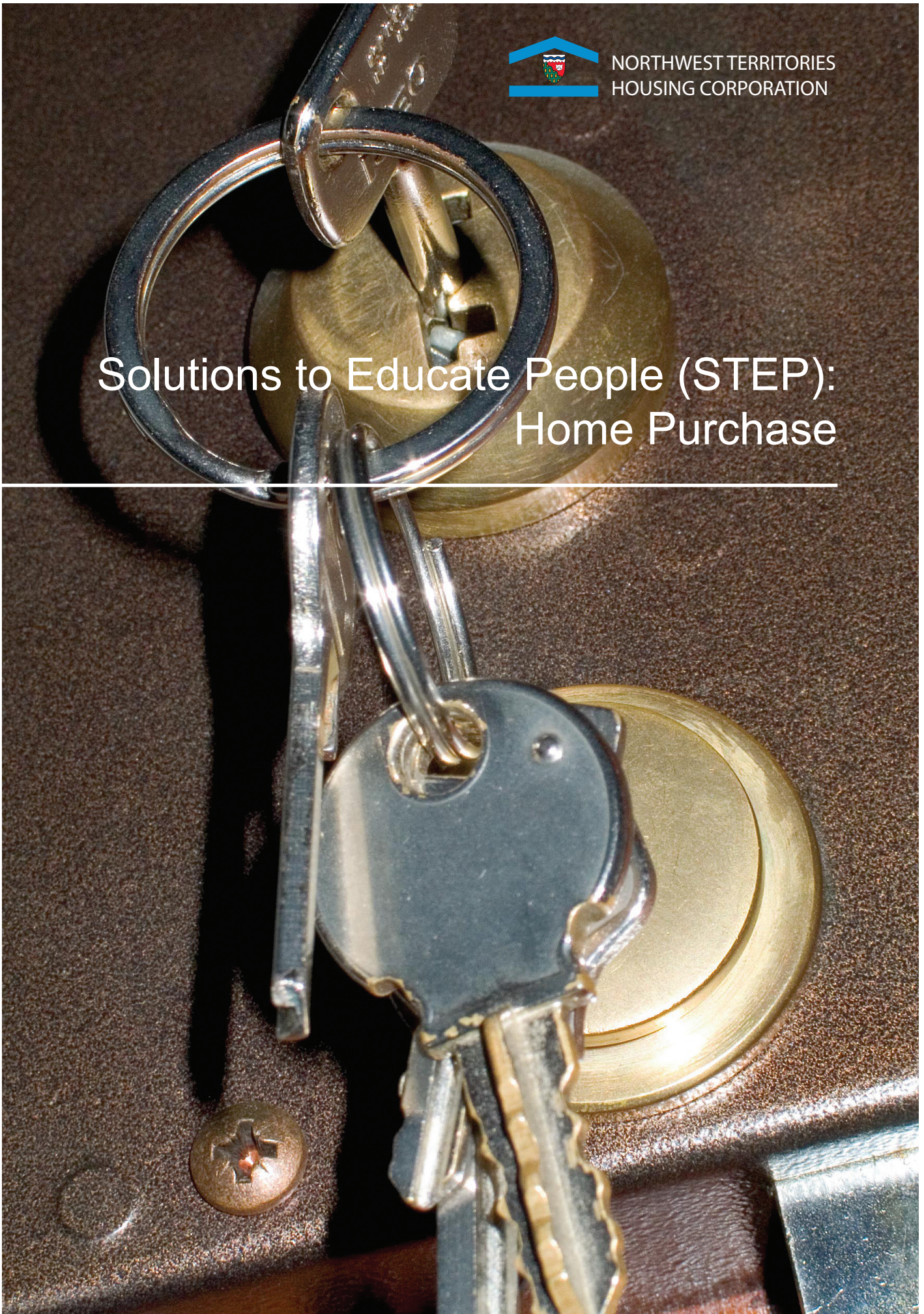




NORTHWEST TERRITORIES
HOUSING CORPORATION

Solutions to Educate People (STEP): Home Purchase





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Home Purchase

Workbook

A course designed to help you learn about the responsibility of homeownership as well as the process and pitfalls of the home-buying process.



Home Purchase

Workbook

Purpose of Course:

This one day course combines lecture, discussion and hands-on exercises to teach the basics of purchasing a home in the Northwest Territories. Participants will learn about the responsibility of home ownership as well as the process and pitfalls of the home-buying process.

Student Objectives:

- Determine your readiness to become home owners and choose the right mortgage that works for you
- Understand the responsibility of owning a home (including legalities, wills, etc.)
- Learn the steps involved in buying or building a home
- Understand the mortgage application and approval process
- Learn how to choose a mortgage that will work best for you
- Be aware of the additional costs involved in buying a home



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Introduction



Long ago, the people of the north lived a nomadic lifestyle, moving from place to place according to their food sources. They lived in temporary shelters such as skin tents, sod houses and snow houses in order to be close to the game and fish they needed to survive.

In recent years, opportunities have increased for northern residents to build or buy their own houses. Although many people living traditional lifestyles still have camps close to their hunting and fishing areas, they also own homes in their communities where they can settle their families for the long term.

In this workshop, we are working with a fictional couple, Daniel and Frieda. Daniel and Frieda have decided that they would like to own their own home in their small community in the Sahtu region. In this workshop, we will be looking at the steps involved in buying or building a home, and will need to help Daniel and Frieda make a number of big decisions as we learn about this process.



Homeownership – Is It For You?



Buying a home is one of the biggest decisions you will make in your lifetime. Before you take this step it is important to decide if this is the right decision to make at this point in your life.

Daniel and Frieda live in public housing in a small community in the Sahtu region. They have 3 young children aged 6 mos. 2 yrs and 5 yrs old. Daniel works full time as an equipment operator while Frieda stays at home with the kids. They plan to stay in their community for many years, and are thinking about buying or building a home of their own, rather than continuing to rent. Before they make this decision, they need to look at the advantages and disadvantages of homeownership.



Advantages

There are many advantages to owning a home vs. renting. How many can you think of?

1. _____

2. _____

3. _____

4. _____

5. _____

Disadvantages

Buying a home, however, is not always better than renting. There are some disadvantages to homeownership as well:

1. _____

2. _____

3. _____

4. _____



Making the decision to buy

Before you decide to buy or build a home, answer the following questions:

1. Why do I want to own my own home?

2. How will this affect me and my family?



Am I Financially Prepared?

This chart will help you find out what areas you may need additional information in before you begin the process of buying a home. If a lot of your answers are 'No', don't worry - we will look at many of these areas throughout the workshop, and give you guidance about where you can get even more information.

	Yes	No
1. I know how much I can afford as a downpayment for a home		
2. I know how much money I can borrow to buy my home		
3. I know how much of a house I can afford to buy (purchase price)		
4. I understand what it means to be pre-approved by my bank for a mortgage		
5. I understand what extra costs ("closing costs") are involved in buying a home		
6. I understand what extra costs I will have to pay as a homeowner		
7. I understand what options I have when it comes to choosing a mortgage		
8. I know why it is important to use a realtor and/or lawyer when I buy a home		



Roles and Responsibilities of the Homeowner



Renters and homeowners have different responsibilities. When you are renting a home the landlord looks after most aspects of the property, but when you own the home, you are the landlord!

Maintaining the property

As the owner of the home, you are responsible for looking after the property – inside and out. Areas you will have to look after include:

- 1.
- 2.
- 3.
- 4.
- 5.

Why is it important for a homeowner to take care of their home and keep it in good repair?



Legal Issues

Buying a home is a complex financial transaction. There are many legal issues to consider, and it is always best to find experts who are experienced in dealing with home purchases.

Some of the areas you will need help with include:

a. Insurance

Insurance is something you buy in order to protect yourself and the things you own. The basic types of insurance you may need are:

- Mortgage Life Insurance
- CMHC Mortgage Insurance
- Homeowner Insurance

b. Liability

Another legal aspect to consider is the liability (legal responsibility) you carry as a home owner.

For example, you are responsible for making sure that people who enter your property are safe from harm. You can ensure this, to some extent, by keeping the property in good repair. In the winter you should keep stairs shoveled and free of ice. In the summer, walkways need to be kept clear so people don't trip. If you own a pet, you need to make sure that people entering or traveling near your property aren't hurt by your pet.

Of course there are times when accidents happen, so in order to avoid a costly lawsuit it is wise to have liability insurance for your property. This is usually arranged through an insurance agent and can be combined with your homeowner insurance policy to insure against losses from things like fire and theft.

c. Land Tenure

In the Northwest Territories, there are different types of land tenure, or rights to land.

Fee Simple or Freehold Title – In larger centres, it is likely that you will buy or build a house on land that is owned by you. When you buy the property, the title of that land will be transferred into your name, and you will own the property for as long as you choose.

Leasehold Title – In other cases, especially in smaller communities or land claim regions, you may be buying a house that is located on leased land. You will need to check carefully to find out whether or not you can lease that land, or how long you would be allowed to lease the land before you decide to buy or build a home there. There are usually other conditions that come with leasing, so be sure to get some expert advice before you sign any agreements.



d. Why Use a Lawyer?

You will need legal assistance for many parts of the homebuying process. Even the most sophisticated home buyers seek professional advice and help in this process. Legal fees will add to the cost of buying your home, but it is not something you should attempt to do on your own. Protect yourself by hiring a qualified legal professional to help you through this process.

Even if you live in a community where there are no lawyers, there may be times when you need to have a legal professional witness your signature (for swearing an affidavit for example) on certain documents. In most cases, if you can't get a lawyer to do this, you may be able to use a Notary Public instead.

Costs of Homeownership vs. Renting

There are different expenses associated with renting and owning a home. Consider the differences as you complete this chart:

Monthly Cost	Public Housing	Private Market Rental Units	Owning
Rent/Mortgage			
Taxes			
Maintenance			
Repairs			
Utilities (heat, power, water)			
Insurance			



The Home Buying Process



Choosing the Right Home for You

Whether you decide to buy an existing home or build a new one, it is one of the biggest purchases you will make in your life, so you want to get it right!

You need to decide on the type of home you want to buy. This will give you an idea of the amount of money you will need for a downpayment and the amount you will need to borrow from the bank. Then you can talk to your banker about pre-approving your mortgage. From there, you pick out your specific property.

We have included a home-buyers checklist on the following page for you to use. Take a moment to go through it and place a star beside any items that would be “must-haves” for you.



Home Buying Checklist	1	2	3
Property Address			
Asking Price	\$	\$	\$
Property Taxes	\$	\$	\$
The Neighborhood			
Near Work			
Near School			
Near Store(s)			
Garbage Collection			
Well-lit Street			
Road/Alleys Well Maintained			
Traffic – Quiet Street			
Neighbour's Property Well Maintained			
Serviced Land			
Area Zoned Residential			
Any Potential for Flooding			
Underdeveloped Areas Nearby for Future Development			
The Home			
Age of Home			
No. of Stories			
Wood Frame			
Mobility/Modular Home			
Aluminum Siding			
Roof Condition			
Foundation Condition			
Overall Exterior Condition			
Facing Direction (N,S,E,W)			
No. of Bathrooms			
No. of Closets			
No. of Bedrooms			
Oil Heat			
Gas Heat			
Electric Heat			



Home Buying Checklist	1	2	3
Hot Water Heat			
Insulation			
Energy-Conservation Features			
Age of Heating System			
Age of Water Heater			
Age of Electrical Wiring			
Plumbing condition			
Estimated Water Bill	\$	\$	\$
Estimated Heating Bill	\$	\$	\$
Estimated Electric Bill	\$	\$	\$
Living Room			
Fireplace			
Separate Dining Room			
Family Room			
Drapes/Blinds – No. of Rooms			
Carpeting – No. of Rooms			
Kitchen Eating Area			
Refrigerator			
Stove/Oven (Gas/Electric)			
Washer/Dryer			
Dishwasher			
Broken Windows/Evidence of Leaks			
Screens in Windows/Doors			
Laundry Space			
Sump Pump/Drainage			
Connected to Sewer System			
Patio/Deck			
Backyard Fence			
Landscaping			
Security (Dead Bolts, Smoke Detectors)			
Ability to Expand/Enlarge House			



A few other things to keep in mind:

- What properties are available in my community?
- Is the house in a good location?
- What is the potential resale value of the house?
- How much room do you need for storage?
- Is the house the right size for you now? Will it be in the future?
- Do you want a home that is old or new?
- What type of home do you want – mobile, or modular or other?



Type of Home Comparison

Type of Home	Stick Built	Modular	Mobile/Manufactured
Description	This is a home that is built entirely on site. Much of the work may be done by a builder, although if you have the skills, you may be able to do some of the work yourself.	A modular home is one in which 80 – 95% of the home is built in a factory. The home is then shipped to the site and installed.	A mobile home is completely built in a factory, and then shipped to the site and can sometimes be put on a foundation or permanently attached to the ground using tie-downs.
Cost	Varies, can be quite expensive depending on the location and availability of builders, and the cost of transporting building materials.	Varies, may be less expensive for the house itself, but transportation costs can be high.	Varies, may be less expensive for the house itself, but transportation costs can be high.
Time Required to Build	Varies, approximately 4 – 6 months, depending on location and availability of builders	Varies, approximately 1 – 2 months for a new building, then additional time to transport to site and install.	Varies, approximately 1 – 2 months for a new building, then additional time to transport to site and install.
Subject to building standards/codes	Yes	Yes, (same standards as stick-built homes)	Yes, but not to the same standards as stick-built and modular homes
Choices available	Yes	Yes	Yes

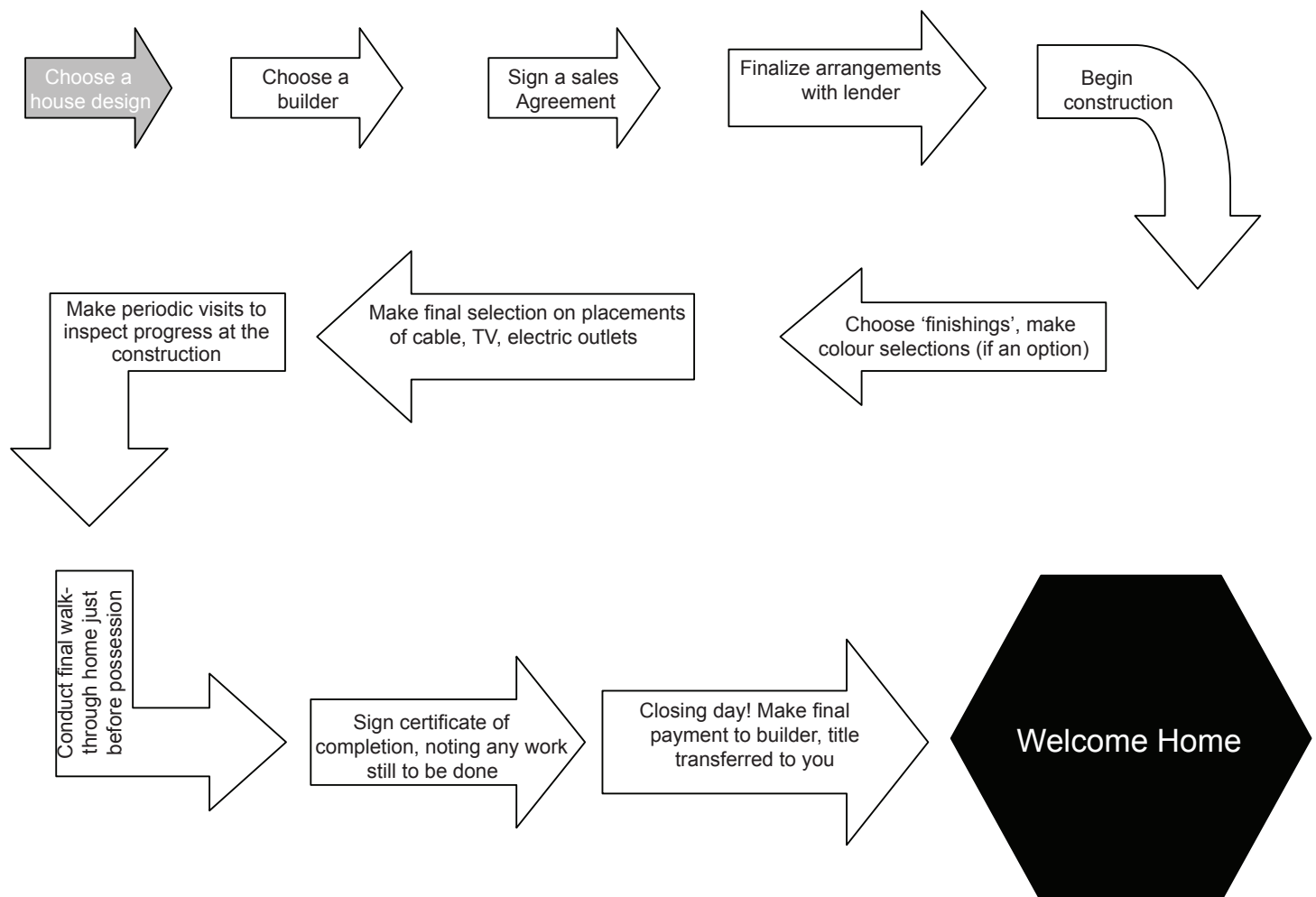


If You Choose to Build

Once you decide on the type of home that is right for you and your family, you can begin the task of finding a home to buy. But what if you can't find the right property?

You may decide instead to build your own home so you can get exactly what you want, in the location of your choice. Building a home is a lot of work, but you can get help with the process from the Northwest Territories Housing Corporation. Here are the major steps involved in building a house.

Home Building Process Chart



The Canadian Home Builder's Association website at www.chba.ca is an excellent source of information for new home purchasers.



Money Matters –Downpayments & Financing

Once you decide what type of a house you want to buy or build you will need to arrange for the money to do so.

Downpayments

Once you have determined the total cost of your house, it will be time to arrange for financing. The banks will want you to pay for part of the cost of the house (downpayment). They want to share the risk of financing the property and usually ask you to pay between 5% and 25% of the total purchase. The banks feel that if you have to put some of your own money into purchasing a house, you will be more likely to make sure you pay back the money you borrow.

Although most banks will allow homebuyers to put as little as 5% of the purchase price as a downpayment, this is not always a good idea. The more money you can put down, the less you will need to borrow, and the smaller your monthly mortgage payments will be.

When you calculate the amount of money you can put towards the purchase of the house, remember that there will be other costs. These include things like legal fees, appraisals and the actual move into the house. Make sure you set aside enough money for those additional costs.

Financing

In addition to the downpayment, you may need to borrow a large amount of money from a bank to pay for the property. It is a good idea to talk to your banker before you choose a house or pick out plans with a builder. Your banker may even **pre-qualify** or **pre-approve** you for a mortgage.

When a bank **pre-qualifies** a borrower, they do not go through a full approval process and no commitment is made to lend you the money. They only do calculations to determine how much money you could afford to borrow for the purchase of a house. A better step to take is to get **pre-approved** for a mortgage. In addition to calculating the amount of money you can afford to borrow, the bank also takes some of the other steps involved in the mortgage approval process, such as completing credit checks and verifying employment. If you meet the bank's requirements, your mortgage will be pre-approved prior to you choosing a home to buy.

The interest rates in effect at the time you get pre-approved or pre-qualified will be guaranteed, usually for a period of 90 days from the date of your mortgage application, so if interest rates go up before you find a house, you will not have to pay the higher rates. Final approval of your mortgage is given once you choose a house to buy and a satisfactory appraisal is obtained. Another advantage to getting pre-approved is that it may even give you more power to negotiate a purchase price on the home you buy.



Interest Rates

Be sure to check on the interest rates your bank offers for mortgages. Many banks are competing to get your business and they may offer lower interest rates. Look at the “Lower rates save money” chart below to see what a difference interest rates can make. Even if you have been dealing with one bank for many years, it may be worth a lot of money to change to a different bank for your mortgage. You can have a mortgage with any bank you want without even having a bank account there.

Lower rates save money!

Daniel and Frieda are starting to check into getting a mortgage as they prepare to buy a home. They have found that different banks offer different interest rates on mortgages, but are not sure if it would be worth it to change banks. Their bank has told them that they would charge 6.5% interest on their mortgage. Look at the tables with the different interest rates and payment amounts. Calculate how much money Daniel and Frieda would save in interest if they chose a bank with lower mortgage interest rates.

They have asked the banks to provide them with a chart for a mortgage of \$160,000.00 to be repaid over 25 years.

Chart 1: Interest rate of 6.5%

Payment Frequency	Regular Payment Amount	Interest Cost
Monthly	\$1071.72	\$161,515

Chart 2: Interest rate of 6.75%

Payment Frequency	Regular Payment Amount	Interest Cost
Monthly	\$1,096.08	\$168,824

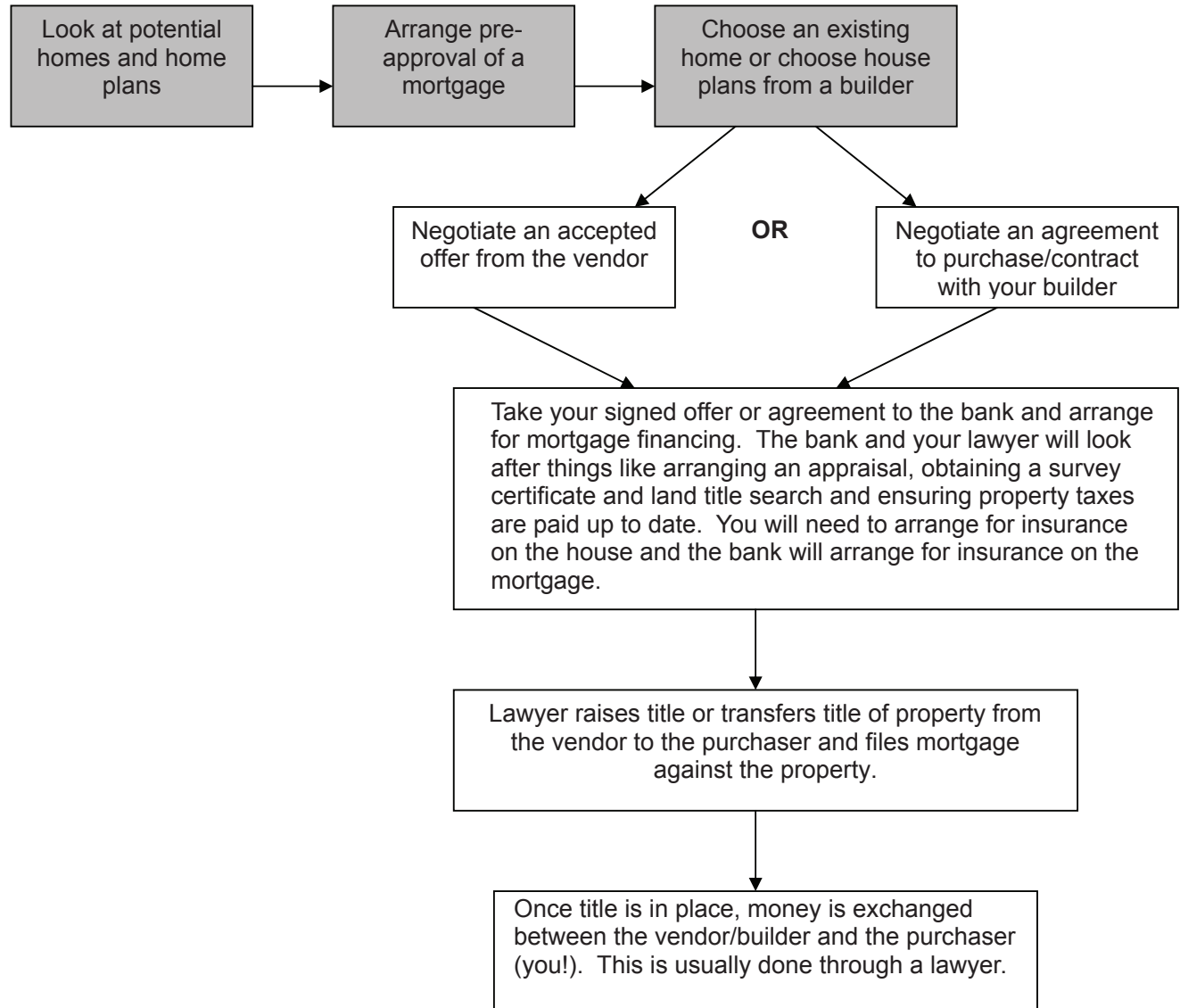
Chart 3: Interest rate of 7.0%

Payment Frequency	Regular Payment Amount	Interest Cost
Monthly	\$1,120.67	\$176,197



Home Buying Process Flow Chart

We have now reviewed the first three activities in the process of buying a home.



Welcome to your new home!



Finalizing the Deal

Once you have chosen the specific home you want to buy, it is time to negotiate an Offer to Purchase contract with the vendor (seller) .

Offers

The Offer to Purchase is a legal agreement between you and the person selling the house. It's a good idea to have a lawyer or realtor review the offer with you before it is presented to the seller. The offer to purchase sets out:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.

When your offer is presented to the seller there are three possible responses they can make:

1. Accept the offer as is.
2. Reject the offer.
3. Make a counter-offer.

If a counter offer is made, you will have a specific amount of time to respond. It is quite usual for offers and counter-offers to go back and forth several times until a satisfactory deal is accepted by both the purchaser and the seller.

Important points to keep in mind:

- Many buyers make it a condition of purchase that they must see and approve a home inspection report before they agree to buy the property.
- Once you and the vendor have agreed to all the terms in your Offer and all your conditions are met, the offer becomes legally binding. This means you can no longer change your mind.
- It is important to seek advice from a lawyer or realtor before making your offer to the seller.



The Closing Process

Once your offer is accepted, you will be able to finalize your mortgage with the bank. There are several steps that are involved to finalize a mortgage. Not everyone is required to do all of these steps. It will be up to your bank to decide which of the following things they will want you to do.

Appraisals

An appraisal is an expert opinion on what the property is worth. The bank relies on this opinion to make sure their loan is secure. The cost of the appraisal will vary according to the area.

The bank usually makes the arrangements for an appraisal, but expects you to pay for it, although in some situations will do the appraisal at their own expense.

If you know of other people who need appraisals done in your community outside of Yellowknife, let your bank know as you may be able to share the cost of bringing in the appraiser with other home buyers.

Title Search

The title search shows the bank whether or not there is any money owing against the property, and that the seller has the legal right to sell the property. If there is no title for what you want to buy, a title will have to be created for the property. This is done by a lawyer and will mean an additional cost to you.

If you are buying a house on leased land, a title search will not be required.

Survey Certificate

The survey certificate shows that the home and/or outbuildings are not trespassing on anyone else's property.

If you are buying an existing home, it is usually up to the seller to provide this document. The previous or existing owner may already have this document. If it has been done within the last 10 years and no major changes have been made to the property, a new certificate is not usually required.



Title Insurance

Title insurance is an insurance policy that protects you and the bank if your property is found to be trespassing on someone else's property at some time in the future. *(For example, if you were to learn a few years after purchasing the property that the driveway was actually located on your neighbour's property, you might have to pay a lot of money to move the driveway. Title insurance would help cover the cost of moving the driveway.)*

Even if you have a survey certificate prepared, arranging title insurance is a good idea.

Once you have satisfied your bank, your mortgage documents will be prepared by your bank and sent to your lawyer to file.

You will need to meet with your lawyer who will explain the mortgage documents to you. Then the lawyer will file the mortgage with the Land Titles office.

Your lawyer may look after other things during the home buying process such as preparing the Offer to Purchase or Agreement of Purchase and Sale and raising or searching the title of the land you plan to buy. The cost of your legal fees for these services will vary depending on how much work your lawyer has to do for you.

Closing Adjustments

Certain bills get paid by the owner of a house ahead of time, such as property taxes and heating oil. (This is similar to a renter who pays their rent at the beginning of every month, rather than at the end of the month.) When you buy a house from someone else, there may be adjustments needed so the prepaid expenses can be refunded to the seller and billed to the new purchaser as of the date you take over possession of the house. Fuel and property tax adjustments may mean you have to pay more money for the purchase of your house. You need to make sure you have enough extra money to pay for these extra costs.

Additional Moving Expenses

If you are buying a home for the first time, you may have to get utilities (telephone, heat, power, water, cable, etc.) hooked up in your own name. Often the utility companies ask you to pay a deposit if you have never had an account with them before. The deposit is held on your account and refunded to you if you move away to another region. These deposits range between \$100.00 and \$200.00, so be sure to set aside some money for these extra costs. You may also have to pay some costs for moving into your new home if you have to hire a professional mover or rent a moving truck/trailer. When you calculate how much it will cost you to buy a house, don't forget to consider these types of costs as well.



The closing process involves several steps and the costs will vary from one situation to the next. As a general guideline, you should prepare to spend between 1.5% and 4% of the appraised value or purchase price of the home on these additional costs.

Case Study #1

Daniel and Frieda want to buy an existing home. They live in a small community in the Sahtu region. They have been approved for \$60,000 through a homeownership program, and they will use this money for the downpayment. In addition, they have saved \$10,000 of their own money. \$3,000 will be used for downpayment and the remaining \$7,000 will be used for closing costs and for other moving expenses. They have met with the seller and have a verbal agreement to buy the house for a total cost of \$225,000.00.

1. What steps will they have to take to complete the purchase?
2. Before they decide how much of their own money to put as an additional downpayment, what other costs associated with the purchase will they have to consider?



Mortgage Basics



Applying for a mortgage

A mortgage is one of the more 'cut and dried' types of financing to arrange. Banks use a number of calculations to determine if you will be approved for a mortgage. They will ask you to fill out an application form that will include such information as:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

The bank will look at how much money you will need. This is based on the purchase price and appraised value of the house.

Your mortgage will most likely need to be insured by the Canada Mortgage and Housing Corporation (CMHC). This insurance protects the bank in the event that you are not able to pay back the mortgage. There is an extra cost for this insurance and it is usually added on to your mortgage.

$$\frac{\text{Shelter costs} + \text{Monthly mortgage payment} + \text{monthly tax payment} + \text{monthly utility costs}}{\text{Gross monthly income}} \times 100 = \text{Gross debt service ratio}$$
$$\frac{\text{Shelter cost} + \text{Monthly debt payments}}{\text{Gross monthly income}} \times 100 = \text{Total debt service ratio}$$

Case Study #2: Daniel & Frieda have gone to the bank to get a mortgage for their new home. They have decided to put \$3,000.00 of their own money as a downpayment, along with the \$60,000.00 they are receiving through a NWT HC homeownership program on their \$225,000.00 house. This means they will need to get a mortgage of \$162,000.00. They will also need CMHC mortgage insurance. This will add another \$1,053.00 on to their mortgage, for a total of \$163,053.00. The monthly payments on this mortgage will be approximately \$1,207.00 per month including taxes and their utility costs will average \$700.00 per month. In addition to this, Daniel and Frieda pay a total of \$425.00 in other monthly debt payments. Their gross monthly income is \$6,000.00/month.

1. Calculate their gross debt service ratio and total debt service ratio based on this information.
2. Would Daniel & Frieda qualify for (be able to afford) this mortgage amount?



Credit Checks

Another important step in the mortgage application process is a credit check. This is a report that the bank will obtain from a credit reporting agency such as Equifax. This report tells the bank whether or not you have paid your debts and worked well with creditors (lenders) in the past.

If the bank is sure that you can afford the mortgage, your credit check shows your credit history is good and that they will be well-secured with your choice of home, your mortgage will be approved.

Pre-approval or Pre-qualification

As mentioned earlier in this workbook, some of these steps may be done before you choose a house. Remember that there is a difference between getting pre-qualified and pre-approved. If you get pre-qualified, this means that your banker has only done calculations to see how much you can afford to borrow. If you are pre-approved, the bank has also done credit checks and verified your employment to make sure you will be approved for the mortgage amount you need.

If you are not approved for a mortgage, be sure to ask the bank why you were not approved. They are required by law to tell you if you are turned down for financing.

Interest rates, payments & amortization

Most banks offer a confusing variety of mortgage, and it can be difficult to choose. Before you make a choice be sure that you thoroughly understand the terms and conditions of your mortgage.

The terms and conditions include things like:

- How much it will cost you to borrow the money (interest rate)
- How much you will pay every month and how often you will make your payments: monthly, weekly, semi-monthly (twice a month) or bi-weekly (every 2 weeks).
- How long it will take to pay back the mortgage (amortization)

Don't be afraid to ask a lot of questions. The banker should be able to explain everything in such a way that you feel comfortable with the choices that you make.



Interest rates

The interest rate is the annual cost of borrowing money from the bank. Your regular payment will include a portion that goes toward paying down the **principal** (original amount borrowed) and another portion that goes toward **interest**.

At the beginning of your mortgage, most of your payment will go towards interest, but as time goes by more and more of your payment will go to pay down the principal amount.

- The interest rate you have to pay will vary depending on the type of mortgage you choose and the length of time you want to 'lock-in' (or guarantee your rate will not change).
- The '**term**' is the length of time your interest rate and/or monthly payment will stay the same. At the end of each term, you will need to renew your mortgage.
- You can choose whether or not you want a '**fixed rate**' or '**variable rate**' mortgage.

Fixed rate – interest rate is guaranteed to stay the same for a specific length of time.

Variable rate – interest rate changes as Prime Rate goes up and down

- Another choice you will have to make is whether you want an '**open**' or '**closed**' mortgage.

Open – you can make extra payments or pay off the mortgage in full any time you want without an extra fee.

Closed – you can make some extra payments but if you pay the mortgage off before the end of the term, you will have to pay an extra fee.

- The choice you make as to the terms and type of mortgage you get will depend on many things. Be sure to talk to your banker about your situation before you decide.



Why it pays to get a lower interest rate:

If Daniel & Frieda borrowed \$163,053.00 for their mortgage and chose a 2 year fixed mortgage at an annual interest rate of 6.5%, their monthly mortgage payments would be \$1,092.00. They would repay their mortgage in 25 years and it would cost them a total of \$164,596.00 in interest. This means that the actual cost of their house would be \$163,053.00 plus \$164,596.00, for a total of \$327,649.00.

If they could get a mortgage at 6% interest, their payment would drop to \$1,043.00 per month and they would pay \$149,912.00 in interest – a saving of over \$14,600.00!

It pays to shop around to find the best interest rates when you to get a mortgage for your new home

Interest Rate	Monthly Payment Amount	Interest Paid
6.5%	\$1,092.00	\$164,569.00
6.0%	\$1,043.00	\$149,912.00
DIFFERENCE with lower interest rate:	\$49.00 less each month	\$14, 684.00 less interest paid



Payments

There are three basic payment options available to you for mortgage payments. These options may not be the same at all banks, so check with your own bank to see what options they offer.

Option 1 – Monthly Payments

Option 2 – Weekly, Semi-monthly (twice each month) or Bi-weekly (every two weeks) Payments

In this option, your regular monthly payment is multiplied by 12 and divided by 52 (for weekly), 24 (for semi-monthly) or 26 (for bi-weekly) to determine your payment amount. This option is sometimes chosen by people who want to make smaller payments more frequently rather than making a large payment once each month. This may make it easier to follow a budget, especially if you get weekly, semi-monthly or bi-weekly paycheques. Another advantage to making payments this way is that money gets paid against the principal (original amount borrowed) of the mortgage more frequently, and means that you will save in interest costs and pay your mortgage off a little more quickly than with monthly payments.

Option 3 – Accelerated Weekly, Semi-monthly or Bi-weekly payments

In this option, your payments are a little higher to give the equivalent of making an extra monthly payment every year. The way this is calculated is that the bank takes your regular monthly payment and multiplies it by 13 rather than 12 (to give you the equivalent of an extra monthly payment). Then that extra payment amount is spread out across the year by dividing that total by 52 (for weekly), 24 (for semi-monthly) or 26 (for bi-weekly) to determine your payment amount. This option will not only save you more money in interest, it will also allow you to pay your mortgage off much faster.

Take a look at the charts on page 59 to see the difference these options can make.



CHART ONE - REGULAR PAYMENT OPTIONS

This chart shows how much the regular mortgage payments (monthly, semi-monthly, bi-weekly or weekly) would be for Daniel and Frieda assuming they borrowed \$163,053.00 at an interest rate of 6.00% for 25 years. It also shows how much money in interest they would have to pay.

Payment Frequency	Regular Payment Amount (Principal & Interest)	Total Interest Cost	Saving Interest
Monthly	\$1,043.23	\$149,912	\$0
Semi-Monthly	\$520.97	\$149,528	\$383
Bi-Weekly	\$479.54	\$149,490	\$422
Weekly	\$239.63	\$149,320	\$592

CHART TWO - ACCELERATED PAYMENT OPTIONS

The second chart shows how much Daniel & Frieda would pay if they chose an accelerated payment, (where payments are increased slightly to give the equivalent of an extra monthly payment each year). As you can see, they would save a lot of money in interest and they would pay their mortgage off sooner than 25 years.

Payment Frequency	Regular Payment Amount (Principal & Interest)	Total Interest Cost	Saving Interest	Amortization Period(Years)
Semi-Monthly	\$565.08	\$122,222	\$27,689	21.0
Bi-Weekly	\$521.62	\$121,397	\$28,515	20.9
Weekly	\$260.81	\$121,078	\$28,833	20.8



Amortization

Amortization is the length of time it takes to pay off your mortgage. Many people choose an amortization time of 25 years to keep their monthly payments low. Although this may make it easier to afford the cost of buying a home, the longer you take to pay off the mortgage, the more interest you pay to the bank.

It really doesn't cost much more each month to choose a shorter amortization period. Consider how much money our fictional couple could save by paying off their mortgage in 20 or even 15 years instead.

Case Study #3: Daniel & Frieda have decided to make weekly payments on their mortgage. At first they were planning to take 25 years to pay off their mortgage, but now they have decided to see how much it would cost them to pay the mortgage off more quickly.

Their banker has told them that their weekly payments over 25 years will be \$239.63 per week and the total cost (mortgage plus interest) will be \$312,373.00. If they choose to shorten their amortization to 20 years, and use the accelerated payment plan, their weekly payment will increase to \$290.31, they will pay off their mortgage in 17.2 years and will pay a total cost of \$259,577.00.

If they choose a 15 year amortization period, their accelerated weekly payments will be \$342.37 per week. They will pay off their mortgage in 13.1 years and will pay a total of \$234,663.00.

1. Calculate the amount of money Daniel and Frieda will save by shortening the amortization period and making weekly accelerated payments.
2. Calculate the difference in weekly payment amounts for these amortization periods.



As you can see, there are many options to consider when choosing a mortgage. Take your time and ask lots of questions. It may also be helpful to talk to friends and relatives who have gone through the process already. If you are still not sure, you are probably best to start with a shorter term. You can change your type of mortgage, interest and payment when it is time to renew at the end of the term.

Questions to Ask

Getting a mortgage is a big financial commitment, and most people are very excited at the prospect of owning their own home. You may feel overwhelmed at all the steps involved with purchasing a home. Despite this, it is important to ask some key questions of your banker before you obtain your mortgage:

1. _____
2. _____
3. _____
4. _____
5. _____



E. Getting Help



Choosing a Lawyer

Keep these tips in mind when choosing a lawyer:

- 1.
- 2.
- 3.
- 4.
- 5.

Working with realtors and mortgage brokers

Depending on where you live, you may be able to use the services of a realtor or mortgage broker.

A realtor helps you:

- By acting as the negotiator during the buying process.
- Because they are trained and licensed to sell real estate and are aware of the current laws associated with buying and selling real estate in your area.
- By acting as a go-between to remove some of the personal contact required in a purchase, especially when you are buying from friends or neighbours in your community.

A mortgage broker helps you:

- Find a bank or lending agency that is willing to finance the purchase of your home.
- Negotiate for better interest rates and terms



On-line Resources

There are many websites that can provide additional information about the home-buying process. Information is available about the home buying process, building a new home, even reducing the costs of home-ownership. Here are a few websites you might want to check out:

www.cmhc-schl.gc.ca – Canada Mortgage and Housing Corporation

www.crea.ca – Canadian Real Estate Association

www.chba.ca – Canada Home Builders Association

www.aea.nt.ca/tips/hometips.html – Arctic Energy Alliance (tips for saving energy at home)

Whether you decide to build new or buy an existing home, you now have the knowledge to help you through this process. The Housing Corporation has an interest in your success. We are there as a resource for you going forward. Please call us if you have questions.



Congratulations on completing the Home Purchase workshop. You now have the information you need to make one of the biggest decisions of your life! Good luck!



Home Purchase

Appendix

→ This is where you enter the 'closing' date – the date you plan to take possession of the house.

Residential Real Estate Purchase Contract		# _____	Purchase Contract Number
3.5 The Deposits shall be held in trust for both the Seller and the Buyer and shall be: (a) applied against the Commission (as defined in the Residential Real Estate Listing Contract or any other commission agreement signed by the Seller) and paid directly out of trust to the brokerages when the Commission is earned in accordance with the terms of the Listing Contract or any other commission agreement signed by the Seller; (b) refunded forthwith to the Buyer if this offer is not accepted; (c) refunded forthwith to the Buyer upon the Buyer's cheque clearing the brokerage's trust account if a condition is not satisfied or waived (as per clause 6.4) or the Seller fails to perform this Contract; and (d) forfeited to the Seller if this offer is accepted and all conditions are satisfied or waived and the Buyer fails to perform on this Contract.		4.6 If the Seller agrees in writing to accept late payment of the Purchase Price, then the Buyer will pay interest to the Seller calculated daily from and including the Completion Day to (but excluding) the day the Seller is paid in full. Payment received after noon on any day will be payment as of the next Business Day. Interest means the prime lending rate of the Province of Alberta Treasury Branches at the Completion Day plus 3%. 4.7 The Seller's lawyer may use the Purchase Price to pay out all mortgages, condominium contributions, registrations and other financial obligations that are the Seller's obligation to pay or discharge. Within a reasonable period of time after the Completion Day, the Seller's lawyer will provide the Buyer's lawyer with evidence of all discharges including, where required, a certified copy of the certificate of title and an estoppel certificate evidencing the payment of all condominium contributions that are the Seller's obligation to pay. 4.8 The Seller will pay the costs to prepare the closing documents, to prepare, register and discharge any Seller's caveat based on this Contract, and to provide the documents described in clause 4.11. 4.9 The Buyer will pay the costs to prepare, register and discharge any Buyer's caveat based on this Contract, and to register the transfer of land. 4.10 If the Property is rented and the Buyer is not assuming the tenancy, then the Seller is responsible for all costs related to ending the tenancy and to giving vacant possession to the Buyer. 4.11 At least ten (10) Business Days prior to the Completion Day, the Seller will provide the Buyer, regarding the matters described in clause 6.1, a real property report reflecting the current state of improvement on the Property, according to the Alberta Land Surveyors' Manual of Standard Practice with evidence of municipal compliance or non-compliance. This obligation will not apply to condominium units that do not create a lot nor to any transaction where there are no structures on the land. 4.12 Notwithstanding the closing provisions in this Contract, the parties authorize their lawyers to follow, if appropriate, the Law Society of Alberta Conveyancing Protocol in the closing of this transaction.	
3.6 The brokerage holding the Deposits is further directed and authorized to pay that portion of the Deposits exceeding the Commission in trust to the Seller's lawyer no later than two (2) Business Days prior to the Completion Day. 3.7 If there is a dispute between the Seller and the Buyer as to entitlement to the Deposits then: (a) the brokerage holding the Deposit shall review the circumstances, determine entitlement and pay the money to the party who is entitled to the Deposit; (b) if no reasonable conclusion can be made in regard to (a) above, the brokerage shall notify the parties to the Contract in writing and shall pay the money into a lawyer's trust account; (c) the parties agree to allow the lawyer or the brokerage to deduct from the Deposit a reasonable fee and costs incurred for dealing with the Deposit; (d) a brokerage and/or lawyer acting in good faith under this clause shall not be liable to either party for any damages associated with the handling of the Deposit except arising from the negligence of the brokerage or lawyer.			
4. CLOSING 4.1 Unless otherwise agreed in writing, this Contract will be completed. The Purchase Price will be fully paid and vacant possession will be available by: noon on the _____ day of _____, (the "Completion Day"), subject to the rights of the existing tenants, if any. When the Buyer obtains possession, the Property will be in substantially the same condition as it was in when this Contract was accepted. 4.2 Items which are normally adjusted for, such as real estate taxes, amortized local improvement levies, utilities, rents, security deposits, statutory interest on security deposits, mortgage interest, homeowners' association fees and monthly condominium contributions, will be assumed by the Buyer and will be adjusted as of 24:00 hours on the Completion Day. 4.3 The Seller and the Seller's lawyer will deliver normal closing documents to the Buyer or the Buyer's lawyer upon reasonable conditions consistent with the terms of this Contract. The Buyer must have a reasonable period of time before the Completion Day to confirm registration of documents at the Land Titles Office and to obtain the advance of proceeds for any New Financing and Other Value. 4.4 If the Seller fails to deliver the closing documents according to clause 4.3, then payment of the Purchase Price and Interest will be postponed until the Buyer has received the closing documents and has a reasonable period of time to register them. 4.5 If the Buyer has not paid all of the Purchase Price, then the Seller may give the Buyer possession upon reasonable terms.		5. INSURANCE 5.1 The risk of loss or damage to the Property shall lie with the Seller until the Purchase Price is paid according to the terms of this Contract. If loss or damage to the Property occurs before the Seller is paid the Purchase Price, then any insurance proceeds shall be held in trust for the Buyer and the Seller according to their interests in the Property. 6. WARRANTIES AND REPRESENTATIONS 6.1 The Seller represents and warrants to the Buyer that: (a) the Seller has the legal right to sell the Property; (b) the Attached Goods and included Unattached Goods are in normal working order and are free and clear of all encumbrances; (c) the Seller is not a non-resident of Canada for the purposes of the <i>Income Tax Act</i> (Canada); (d) the current use of the Land and Buildings complies with the existing municipal land use bylaw; (e) the Buildings and other improvements on the Land are not placed partly or wholly on any easement or utility right-of-way and are entirely on the Land and do not encroach on neighbouring lands except where an encroachment agreement is in place; (f) the location of Buildings and other improvements on the Land complies with all relevant municipal bylaws, regulations or relaxations granted by the appropriate municipality prior to the Completion Day, or the Buildings and other improvements on the Land are "non-conforming buildings" as that term is defined in the <i>Municipal Government Act</i> (Alberta); (g) \$_____ is the current monthly condominium contribution payable (fee for administrative and other expenses); and	
_____ Seller's initials		_____ Buyer's initials	
10913A PAGE 2		Page 2 of 4	

10. ADVICE/DISCLOSURE

- 10.1 This Contract is intended to create binding legal obligations. The Seller and the Buyer should read this Contract carefully and are encouraged to obtain legal advice before signing.
- 10.2 The Buyer may wish to obtain an independent property inspection and verify the measurements of the Property.
- 10.3 Unless there is a dual agency or another written agreement, the Seller's brokerage represents the Seller as Seller's Agent and does not have a fiduciary relationship with the Buyer, and the Buyer's brokerage represents the Buyer as Buyer's Agent and does not have a fiduciary relationship with the Seller.
- 10.4 The Seller and the Seller's brokerage have signed a Listing Contract. The Seller directs the Seller's lawyer to honour the terms of the Listing Contract and in particular to close the transaction according to the irrevocable assignment of the Purchase Price contained in the Listing Contract.
- 10.5 The Buyer and Seller agree that the sale and other related information regarding this transaction may be retained and disclosed by the brokerage and/or the real estate boards(s) as required for closing and for reporting, appraisal and statistical purposes.
- 10.6 This Contract may be signed and sent by fax and this procedure will be as effective as signing and delivering an original copy.

11. DEFINITIONS

11.1 In this Agreement:

- (a) **Business Day** means a day when both the Land Titles Office and the Schedule I chartered banks are open for business.
- (b) **Buyer's Agent** means the licensed brokerage (including its broker, all associate brokers and agents) who represents the Buyer.
- (c) **Commission** means the sum owing from the Seller for services rendered under the Listing Contract plus GST.
- (d) **Completion Day** is the day described in clause 4.1.
- (e) **Deposits** mean the Initial Deposit plus all Additional Deposits.
- (f) **Seller's Agent** means the licensed brokerage (including its broker, all associate brokers and agents) who represents the Seller.
- (g) **Unless otherwise agreed in writing** means a written agreement by letter or otherwise between the Seller or the Seller's lawyer and the Buyer or the Buyer's lawyer.

12. REPRESENTATIVES/NOTICE

Note: This section must be completed at the offer stage prior to the Contract being signed.

12.1 The Representatives identified in clause 12.2 represent the Seller and the Buyer.

12.2 For the purposes of giving and receiving any notice referred to in this Contract, and for acceptance of an offer to purchase, communication must be in writing and must be delivered to the address or faxed to the number described below.

A notice sent or received by a Representative is proper notice for the purposes of this Contract.

Seller's Information:

Seller's Address _____

Phone _____ Fax _____ (postal code) _____

Seller's Representative:

Broker, associate broker or agent registered to the brokerage
Brokerage Name _____

Address _____

Phone _____ Fax _____ (postal code) _____

Buyer's Information:

Buyer's Address _____

Phone _____ Fax _____ (postal code) _____

Buyer's Representative:

Broker, associate broker or agent registered to the brokerage
Brokerage Name _____

Address _____

Phone _____ Fax _____ (postal code) _____

13. OFFER

13.1 The Buyer offers to buy the Property for the Purchase Price according to the terms of this Contract.

13.2 This offer / counter offer shall be open for acceptance in writing until _____ m. on _____.

SIGNED AND DATED at _____ Alberta at _____ m. on the _____ day of _____.

Signature of Buyer _____ Signature of Witness _____

Print Name of Buyer _____ Print Name of Witness _____

Signature of Buyer _____ Signature of Witness _____

Print Name of Buyer _____ Print Name of Witness _____

14. ACCEPTANCE

14.1 The Seller **accepts** the Buyer's offer and agrees to sell the Property for the Purchase Price according to the terms of this Contract.

SIGNED AND DATED at _____ Alberta at _____ m. on the _____ day of _____.

Signature of Seller _____ Signature of Witness _____

Print Name of Seller _____ Print Name of Witness _____

Signature of Seller _____ Signature of Witness _____

Print Name of Seller _____ Print Name of Witness _____

15. FINAL SIGNING

15.1 Final signing of this Contract occurred at _____ m. on _____.

Initials of the person(s) who signed last _____

CONVEYANCING

Seller's Lawyer _____

Lawyer's Address _____ (postal code) _____

Lawyer's Phone _____ Fax _____

Buyer's Lawyer _____

Lawyer's Address _____ (postal code) _____

Lawyer's Phone _____ Fax _____

Enter the time given to accept or reject the offer.

This section will be signed by the vendor if they accept your offer.



Homeowner
Policy



Allstate.
You're in good hands.

Thank you for giving me the opportunity to act as your personal insurance advisor. As your Allstate representative, I'm committed to ensuring you receive the very best in service in addition to the quality protection this policy provides.

This policy booklet, along with the personal Declaration Pages you receive, are valuable documents. They explain the specific details of the coverage you've purchased. Please take some time to read them carefully and store them in a safe place for future reference.

By necessity, these documents include terms and language common to any important legal contract. If you have any questions regarding this policy or other insurance needs, please feel welcome to contact me. I'll be happy to help you.

Thank you, once again, for placing your trust in me. I look forward to serving you for many years to come.

Your Allstate Representative
Allstate Insurance Company of Canada

Our Claim Service Pledge

We understand how upsetting an accident or other loss can be. We're here to help provide you with "peace of mind". We'd like to begin by letting you know what you can expect from us.

- ✓ *We will let you know what coverages your policy provides and how your claim will be handled.*
- ✓ *We will recommend a repair service if you wish, and we will guarantee the quality of repairs. Or, you may choose a repair service if you prefer.*
- ✓ *We will promptly respond to your phone messages and letters – usually within one business day.*
- ✓ *We will provide a prompt and fair evaluation of your claim.*

If at any time you are not satisfied with our handling of your claim, please let us know. If you wish to speak with a manager, you are welcome to call.



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STANDARD HOMEOWNER POLICY

AGREEMENT

We provide the insurance described in this policy in return for payment of the premium and subject to the terms and conditions set out.

This policy consists of three Sections:

SECTION I describes the insurance for your property.

SECTION II describes the insurance for your legal liability to others because of Bodily Injury and Property Damage.

SECTION III describes optional coverages available to you that apply only when they are indicated on the Declaration page.

SECTION I – PROPERTY COVERAGE

DEFINITIONS

"Business" means any continuous or regular pursuit undertaken for financial gain including a trade, profession or occupation.

"Cash card and plastic money" means a card storing electronic cash and used as a method of payment, which at the time of the purchase transaction does not require any personal identification number (PIN), signature or authorization time (no connection to a central system at the time of purchase).

"Dwelling" means the building described on the Declaration page occupied by you as a private residence.

"Fungi" includes, but is not limited to, any form or type of mould, yeast, mushroom or mildew whether or not allergenic, pathogenic or toxigenic, and any substance, vapour or gas produced by, emitted from or arising out of any "Fungi" or "Spores" or resultant mycotoxins, allergens, or pathogens.

"Spores" includes, but is not limited to, any reproductive particle or microscopic fragment produced by, emitted from or arising out of any "fungi".

"Homeowner" means an owner of a freehold dwelling.

"Insured" means the person(s) named as Insured on the Declaration page and, while living in the same household:

- his or her spouse;
- the relatives of either; or
- any person under 21 in their care.

"Spouse" means:

- either of a man and a woman who are married to each other or who have together entered into a marriage that is voidable or void, or
- either of two persons who are living together in a conjugal relationship outside marriage and have so lived together continuously for a period of 3 years or, if they are the natural or adoptive parents of a child, for a period of 1 year.

In addition, a student who is enrolled in and actually attends a school, college or university and who is dependent upon the Named Insured or his or her spouse for support and maintenance is also insured even if temporarily residing away from the principal residence stated on the Declaration page.

Only the person(s) named on the Declaration page may take legal action against us.

"Premises" means the dwelling and the land contained within the lot lines on which the dwelling is located.

"Residence Employee" means a person employed by you to perform duties in connection with the maintenance or use of the insured premises. This includes persons who perform household or domestic services or duties of a similar nature for you. This does not include persons while performing duties in connection with your business.

"Terrorism" means:

- (a) an act or omission, in or outside Canada
 - (i) that is committed
 - (A) in whole or in part for a political, religious, social, philosophical or ideological purpose, objective or cause, and
 - (B) in whole or in part with the intention or the apparent intention of intimidating the public, or any segment of the public, with regard to its security, including its economic security, or compelling a person, a government or a domestic or an international organization, or any segment of those, to do or refrain from doing any act or thing, and
 - (ii) that
 - (A) causes death or serious bodily harm to a person by the use of violence,
 - (B) endangers a person's life,
 - (C) causes a serious risk to health or safety of the public or any segment of the public,
 - (D) causes property damage, whether to public or private property, if causing such damage is likely to result in the conduct or harm referred to in clauses (A) to (C), or
 - (E) causes serious interference with or serious disruption of an essential service, facility or system, whether public or private, other than as a result of advocacy, protest, dissent or stoppage of work that is not intended or apparently intended to result in the conduct or harm referred to in any of the clauses (A) to (C),

and includes any attempt or threat to commit any such act or omission, or

- (b) any act or omission that at the time of its commission would be defined to be "terrorist activity" within the meaning of that term under the Criminal Code (Canada), as amended from time to time.

"Unoccupied" means the absence of the Insured or a representative in the described furnished dwelling.

"Vacant" means without occupants and/or furnishings, nor used as a principal dwelling. A newly constructed dwelling is vacant after it is completed and before the occupant(s) and/or furnishings are moved in. Furthermore, the dwelling is also vacant when the occupant(s) move(s) out with no intention to return permanently and before any new occupant(s) move(s) in, regardless of the presence of furnishings.

"We" and **"us"** mean the company or Insurer providing this insurance.

"You" and **"your"** refers to the Insured.

COVERAGE A – Dwelling Building

We insure:

1. The dwelling and attached structures,
2. Permanently installed outdoor equipment on the premises,
3. Materials and supplies located on or adjacent to the premises intended for use in construction, alteration or repair of your dwelling or private structures on the premises. We insure against the peril of theft only when your dwelling is completed and ready to be occupied,
4. Building fixtures and fittings when temporarily removed from the premises for repair or seasonal storage.

COVERAGE B – Detached Private Structures

We insure structures or buildings separated from the dwelling by a clear space, on your premises but not insured under Coverage A. If they are connected to the dwelling by only a fence, utility line or similar connection, they are considered to be a detached structure. We insure in-ground swimming pools and attached equipment on the premises. If you have more than one detached structure, the amount of insurance will be divided in the proportions that the value of each structure has to the value of all such structures at the time of loss.

COVERAGE C – Personal Property

1. We insure the contents of your dwelling and other Personal Property you own, wear or use, while on your premises, which is usual to the ownership or maintenance of a dwelling.

If you wish, we will include uninsured Personal Property of others while it is on that portion of your premises which you occupy, but we do not insure property of roomers or boarders who are not related to you.

We do not insure loss or damage to:

- a) motorized vehicles, their equipment or their accessories (except for watercraft, lawn mowers, other gardening equipment, snow blowers, wheelchairs, or scooters having more than 2 wheels and specifically designed for the carriage of a person who has a physical disability);
- b) camper units, truck caps, trailers, or their equipment, unless otherwise stated under Special Limits of Insurance;
- c) aircraft or their equipment.

Equipment includes audio, visual, recording, or transmitting equipment powered by the electrical system of a motor vehicle or aircraft. Equipment also includes any tape, compact disc, DVD, audio or visual, wire, recording disc or other similar medium for use with any device or instrument for the recording and/or reproduction of sound and/or video, in or upon a motorized vehicle, whether on your premises or not.

Accessories includes any item mounted on or affixed to an automobile at the time of the loss; parts of an automobile temporarily removed or used on a seasonal basis only; items specifically used in the operation or maintenance of an automobile; or items purchased to be installed on an automobile but not yet installed, excluding spare parts or duplicate parts.

2. We insure your Personal Property, including property of a student who is insured by the policy, for up to 20% of the amount of insurance on your personal property while it is temporarily away from your premises anywhere in the world. This coverage also applies to personal property in a newly acquired residence in Canada for 30 days immediately after you begin to move property there. The amount of insurance granted by Coverage C Personal Property will be divided among the personal property at the old location, in transit, and at the new location in the proportion that the value in each location has to the value of the insured personal property in all situations, at the time of loss. If you wish we will include uninsured personal property belonging to others while it is in your possession or belonging to a residence employee travelling for you.

We insure your Personal Property in a safe-deposit box located in the vault of a bank, trust or safe-deposit company.

Personal Property normally kept at any other location you own is insured for an amount of up to \$500.

Personal Property located in a storage facility is insured for a period of 30 days only, from the date the property was first stored. We will continue coverage beyond that date for the peril of theft only.

3. We insure the personal property of your parent(s) or your spouse's parent(s) or your spouse who is living in a nursing home or a home for the aged, for an amount not

exceeding \$5,000. In the event of theft of property, we will only insure for an amount not exceeding \$1,000.

"Nursing home" or "home for the aged" is defined as an institution that provides health care services to person/s who live on the facility's premises, but does not include a hospital, rooming or boarding home, alcoholism or drug rehabilitation facility, reformatory or correctional institution or halfway house.

SPECIAL LIMITS OF INSURANCE

The maximum we will pay for any one loss is:

- 1) \$500 in the aggregate – Money, including cash cards and plastic money, bank notes or bullion;
- 2) \$500 – Utility trailers not used with watercraft;
- 3) \$2000 in the aggregate – Books, tools and instruments pertaining to a business, profession or occupation, only while on your premises. Other business property, including samples and goods held for sale is not insured;
- 4) \$500 in the aggregate – Books, tools and instruments pertaining to a business, profession or occupation only while away from your premises. Other business property, including samples and goods held for sale, is not insured;
- 5) \$500 in the aggregate – Sales stock, samples and goods held for sale only while on your premises;
- 6) \$2000 in the aggregate – Accounts, bills, deeds, evidence of debt, letters of credit, notes other than bank notes, passports, securities or tickets;
- 7) \$1500 in the aggregate – Watercraft, including their trailers, furnishings, equipment and outboard motors, wind-surfers and sailboards;
- 8) \$2500 in the aggregate – Computer software. We do not insure the cost of gathering or assembling information or data;
- 9) \$5000 in the aggregate – Garden type tractors and personal snow removal equipment including attachments and accessories;
- 10) \$1000 in the aggregate – Spare Automobile Parts. The maximum we will pay for any one item is \$250;
- 11) \$1000 in the aggregate – Animals, birds or fish, but excluding loss by theft or attempted theft or impact by aircraft or land vehicle;

The following special limits of insurance apply if the items described below are stolen:

- 12) \$5000 in the aggregate – Any items not otherwise limited, of which platinum, silver and gold constitute its principal value, gold -ware stamped with carat-content, silverware stamped Sterling or Hallmark;
- 13) \$1000 in the aggregate – Jewelry, watches, precious and semi-precious stones, furs, including any item containing fur which represents its principal value;
- 14) \$2000 in the aggregate – Manuscripts, stamps and philatelic property (such as stamp collections);
- 15) \$1000 in the aggregate – Photographic equipment, cameras and video cameras, lenses and supplies;
- 16) \$500 in the aggregate – Numismatic property (such as coin collections);
- 17) \$1000 in the aggregate – Collectible cards, sports memorabilia and comic collectibles. The maximum we will pay for any one item is \$250;
- 18) \$500 in the aggregate – Each bicycle, its equipment and accessories;
- 19) \$2500 in the aggregate – Golf Clubs including their accessories.

COVERAGE D – Additional Living Expenses

The amount of insurance for Coverage D is the total amount for any one or a combination of the following coverages. The periods of time stated below are not limited by the expiration of the policy.

1. **Additional Living Expenses:** If an Insured Peril makes your dwelling unfit for occupancy, or you have to move out while repairs are being made, we insure any necessary increase in living expenses, including moving expenses incurred by you, so that your household can maintain its normal standard of living. Payment shall be for the reasonable time required to repair or rebuild your dwelling or, if you permanently relocate, the time required for your household to settle elsewhere.
2. **Fair Rental Value:** If an Insured Peril makes that part of the dwelling or detached private structures rented to others or held for rental by you unfit for occupancy, we insure its Fair Rental Value. Payment shall be for the reasonable time required to repair or replace that part of the dwelling or detached private structures rented or held for rental. Fair Rental Value shall not include any expense that does not continue while that part of the dwelling or detached private structures rented or held for rental is unfit for occupancy. If a civil authority prohibits access to your dwelling as a direct result of damage to neighbouring property by an Insured Peril, we insure any resulting Additional Living Expense and Fair Rental Value for a period not exceeding two weeks.

We do not insure the cancellation of a lease or agreement.

Any deductible specified in the Declaration page does not apply to Coverage D.

EXTENSIONS OF COVERAGE

1. **Outdoor Trees, Shrubs, Plants and Lawns:**

You may apply up to 5% of the amount of insurance on your dwelling to trees, shrubs, plants and lawns on your premises. We will not pay more than \$500 for any one tree, shrub, plant or lawn, including debris removal expenses.

We insure these items against loss caused by fire, lightning, explosion, impact by aircraft or land vehicle, riot, vandalism and malicious acts, as described under Insured Perils.

We do not insure loss or damage to lawns or items grown for commercial purposes.

This protection does not increase the amount of insurance applying to the Dwelling Building coverage.

2. **Consequential Loss:**

We insure your Personal Property damaged by change of temperature resulting from physical damage, to your dwelling or equipment, by an Insured Peril. This only applies to Personal Property kept in the dwelling.

This protection does not increase the amount of insurance applying to the Personal Property coverage.

3. **Freezer Foods:**

We will pay up to \$2500 for Freezer Foods, while contained in a freezer unit in your Dwelling when loss due to spoilage is caused by power failure or interruption of an outside power supply outside the freezer unit or mechanical breakdown of the freezer unit. This coverage includes damage to the freezer when it is due to the insured food spoilage and also the reasonable expense incurred by you to save and preserve the food from spoilage while your freezer is being repaired.

This protection does not increase the amount of insurance applying to the Personal Property coverage.

We will not pay for loss:

- (a) caused by intentional or accidental disconnecting of the freezer unit from the power supply within your Dwelling;
- (b) caused by or resulting from repair or other work performed upon the freezer unit; or
- (c) from inherent vice or natural spoilage.

When a breakdown or power failure occurs, you must take all reasonable steps to save and preserve the food from spoilage and to arrange for restoration of electrical power.

Any deductible specified in the Declaration page does not apply to this coverage.

4. **Debris Removal:**

We will pay the reasonable cost charged for the necessary removal of the debris of covered property damaged in a loss we insure. We will also pay for the removal from the described premises of a tree or limb that has caused damage to the insured building or building as a result of an Insured Peril.

This protection does not increase the amount of insurance applying to the property being removed.

However, when the amount payable for the property damaged or destroyed equals the amount of coverage available in this policy, we will pay up to an additional 5% of that coverage for debris removal expenses if the damaged property is repaired or replaced at your premises.

5. **Emergency Removal of Property:**

We will pay for insured property damaged in any way while removed from your premises because of danger from a loss we insure. Protection is limited to a 30 day period from date of removal.

This protection does not increase the amount of insurance applying to the property being removed.

6. **Credit Cards, Banking Cards, Forgery and Counterfeit Money:**

You are insured for losses arising from your legal obligation to pay due to the unauthorized use of credit cards, issued to or registered in your name, which have been lost or stolen.

You are also insured for losses arising from the unauthorized use of banking cards, issued to or registered in your name, which have been lost or stolen.

The maximum we will pay under the Coverage is \$2500.00 in the aggregate per occurrence. An occurrence is the loss or theft of one or more cards, regardless of the number of cards lost or stolen or how many times they are used.

We will pay for losses which occur while this policy is in effect and which are not discovered up to one year after its cancellation or termination.

We will also pay up to \$2500.00 for any loss caused by forgery or alteration of any cheques or negotiable instruments when the loss is caused by any one person or group of persons regardless of the number of cheques or instruments involved.

If a claim is made or a suit is brought against you for liability under this coverage, we will provide a defense at our expense by counsel of our choice.

We may make any investigation and settle any claim or suit that we decide is appropriate.

We do not pay for loss arising out of business pursuits unless from the unauthorized use of a credit card and/or banking card issued or registered to you and for which you are personally liable. We do not pay for any loss arising out of your dishonesty or use of a card by a resident with the card.

You must comply with all the conditions under which the card was issued and notify the issuing card- company or companies and us as soon as you discover the loss.

We will pay any loss sustained through acceptance in good faith of counterfeit United States or Canadian paper currency up to \$2500.00 for any one transaction and a total of \$2500.00 in any one policy term.

This protection does not increase the amount of insurance in this policy. Any deductible specified in the Declaration page does not apply to this coverage.

7. Property Insurance Adjustment:

During the term of this policy, we will automatically increase the amount of insurance on your Dwelling Building (Coverage A) to reflect the increased value of your property since the inception date of this policy or the latest renewal or anniversary date.

We will automatically increase the amounts of insurance on your Private Structures (Coverage B), Personal Property (Coverage C) and Additional Living Expenses (Coverage D) by the same proportion.

On renewal or anniversary date, we will automatically increase the amounts of insurance shown on the Declaration page in the same way and adjust the premium.

If, at your request, we change the amount of insurance on your Dwelling Building (Coverage A) shown on the Declaration page, we will apply this Property Insurance Adjustment on the changed amount of insurance from the date the change is made.

All other terms and conditions of the policy to which this provision applies remain unchanged.

8. Fire Department Charges:

We will reimburse you up to \$2000 for fire department charges you are required to pay when a fire department attends your Dwelling because of an Insured Peril. We will not pay for charges incurred as a result of a false alarm.

We do not pay for any liability claim arising from the use of the responding fire equipment or caused by the actions of any member or members of the responding fire department. This protection does not increase the amount of insurance in this policy.

Any deductible specified in the Declaration page does not apply to this coverage.

9. Collapse:

We will insure:

(a) entire or partial collapse of the Dwelling Building and Detached Private Structures insured under Coverages A and B of the policy and;

(b) the Personal Property insured under Coverage C, which is directly damaged as a result of the collapse referred to in (a).

For coverage to apply, the collapse must be directly caused by one or more of the following items:

I. a loss we insure under Coverage C;

II. hidden decay or vermin damage;

III. weight of persons, animals, equipment or contents;

IV. weight of rain, snow or ice which collects on a roof;

V. defective methods or materials used in repair, re-modeling or renovation, but only if the collapse occurs in the course of the repair, re-modeling or renovation.

Collapse does not include settling, contraction, moving, shifting, bulging, buckling, or cracking.

We do not insure loss or damage to outdoor swimming pools, spas, saunas or equipment attached.

This protection does not increase the amount of insurance applicable.

10. Mass Evacuation:

We will reimburse you for any necessary and reasonable increase in living expense you incur while access to your dwelling is prohibited by order of civil authority but only when such orders given for mass evacuation as a direct result of a sudden and accidental event within Canada or the United States of America.

You are insured for a period not exceeding two weeks from the date of the order of evacuation and up to \$2000, exceeding the deductible amount stated in the policy. You are not insured for any claim arising from evacuation resulting from:

1. flood: meaning waves, tides, tidal waves and the rising of, breaking out or the overflow of, any body of water, whether natural or man-made;

2. earth movement;

3. war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, Terrorism, rebellion, revolution, insurrection or military power ;

4. nuclear incident as defined in the Nuclear Liability Act, nuclear explosion or contamination by radioactive material.

Definition: The term "civil authority" referred to in this section shall mean any person acting under the authority of the Governor General in Council of Canada or the Lieutenant Governor in Council of a Province, and /or any person acting with authority under a Federal, Provincial or Territorial legislation with respect to the protection of persons and property in the event of an emergency.

11. Lock Replacement:

We will pay up to \$500 for the replacement of locks on the exterior doors of your premises if the keys are stolen.

This protection does not increase the amount of insurance in this policy.

Any deductible specified in the Declaration page does not apply to this coverage.

12. Fuel Leakage (Applicable to Coverages A, B and C):

This protection means loss or damage caused by the sudden and accidental escape of fuel oil from a fixed household type tank or apparatus and pipes, which feeds the dwelling's existing heating system(s). Coverage is not included for damage caused by continuous or repeated seepage or leakage.

We do not insure loss or damage caused by the escape of fuel oil from a household type storage tank or apparatus and pipes located below ground outside the Dwelling, whether in active service or not.

We do not insure loss or damage to the land on which the Dwelling is situated.

13. Fungi or Spores, Wet or Dry Rot Remediation as a Direct Result of a Covered Water Loss:

We will pay up to a maximum of \$10,000 in the aggregate per occurrence for the remediation of Fungi or Spores, or wet or dry rot, as a direct result of a covered water loss.

This extension of coverage applies to Coverage A – Dwelling Building, Coverage B – Detached Private Structures, Coverage C – Personal Property, and Coverage D – Additional Living Expenses.

This protection does not increase the amount of insurance in this policy.

Definition: Remediation means the reasonable and necessary treatment, removal or disposal of Fungi or Spores, wet or dry rot, as required to complete repair or replacement of property we cover under Coverage A – Dwelling Building, Coverage B – Detached Private Structures or Coverage C – Personal Property damaged by a covered water loss. Remediation also includes any investigation or testing to detect, measure or evaluate Fungi or Spores, wet or dry rot, as well as payment for any reasonable increase in living expenses necessary to maintain your normal standard of living if Fungi or Spores, wet or dry rot makes your residence premises uninhabitable.

INSURED PERILS

You are insured against direct loss or damage caused by the following perils as described and limited.

1. FIRE OR LIGHTNING.

2. EXPLOSION: This peril does not include electric arcing, water hammer or rupture of any vessel or conduit due to water or ice pressure therein.

3. SMOKE: This peril means smoke due to a sudden, unusual and faulty operation of any heating or cooking unit in or on the premises.

4. FALLING OBJECT: This peril means a falling object which strikes the exterior of a building but not objects which strike the building because of earth movement.

5. IMPACT BY AIRCRAFT OR LAND VEHICLE: Animals are not insured under this peril.

6. RIOT.

7. VANDALISM OR MALICIOUS ACTS: This peril does not include loss or damage:

(a) occurring while the dwelling is under construction or vacant even if permission for construction or vacancy has been given by us;

(b) caused by you;

(c) caused by any tenant, tenant's guest, member of a tenant's household or employee of the tenant.

8. WATER ESCAPE, RUPTURE, FREEZING: This peril means:

(a) Accidental discharge or overflow of water or steam from within a plumbing, heating, sprinkler or air conditioning system, domestic appliance, waterbed, aquarium, hot tub, appliance for heating or storing water, swimming pool or equipment and enclosed public water-mains;

(b) Sudden and accidental bursting, tearing apart, cracking, burning and bulging, all due to the pressure of water or steam, or lack of water or steam, in a plumbing, heating, sprinkler or air conditioning system or an appliance for heating water;

(c) Freezing of any part of plumbing, heating, sprinkler or air conditioning system, or domestic appliance provided any such system or appliance is within a building heated during the usual heating season.

This peril does not include damage:

i. caused by continuous or repeated seepage or leakage, whether evident or not;

ii. to the system or appliance caused by rust and corrosion;

iii. to public water-mains, waterbeds, aquariums, outdoor swimming pools, outdoor hot tubs, or their equipment;

iv. occurring while the dwelling is under construction or vacant even if we have given permission for construction or vacancy;

v. caused by freezing which occurs during the usual heating season if you have been away from your premises for more than 4 consecutive days. However, if you had arranged for a competent person to enter your dwelling daily to ensure that heating was being maintained or if you had shut off the water supply and had drained all the pipes and appliances, you would still be insured;

vi. caused by freezing, rupture or bursting, or escape of water from a sewer, sump, septic tank, weeping tiles, eaves trough or downspout, unless the loss or damage resulted from the escape of water from a public water-main, swimming pool or equipment attached;

vii. caused by the escape of water from a drain unless the loss or damage resulted from the escape of water from a public water-main, swimming pool or equipment attached.

A plumbing system under this peril does not include sewers, sumps, septic tanks, weeping tiles, eaves troughs or downspouts.

We will replace or repair any parts of the dwelling that must be removed or torn apart before any insured damage can be repaired, except damage related to public water-mains.

9. WINDSTORM OR HAIL: This peril does not include loss or damage to your Personal Property or additions and alterations located inside the Dwelling or the interior of a building caused by a windstorm, hail or coincidental rain damage, unless the storm first creates an opening in the building.

Any watercraft you own are insured if they were inside a fully enclosed building at the time of loss. Canoes and rowboats are also insured while in the open but only when on the insured premises.

This peril does not include damage due to the weight or pressure of ice, snow or sleet.

10. **GLASS BREAKAGE:** Glass that forms part of your Dwelling or Private Structures on your premises including glass which forms part of storm windows and doors, is insured against accidental breakage.

This peril does not include loss or damage occurring while a building is under construction, even if permission for construction has been given.

11. **TRANSPORTATION:** This peril means loss or damage caused by collision, upset, overturn, derailment, stranding or sinking of any automobile or attached trailer in which the insured property is being carried. This would also apply to any conveyance of a common carrier.

This peril means loss or damage to:

- (a) your Personal Property while it is temporarily removed from your premises;
- (b) building fixtures and fittings when they are temporarily removed from your premises for repair or seasonal storage.

This peril does not include loss or damage to:

- i. property carried in a tent trailer, travel trailer, mobile home or motor home which you own;
- ii. any watercraft, their furnishings, equipment or motors.

12. **THEFT, INCLUDING DAMAGE CAUSED BY ATTEMPTED THEFT:**

This peril does not include loss or damage:

- (a) which happens at any other location which you own, rent or occupy, except while you are temporarily living there;
- (b) cause by any tenant, tenant's guest, member of a tenant's household or employee of the tenant;
- (c) to property in or from a dwelling under construction or of materials and supplies for use in the construction until the dwelling is completed and ready to be occupied;
- (d) to animals, birds or fish.

LOSS OR DAMAGE NOT INSURED

We do not insure:

- 1) loss or damage occurring after your dwelling has, to your knowledge, been vacant for more than 30 consecutive days;
- 2) loss or damage caused by any nuclear incident as defined in the Nuclear Liability Act, or any other nuclear liability act, law or statute, or any law amendatory thereof or nuclear explosion, except for ensuing loss or damage which results directly from fire, lightning or explosion of natural, coal or manufactured gas;
- 3) loss or damage caused by contamination by radioactive material;
- 4) loss or damage caused by war, invasion, act of a foreign enemy, declared or undeclared hostilities, civil war, rebellion, revolution, insurrection or military power;
- 5) loss or damage directly or indirectly caused by or sustained in connection with crisis, civil disobedience, siege, blockade or any resistance to any authority in place, whether or not with the intention to either overthrow such authority or prevent the execution of Law;
- 6) loss or damage caused directly or indirectly, in whole or in part, by Terrorism or by any activity or decision of a government, government agency or other entity to prevent, respond to or terminate Terrorism. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage;
- 7) dwellings or structures used in whole or in part for business or farming purposes unless declared on the Declaration page;
- 8) losses or increased costs of repair or cost of improving or upgrading dwellings or structures due to the operation of any by-law regulating the zoning, demolition, repair or construction of buildings and their related services.
- 9) loss or damage resulting from any intentional or criminal act or failure to act by:
 - a) any person insured by this policy; or
 - b) any other person at the direction of any person insured by this policy;
- 10) loss or damage to Personal Property while undergoing a process involving the application of heat, but resulting damage to other property is insured;
- 11) loss of, or damage to any property illegally imported, acquired, kept, stored or transported, or property subject to forfeiture;
- 12) loss or damage to electrical devices or appliances caused by electrical currents other than lightning unless fire ensues and then only for such destruction or damage as results from such fire;
- 13) loss or damage to any property lawfully seized or confiscated unless such property is destroyed to prevent the spread of fire;
- 14) loss or damage caused by earth movement, which includes but is not limited to:
 - (a) earthquake;
 - (b) volcanic eruption;
 - (c) snowslide;
 - (d) landslide;
 - (e) subsidence;
 - (f) mudflow;

- (g) sinkhole;
- (h) erosion; or
- (i) the sinking, rising, shifting, expanding or contracting of the earth.

This exclusion applies whether or not the earth movement is combined with water.

We will insure loss that follows earth movement if the loss is directly caused by fire, explosion, or theft;

- 15) loss or damage caused by flood, surface water, spray, waves, tides, tidal waves, overflow of streams or other bodies of water, ice or water-borne objects, all whether driven by wind or not, unless the loss or damage resulted from the escape of water from a public watermain, swimming pool or equipment attached;
- 16) loss or damage caused by ground water or rising of the water table;
- 17) loss or damage resulting directly or indirectly from one or more of the items listed below, if that item is one of two or more causes of loss or damage, and if the other cause(s) of the loss or damage is (are) excluded by this policy:
 - a) Conduct, act, failure to act, or decision of any person, group, organization or governmental body whether intentional, wrongful, negligent, or without fault;
 - b) Defect, weakness, inadequacy, fault or unsoundness in:
 - i) planning, zoning, development, surveying, siting; or
 - ii) design, specifications, workmanship, construction, grading, compaction; or
 - iii) materials used in construction or repair; or
 - iv) maintenance,

of any property including but not limited to land, structures or improvements of any kind, whether on or off the premises;

- c) Weather conditions, which includes but is not limited to heat, cold, rain, ice, snow, sleet, wind, hail or drought;
- 18) wear and tear, deterioration, inherent vice, flaw, latent or physical defect, mechanical breakdown, rust or corrosion, and in no event shall there be any liability under this policy for the resultant cost or expense of replacing or repairing property or any defective part thereof;
- 19) loss or damage caused by dampness of atmosphere, extremes of temperature, condensation, wet or dry rot or by any Fungi or Spores, or contamination, and in no event shall there be any liability under this policy for the resultant cost or expense of replacing or repairing property or any defective part thereof;
- 20) loss or damage resulting from any illegal activities within your knowledge or control; or due to any legal or illegal activities relating to either the growing, cultivation, harvesting, manufacture, distribution, or sale of any non-prescription controlled substance or substances enumerated in Schedule (Section 2) of the federal Controlled Drugs and Substances Act Narcotic Control Regulations C.R.C.c. 1041 (as amended from time to time), whether you are aware of such activity or not;
- 21) loss or damage to property at any fairground, exhibition or exposition for the purpose of exhibition;
- 22) loss or damage arising out of the actual or threatened discharge, dispersal, release or escape of "pollutants". "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste.

BASIS OF CLAIM PAYMENT

We will pay for insured loss or damage up to your financial interest in the property, but not exceeding the applicable amount (s) of insurance for any loss or damage arising out of one occurrence.

Any loss or damage shall not reduce the amount of insurance provided by this policy.

Deductible: We will be responsible only for the amount by which the loss or damage caused by any of the Insured Perils exceeds the amount of the deductible shown on the Declaration page in any one occurrence.

If your claim involves Personal Property on which the Special Limits of Insurance apply, the limitations apply to losses exceeding the deductible amount.

OUR OPTIONS

In the event of loss, we have the option of taking all or part of the covered property at the agreed or appraised value. We have the option to repair, rebuild or replace the damaged or destroyed property with property of like kind and quality within a reasonable time. We must give you notice of our intention within 30 days after we receive your signed, sworn Proof of Loss.

HOW WE SETTLE A LOSS

Applicable to:

COVERAGE A – Dwelling Building

COVERAGE B – Detached Private Structures

Losses will be settled by one of the following methods:

- a) **Replacement Cost.** This means there will not be a deduction for depreciation. This coverage shall be applicable only to the dwelling and detached private structures insured under the policy, but excluding roofing material, floor coverings and exterior siding, which show obvious pre-existing deterioration. The aforementioned will be settled on an Actual Cash Value basis. In making a replacement cost settlement, payment will not exceed the lesser of the following amounts:

- i. the Replacement Cost of any part of the dwelling damaged, with equivalent material, on the same premises;
- ii. the amount actually and necessarily spent to repair or replace the damaged dwelling; or
- iii. the applicable limit of insurance.

We will not pay more than the Actual Cash Value of the damage until the repair or replacement is completed.

- b) **Actual Cash Value.** This means there may be a deduction for depreciation.

If you decide not to repair or replace the damaged property, settlement will be on an Actual Cash Value basis, not to exceed the limit of liability applying to the property. You may make claim within 180 days after the date of loss for any additional payment on a Replacement Cost basis.

HOW WE SETTLE A LOSS

Applicable to:

COVERAGE C – Personal Property

Covered loss to the following types of property will be settled on an Actual Cash Value basis. This means there may be a deduction for depreciation:

- i. Property insured under the Personal Property coverage;
- ii. Household appliances, unless built in as part of the dwelling structure;
- iii. Outdoor radio and TV antennae or their appurtenances, and outdoor equipment, whether attached to dwellings or not;
- iv. Structures other than building structures.

The Actual Cash Value will be determined at the time of loss.

Payment will not exceed the lesser of the following:

- (a) the actual cash value, determined at the time of loss;
- (b) the cost of repair or restoration; or
- (c) the limit of liability of this policy applicable to the damaged or destroyed property.

Pair and Set: In the case of loss or damage to any article or articles, whether scheduled or unscheduled, which are a part of a set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the set. In no event shall such loss or damage be construed to mean total loss of the set.

Parts (where the whole is made up of several parts): In the case of loss of, or damage to, any part or portion of the insured property whether scheduled or unscheduled, the insurer is not liable for more than the cost to repair or replace the part or portion lost or damaged, including the cost of installation.

Insurance Under More Than One Policy: If you have insurance on specially described property, our policy will be considered excess insurance and we will not pay any loss or claim until the amount of such other insurance is used up.

In all other cases, our policy will pay its rateable proportion of the loss or claim.

Subrogation: We will be entitled to assume all your rights of recovery against others and may bring action in your name to enforce these rights when we make payment or assume liability under this policy.

Your right to recover from us is not affected by any release from liability entered into by you prior to loss.

STANDARD MORTGAGE CLAUSE

This clause applies to Dwelling Protection and appears as approved by the Insurance Bureau of Canada. This clause is void unless the name of the mortgage is inserted on the Declaration page.

IT IS HEREBY PROVIDED AND AGREED THAT:

1. **Breach of Conditions by Mortgagor Owner or Occupant** – This insurance and every documented renewal thereof – AS TO THE INTEREST OF THE MORTGAGEE ONLY THEREIN – is and shall be in force notwithstanding any act, neglect, omission or misrepresentation attributable to the mortgagor, owner or occupant of the property insured, including transfer of interest, any vacancy or non-occupancy, or the occupation of the property for purposes more hazardous than specified in the description of the risk; PROVIDED ALWAYS that the Mortgagee shall notify forthwith the Insurer (if known) of any vacancy or non-occupancy extending beyond thirty (30) consecutive days, or of any transfer of interest or increased hazard THAT SHALL COME TO HIS KNOWLEDGE; and that every increase of hazard (not permitted by the policy) shall be paid by the Mortgagee – on reasonable demand from the date such hazard existed, according to the established scale of rates for the acceptance of such increase hazard, during the continuance of this insurance.
2. **Right of Subrogation** – Whenever the Insurer pays the Mortgagee any loss award under this policy and claims that – as to the Mortgagor or Owner – no liability therefore existed, it shall be legally subrogated to all rights of the Mortgagee against the Insured; but any subrogation shall be limited to the amount of such loss payment and shall be subordinate and subject to the basic right of the Mortgagee to recover the full amount of its mortgage, equity in priority to the Insurer; or the Insurer may, at its option, pay the Mortgagee all amounts due or to become due under the mortgage or on the security thereof, and shall thereupon receive a full assignment and transfer of the mortgage together with all securities held as collateral to the mortgage debt.
3. **Other Insurance** – If there be other valid and collectible insurance upon the property with loss payable to the Mortgagee – at law or in equity – then any amount payable

thereunder shall be taken into account in determining the amount payable to the Mortgagee.

- 4. **Who May Give Proof of Loss** – In the absence of the Insured, or the inability, refusal or neglect of the Insured to give notice of loss or deliver the required Proof of Loss under the policy, then the Mortgagee may give the notice upon becoming aware of the loss and deliver as soon as practicable the Proof of Loss.

- 5. **Termination All Provinces Except Quebec** – The term of this mortgage clause coincides with the term on the policy;

PROVIDED ALWAYS that the Insurer reserves the right to cancel the policy as provided by Statutory provision by agrees that the Insurer will neither terminate nor alter the policy to the prejudice of the Mortgagee without the notice stipulated in such Statutory provision.

Termination Province of Quebec Only – The term of this mortgage clause coincides with the term of the policy;

PROVIDED ALWAYS that the Insurer reserves the right to cancel the policy as provided by Articles 2477, 2478 and 2479 of the Civil Code of the Province of Quebec, but agrees that the Insurer will neither terminate nor alter the policy to the prejudice of the Mortgagee without 15 days' notice to the Mortgagee by registered letter.

- 6. **Foreclosure** – Should title or ownership to said property become vested in the Mortgagee and/or assigns as owner or purchaser under foreclosure or otherwise, this insurance shall continue until expiry or cancellation for the benefit of the said Mortgagee and / or assigns.

SUBJECT TO THE TERMS OF THIS MORTGAGE CLAUSE (and these shall supersede any policy provisions in conflict therewith BUT ONLY AS TO THE INTEREST OF THE MORTGAGEE), loss under this policy is made payable to the Mortgagee.

SECTION II – LIABILITY COVERAGES

DEFINITIONS (Applicable to Section II)

"Bodily Injury" means bodily injury or death, except that "Bodily Injury" does not include the transmission of any communicable disease, including but not limited to:

- 1) any venereal disease;
 - 2) Herpes;
 - 3) Acquired Immune Deficiency Syndrome (AIDS);
 - 4) AIDS Related Complex (ARC);
 - 5) Human Immunodeficiency Virus (HIV);
- or any related or resulting symptom, effect, condition, disease or illness.

"Business" means any continuous or regular pursuit undertaken for financial gain including a trade, profession or occupation.

"Business Property" means property on which a business is conducted, property rented in whole or in part to others, or held for rental.

"Fungi" and **"Spores"** in this Section have the same meaning as in Section I.

"Legal Liability" means responsibility which courts recognize and enforce between persons who sue one another.

"Premises" in this Section means all premises where the person (s) named as Insured on the Declaration page, or their spouse, maintains a residence. It also includes:

- 1) other residential premises specified on the Declaration page, except business property and farms;
- 2) individual or family cemetery plots or burial vaults;
- 3) vacant land in Canada you own or rent, excluding farm land;
- 4) land in Canada where an independent contractor is building a one or two-family residence to be occupied by you;
- 5) premises you are using or where you are temporarily residing if you do not own such premises,
- 6) premises in Canada to be occupied by you as your principal residence from the date you acquire ownership or take possession but not beyond the earliest of:
 - a) 30 consecutive days,
 - b) the date the policy expires or is terminated,
 - c) the date upon which specific liability is arranged for such premises,
- 7) premises in Canada where a student who is enrolled in and actually attends a school, college or university, is residing temporarily, or which they are using temporarily.

"Property Damage" means damage to, or destruction of, or loss of use of tangible property.

"Residence Employee" in this Section has the same meaning as in Section I.

"Terrorism" in this Section has the same meaning as in Section I.

"We" and **"us"** in this Section have the same meaning as in Section I.

"You" and **"your"** in this Section have the same meaning as in Section I. In addition, the following are included in the definition of "you" and "your":

- 1) any person or organization legally liable for damages caused by a watercraft or animal owned by you, and to which this insurance applies. This does not include anyone using or having custody of the watercraft or animal in the course of any business or without the owner's permission;

- 2) any person while performing duties as your residence employee;
- 3) your legal representative who would have temporary custody of the insured premises if you die while insured by this policy, is insured for Legal Liability arising out of the insured premises;
- 4) any person who is insured by this policy at the same time as your death and who continues residing on the insured premises.

COVERAGES

This insurance applies only to accidents or occurrences which take place during the term of this policy.

The amounts of insurance are shown on the Declaration page. Each person insured is a separate Insured but this does not increase the limit of insurance.

COVERAGE X – Family Liability

We will pay all sums which you become legally liable to pay as compensatory damages because of unintentional Bodily Injury or Property Damage.

The amount of insurance is the maximum amount that we will pay, under one or more Sections of Coverage X, for all compensatory damages in respect of one accident or occurrence.

You are insured for claims made against you arising from:

1. **Personal Liability** – legal liability arising out of your personal actions anywhere in the world.

You are not insured for claims made against you arising from:

- a) the ownership, use or operation of any motorized vehicle, trailer or watercraft, except those insured in this policy;
- b) damage to property you own, use, occupy or lease;
- c) damage to property in your care, custody or control;
- d) damage to personal property or fixtures as a result of work performed by you or anyone on your behalf;
- e) bodily injury to you or to any person residing in your household other than a residence employee.

2. **Premises Liability** – Legal Liability arising out of your ownership, use or occupancy of the premises defined in Section II. This insurance also applies if you assume, by a written contract, the legal liability of other persons in relation to your premises.

You are not insured for claims made against you arising from:

- a) damage to property you own, use, occupy or lease;
- b) damage to property in your care, custody or control;
- c) damage to personal property or fixtures as a result of work performed by you or anyone on your behalf;
- d) Bodily Injury to you or to any person residing in your household other than a residence employee.

3. **Damage To Premises Liability** – Legal Liability for Property Damage to premises, or their contents, which you are using, renting or have in your custody or control caused by:

- a) fire, explosion or smoke, or
- b) accidental discharge or overflow of water or steam from within a plumbing, heating, sprinkler or air conditioning system, waterbed, domestic appliance, swimming pool or attached equipment and public water mains or
- c) freezing or any part of a plumbing, heating sprinkler or air conditioning system or domestic appliance within a building heated during the usual heating season.

You are not insured for liability you have assumed by contract unless your legal liability would have applied even if no contract had been in force.

4. **Employer's Liability** – Legal Liability for Bodily Injury to residence employees arising out of and in the course of their employment by you.

You are not insured for claims made against you resulting from the ownership, use or operation of aircraft while being operated or maintained by your employee.

You are not insured for liability imposed upon or assumed by you under any Workmen's Compensation Statute.

Defense, Settlement, Supplementary Payments

Under Coverage X, we will defend any suit against you alleging Bodily Injury or Property Damage and seeking compensatory damages, even if it is groundless, false or fraudulent. We reserve the right to investigate, negotiate and settle any claim or suit, if we decide this is appropriate. We reserve the right to select legal counsel, and reserve the right to only pay for the legal counsel we select.

In addition to the limit of insurance under Coverage X, we will pay:

- 1) all expenses which we incur;
- 2) all costs charged against you in any suit insured under Coverage X;
- 3) any interest accruing after judgment, or where applicable, interest accruing from the date of the action, or determined by the Court on that part of the judgement which is within the amount of insurance of Coverage X;
- 4) premium for appeal bonds required in any insured law suit involving you and bonds to release any property that is being held as security, up to the amount of insurance, but we are not obligated to apply for or provide these bonds;
- 5) expenses which you have incurred for emergency medical or surgical treatment to others following an accident or occurrence insured by this policy;

- 6) Loss of earnings up to \$50 per day but not other income when we ask you to attend trials and hearings.

Voluntary Payment for Damage to Property

We will pay up to \$500 per incident for unintentional direct damage you cause to property even though you are not legally liable. You may also use this coverage to reimburse others for direct Property Damage caused intentionally by an insured 12 years of age or under.

You are not insured for claims:

- 1) resulting from the ownership, use or operation of automobiles or watercrafts;
- 2) for property you or your tenants own or rent;
- 3) which are insured under Section I;
- 4) caused by the loss of use, disappearance or theft of property.

Basis of Payment: We will pay whichever is the least of the following:

1. the Actual Cash Value of the property at the time of loss;
2. what it would cost to repair or replace the property with materials of similar quality at the time of loss;
3. the amount shown on the Declaration page.

We may pay for the loss in money or may repair or replace the property, and may settle any claim for loss of property either with you or the owner of the property. We may take over any salvage if we wish.

Within 60 days after the date of loss, you must submit to us (under oath if required) a Proof of Loss Form containing the following information:

- (a) the amount, place, time and cause of loss;
- (b) the interest of all persons in the property affected;
- (c) the Actual Cash Value of the property at the time of loss.

If necessary, you must help us verify the damage.

COVERAGE Y – Voluntary Medical Payments

We will pay reasonable medical expenses, incurred within one year of the date of the accident, if you unintentionally injure another person or if they are accidentally injured on your premises. This coverage is available even though you are not legally liable. Medical expenses include surgical, dental, hospital, nursing, ambulance service and funeral expenses. Medical expenses for residence employees re insured.

The amount of insurance, shown on the Declaration page is the maximum amount we will pay for each person in respect of one accident or occurrence.

We will not pay expenses covered by any medical, dental, surgical or hospitalization plan or law, or under any other insurance contract.

We will not pay your medical expenses or those of persons residing with you, other than residence employees.

We will not pay medical expenses of any person covered by any Workmen's compensation Statute. You are not insured for claims arising out of the ownership, use or operation of any motorized vehicle trailer or watercraft, except those insured in this policy.

You shall arrange for the injured person, if requested, to:

- 1) give us, as soon as possible, written proof of claim, under oath if requested;
- 2) submit to physical examination at our expense, by doctors we select, as often as we may reasonable require;
- 3) authorize us to obtain medical and other records.

Proofs and authorizations may be given by someone acting on behalf of the injured person.

SPECIAL LIMITATIONS

Watercraft You Own:

You are insured against claims arising out of your ownership, use or operation of watercraft including their attachments and accessories, equipped with an outboard motor or motors of not more than 19 kW (25 HP) in total when used with or on a single watercraft. You are also insured if your watercraft, including it's attachments and accessories, has an inboard or an inboard –outboard motor of not more than 38 kW (50 HP) or for any other type of watercraft of not more than 8 metres (26 feet) in length.

Watercraft You DO NOT Own:

You are insured against claims arising out of your use or operation of watercraft which you do not own, but not for damage to the watercraft itself.

You are not insured for claims made against you arising from the use or operation of any watercraft, whether owned by you or not while it is:

- 1) Used for carrying passengers for compensation or hire;
- 2) Used for business purposes;
- 3) Used in race or speed tests;
- 4) Rented or leased to others; or
- 5) Being used or operated without the owner's consent if you are not the owner.

Motorized Vehicles You Own:

You are insured against claims arising out of your ownership, use or operation of the following:

- 1) self-propelled lawn mowers, snow blowers, garden-type tractors, of not more than 19kW (25 HP), or implements used or operated mainly on your property, provided they are not used for compensation or hire;

- 2) motorized golf carts while in use on a golf course;
- 3) motorized wheel chairs, including motorized scooters having more than 2 wheels and specifically designed for the carriage of a person who has a physical disability.

Motorized Vehicles You Do Not Own:

You are insured against claims arising out of your use or operation of any self-propelled land vehicles, amphibious vehicle or air cushion vehicle which you do not own, provided that:

- 1) the vehicle is not licensed and is designed primarily for use off public roads;
 - 2) you are not using it for business or organized racing;
 - 3) the vehicle is being used or operated with the owner's consent;
 - 4) the vehicle is not owned by any person insured under this policy.
- You are not insured for damage to the vehicle itself.

Trailers:

You are insured against claims arising out of your ownership, use or operation of any trailer or its equipment, provided that such trailer is not being towed by, attached to or carried on motorized vehicle.

LOSS OR DAMAGE NOT INSURED (Applying to Section II)

You are not insured for claims arising from:

- 1) war, invasion, act of a foreign enemy, declared or undeclared hostilities, civil war, rebellion, revolution, insurrection or military power;
- 2) Bodily Injury or Property Damage directly or indirectly caused by or sustained in connection with crisis, civil disobedience, siege, blockade or any resistance to any authority in place, whether or not with the intention to either overthrow such authority or prevent the execution of Law;
- 3) directly or indirectly, in whole or in part, out of Terrorism or out of any activity or decision of a government, government agency or other entity to prevent, respond to or terminate Terrorism. This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the claim;
- 4) Bodily Injury or Property Damage which is also insured under a nuclear energy liability policy issued by the Nuclear Insurance Association of Canada, or any other group or pool of Insurers regardless of exhaustion of such policy limits or its termination;
- 5) the rendering or failure to render any professional service;
- 6) the ownership, use or operation of any aircraft or premises used as an airport or landing strip, and all necessary or incidental operations;
- 7) Bodily Injury or Property Damage arising out of the Business pursuits of an insured person, except for activities normally considered non-Business, or the following occasional or part-time Business activities of an insured person who is a student under 21 years of age: snow-shovelling, baby-sitting, grass cutting or delivering newspapers;
- 8) fuel oil, except for loss or damage, or environmental cleanup costs caused by the sudden and accidental discharge or escape of fuel oil from a household type storage tank or apparatus and pipes, which feeds the dwelling's existing heating system. Coverage is not included for damage caused by continuous or repeated seepage or leakage;
- 9) Bodily Injury or Property Damage caused by any intentional or criminal acts or failure to act by:
 1. any person insured by this policy; or
 2. any other person at the direction of any person insured by this policy;
- 10) a) sexual, physical, psychological or emotional abuse, molestation or harassment, including corporal punishment by, at the direction of, or with the knowledge of any person insured by this policy; or
b) failure of any person insured by this policy to take steps to prevent sexual, physical, psychological or emotional abuse, molestation or harassment or corporal punishment;
- 11) Bodily Injury or Property Damage resulting from any illegal activities within your knowledge or control; or due to any legal or illegal activities relating to either the growing, cultivation, harvesting, manufacture, distribution, or sale of any non-prescription controlled substance or substances enumerated in Schedule (Section 2) of the federal Controlled Drugs and Substances Act Narcotic Control Regulations C.R.C., c. 1041 (as amended from time to time), whether you are aware of such activity or not;
- 12) any type of discrimination due to sex, age or marital status, colour, race, creed or national origin;
- 13) punitive or exemplary damages, meaning that part of any award by a court which is in excess of compensatory damages and is stated or intended to be a punishment to you;
- 14) fungi and fungal derivatives:
This insurance shall not apply to:
 - a. "bodily injury", "property damage", "personal injury" or Medical Payments or any other cost, loss or expense incurred by others, arising directly or indirectly, from the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, presence of, spread of, reproduction, discharge or other growth of any "fungi" or "spores" however caused, including any costs or expenses incurred to prevent, respond to, test for, monitor, abate, mitigate, remove, cleanup, contain, remediate, treat, detoxify, neutralize, assess or otherwise deal with or dispose of "fungi" or "spores"; or
 - b. any supervision, instructions, recommendations, warnings, or advice given or which should have been given in connection with a. above; or

- c. any obligation to pay damages, share damages with or repay someone else who must pay damages because of such injury or damage referred to in a. or b. above.

This exclusion applies regardless of the cause of the loss or damage, other causes of the injury, damage, expense or costs or whether other causes acted concurrently or in any sequence to produce the injury, damage, expenses or costs.

- 15) Bodily Injury or Property Damage arising out of the actual or threatened discharge, dispersal, release or escape of "pollutants."

"Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapour, soot, fumes, acids, alkalis, chemicals and waste.

CONDITIONS

Notice of Accident or Occurrence: When an accident or occurrence takes place, you must promptly give its notice in writing (in writing if required). The notice must include:

- 1) your name and policy number;
- 2) the time, place and circumstances of the accident;
- 3) the names and addresses of witnesses and potential claimants.

Co-operation: You are required to:

- 1) help us obtain witnesses, information and evidence about the accident and co-operate with us in any legal action if we ask you;
- 2) immediately send us everything received in writing concerning the claim including legal documents.
- 3) in the event of a loss, after submission of the Proof of Loss, submit to examination under oath and produce for examination all documents that relate to the matters in question, and you shall permit extracts and copies to be made, all at such reasonable place and time as designated by us.

Unauthorized Settlements – Family Liability: You shall not, except at your cost, voluntarily make any payment, assume any obligations or incur expenses, other than first aid expenses necessary at the time of the accident.

Action Against Us – Family Liability: You shall not bring suit against us until you have fully complied with all the terms of this policy, nor until the amount of your obligation to pay has been finally determined, either by judgement against you or by an agreement which has our consent.

Action Against Us – Voluntary Payments for Medical Expenses and Property Damage: You shall not bring suit against us until you have fully complied with all the terms of this policy, nor until 60 days after the required Proof of Loss Form has been filed with us.

Insurance Under More Than One Policy: If you have other insurance which applies to a loss or claim, or would have applied if this policy did not exist, our policy will be considered excess insurance and we will not pay any loss or claim until the amount of such other insurance is used up.

SECTION III – OPTIONAL COVERAGES

OPTIONAL COVERAGES YOU MAY BUY

The following Optional Coverages apply only when they are indicated on the Declaration page and premiums are shown. The provisions of this policy apply to each Optional coverage in this section unless modified by the terms of the specific Optional Coverage.

1. **COVERAGE E – Earthquake Damage (Applicable to Coverage A, B and C)**
We will pay for direct loss to the property described in Section I of this policy caused by earthquake or volcanic eruption.
This protection does not increase the amount of insurance provided under this section.
If more than one earthquake shock occurs in a 168 hour period, the effective date and time of which is the date and time of the first earthquake shock, they will be considered a single earthquake. We will not pay for any loss caused by an earthquake shock occurring before this coverage is effective or after this policy has terminated.
We do not insure any loss caused directly or indirectly by flood or tidal wave whether or not caused by or resulting from an earthquake.
Direct loss that follows an earthquake and is caused by fire, explosion or theft is only insured under Section I of this policy.
The deductible applying to this coverage is own on the Declaration page.
2. **COVERAGE K – Incidental Office Property**
When this coverage is purchased under Section I, Coverage C, Personal Property is extended to insure equipment supplies and furnishings used in a described office, private school or studio on your Premises.
3. **COVERAGE L – Incidental Office Occupancy**
The Family Liability coverage and the Voluntary Medical Payments coverage are extended to insure a described office, private school or studio occupied by an insured person. The occupancy of the described property shall not be considered a business.
We do not insure Bodily Injury to:
 - 1) any employee other than a Residence Employee; or
 - 2) any pupil arising out of corporal punishment administered by or at the direction of an insured person.

4. **COVERAGE M – Increased Coverage on Money**

The limitation on money, bullion and bank notes insured under Personal Property coverage, Special Limits of Insurance, is increased to the amount shown on the Declaration page.

5. **COVERAGE O – Physician's Off Premises Coverage**

When this coverage is purchased under Section I, Coverage C, Personal Property is extended to insure surgical, medical or dental instruments, apparatus, medicines, drugs or books including the bag, kit or instrument case, in which the property is contained, while away from any location owned, rented, occupied or controlled by an insured person.

The limit of liability for Coverage O is shown on the Declaration page.

6. **COVERAGE P – Business Pursuits**

We do not insure:

- (a) Bodily Injury or Property Damage arising out of the business pursuits of an insured person when the business is owned or financially controlled by the insured person. This also applies when the Insured is a partner or member;
- (b) Bodily Injury or Property Damage arising out of the rendering or failure to render professional service of any nature, other than teaching;
- (c) Bodily Injury to a fellow employee of an insured person arising out of and in the course of employment;
- (d) Bodily Injury or Property Damage when an insured person is a member of the teaching staff or faculty or any school or college and the Bodily Injury or Property Damage arises out of the maintenance or use of saddle animals, vehicles used with saddle animals, motorized vehicles, aircraft or watercraft when owned, hired or operated by an insured person or used for the purpose of instruction;
- (e) Bodily Injury to any pupil arising out of corporal punishment administered by or at the direction of an insured person when an insured person is a member of the teaching staff or faculty of any school of instruction.

7. **COVERAGE R – Additional Residence Premises Rented to Others**

When Coverage R is afforded on a designated Residence Premises rented to others, the definition of "Premises" applicable to Section II of this policy is extended to include such designated Residence Premises.

8. **COVERAGE S – Increased Coverage on Securities**

The limitation on accounts, bills, deeds, evidences of debt, letters of credit, notes other than bank notes, passport, securities or tickets insured under Personal Property coverage, Special Limits of Insurance, is increased to the amount shown on the Declaration page.

9. **COVERAGE W – Sewer Back-Up Endorsement**

When this coverage is purchased, coverage for damages caused by the escape of water from a sewer, drain, sump, or septic tank, up to the limits specified on the Declaration page, are afforded. This coverage is subject to a loss deductible.

All other terms and conditions of the policy to which the coverage applies remain unchanged.

10. **COVERAGE Z – Sound Tapes**

When this coverage is purchased we insure under Section I, Coverage C, Personal Property, loss to any tape, compact disc, DVD, audio or visual, wire, recording disc or other medium for use with any device or instrument designed for the recording and/or reproduction of sound and/or video, up to \$200.

Coverage is only available to Sound Tapes which:

- i) are the property of an insured person;
- ii) are at the time of the loss, in or upon a motorized land vehicle, whether on your premises or not.

Sound Tapes coverage is subject to all other provisions applicable to Coverage C Personal Property.

Any deductible specified in the Declaration page does not apply to this coverage.

11. **Replacement Cost on Contents Coverage**

For an additional premium, we agree that in the event of loss under Coverage C – Personal Property, this policy is extended to include the full cost of repair or replacement of property owned by an insured person, without deduction for depreciation.

The Replacement Cost of any single item of Personal Property is limited to the amount it would cost to replace the item with a similar item of like kind and quality.

At the time of loss, the most we will pay on any one item of Personal Property is the lesser of the following amounts:

- a) the replacement cost at the time of loss;
- b) the cost of repair or restoration; or
- c) the limit of liability of this policy applicable to the damaged or destroyed property.

If the insured person does not repair or replace the damaged, destroyed or stolen item, loss settlement will be made on an Actual Cash Value basis rather than on a Replacement Cost basis. However, an insured person has the right to make further claim within 180 days after the date of loss for any additional liability brought about by this endorsement.

Replacement Cost does not apply to:

- (i) antiques, fine arts, paintings, statuary and similar articles which, by their inherent nature, cannot be replaced with new articles;
- (ii) articles whose age or history contribute substantially to their value including but not limited to memorabilia, souvenirs and collector's items;

(iii) property that has not been maintained in good and workable condition; or

(iv) property that the age or its technology has rendered it obsolete because of improvements or changes developed since its original construction or production, or outdated, or no longer used for its original purpose; or

(v) watercraft, their trailers, equipment, accessories or motors and to garden equipment and garden-type tractors or personal snow removal equipment which are over 19kW (25 hp).

All other provisions of the policy apply.

12. **Home Replacement Cost Guarantee Endorsement**

In consideration of your agreement to insure your dwelling and other building structures in accordance with the following provisions, we agree that the limit of liability under Coverage A – Dwelling building – is not limited by the amount shown on the Declaration page, provide:

- 1) You have insured your dwelling and other building structures to 100% of their replacement cost, as determined by:
 - a) An Allstate Dwelling Valuation Calculator completed and based on the accuracy of information you furnished; or
 - b) An inspection of your dwelling and other building structures, and pay the premium charged;
- 2) You have accepted the Property Insurance Adjustment provision in the policy, agree to accept each annual adjustment in the Dwelling coverage limits of liability and pay the premium charged;
- 3) You notify us within 90 days of the start of any additions or other physical changes which increase the replacement or repair cost of your dwelling or other building structures on the residence premises by \$10,000 or more, and pay any resulting additional premium.

If this endorsement is activated due to loss or damage to Coverage A – Dwelling Building, at that time, the limit of liability to cover any proximate loss or damage to Coverage B – Detached Private Structures, will be adjusted to reflect an amount equal to 10% of the Coverage A settlement under this endorsement.

In all other respects, the policy provisions and limits or liability remain unchanged.

This endorsement applies only if indicated on the Declaration page.

Allstate will withdraw this endorsement only if all similar endorsements issued are also withdrawn in your province subject to the cancellation and non-renewal provisions of your policy.

This endorsement is void if you fail to comply with its provisions.

CONDITIONS REQUIRED BY LAW

All conditions set forth under the titles Statutory Conditions and Additional Conditions in this policy apply with respect to all insurance provided by this policy and any forms or endorsements attached hereto, included with this policy or printed in this policy except as these Conditions may be modified or supplemented by the forms or endorsements within or attached to or included with the policy documents.

STATUTORY CONDITIONS ALL PROVINCES (EXCLUDING QUEBEC)

MISREPRESENTATION – 1. If a person applying for insurance falsely describes the property to the prejudice of the Insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the Insurer in order to enable it to judge of the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.

PROPERTY OF OTHERS – 2. Unless otherwise specifically stated in the contract, the Insurer is not liable for loss or damage to property owned by any person other than the Insured, unless the interest of the Insured therein is stated in the contract.

CHANGE OF INTEREST – 3. The Insurer is liable for loss or damage occurring after an authorized assignment under the Bankruptcy Act or change of title by succession, by operation of law, or by death.

MATERIAL CHANGE – 4. Any change material to the risk and within the control and knowledge of the Insured avoids the contract as to the part affected thereby, unless the change is promptly notified in writing to the Insurer or its local agent, and the Insurer when so notified may return the unearned portion, if any, of the premium paid and cancel the contract, or may notify the Insured in writing that, if he desires the contract to continue in force, he must, within fifteen days of the receipt of the notice, pay to the Insurer an additional premium, and in default of such payment the contract is not longer in force and the Insurer shall return the unearned portion, if any, of the premium paid.

TERMINATION – 5.

- 1) This contract may be terminated,
 - (a) by the Insurer giving to the Insured fifteen days' notice of termination by registered mail or five days' written notice of termination personally delivered;
 - (b) by the Insured at any time on request;
- 2) Where this contract is terminated by the Insurer,
 - (a) the Insurer shall refund the excess of premium actually paid by the Insured over the pro rata premium for the expired time, but, in no event, shall the pro rata premium for the expired time be deemed to less than any minimum retained premium specified; and
 - (b) the refund shall accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund shall be made as soon as practicable.

- 3) Where this contract is terminated by the Insured, the Insurer shall refund as soon as practicable the excess of premium actually paid by the Insured over the short rate premium for the expired time be deemed to be less than any minimum retained premium specified.
- 4) The refund may be made by money, postal or express company money order or cheque payable at par.
- 5) The fifteen days mentioned in clause (a) of sub-condition (1) of this condition commences to run on the day following the receipt of the registered letter at the post office to which it is addressed.

REQUIREMENTS AFTER LOSS – 6.

- (1) Upon the occurrence of any loss of or damage is covered by the contract, in addition to observing the requirements of conditions 9,10 and 11:
 - (a) Forthwith give notice thereof in writing to the Insurer;
 - (b) Deliver as soon as practicable to the Insurer a proof of loss verified by a statutory declaration,
 - i) giving a complete inventory of the destroyed and damaged property and showing in detail quantities, costs, actual cash value and particulars of amount of loss claimed,
 - ii) stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the insured knows or believes,
 - iii) stating that the loss did not occur through any willful act or neglect or the procurement, means or connivance of the Insured,
 - iv) showing the amount of other insurances and the names of other insurers,
 - v) showing the interest of the Insured and of all others in the property with particulars of all liens, encumbrances and other charges upon the property.
 - vi) showing any changes in title, use, occupation, location, possession or exposures of the property since the issue of the contract,
 - vii) showing the place where the property insured was at the time of loss;
 - (c) if required, give a complete inventory of undamaged property and showing in detail quantities, cost, actual cash value;
 - (d) if required and if practicable, produce books of account, warehouse receipts and stock lists, and furnish invoices and other vouchers verified by statutory declaration, and furnish a copy of the written portion of any other contract.
- 2) The evidence furnished under clauses (1), (C) and (d) of this condition shall not be considered proofs and loss within the meaning of conditions 12 and 13.

FRAUD – 7. Any fraud or willfully false statement in a statutory declaration in relation to any of the above particulars vitiates the claim of the person making the declaration.

WHO MAY GIVE NOTICE AND PROOF – 8. Notice of loss may be given and proof of loss may be made by the agent of the Insured named in the contract. In case of absence or inability of the insured to give the notice or make the proof, and absence or inability being satisfactorily accounted for, or in the like case, or if the Insured refuses to do so, by a person to whom any part of the insurance money is available.

SAVAGE – 9.

- 1) The Insured, in the event of any loss or damage to any property insured under the contract, shall take all reasonable steps to prevent further damage to such property so damaged and to prevent damage to other property insured hereunder including, if necessary, its removal to prevent damage or further damage thereto.
- 2) The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with steps taken by the Insured and required under sub-paragraph (1) of this condition according to the respective interests of the parties.

ENTRY, CONTROL, ABANDONMENT – 10. After loss or damage to insured property, the Insurer has an immediate right of access and entry by accredited agents, sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and, after the insured has secured the property, a further right of access and entry sufficient to enable them to make appraisal or particular estimate of the loss or damage, but the Insurer is not entitled to the control or possession of the insured property, and without the consent of the Insurer there can be no abandonment to it of insured property.

APPRAISAL – 11. In the event of disagreement as to the value of the property insured, the property saved or the amount of the loss, those questions shall be determined by appraisal as provided under The Insurance Act before there can be any recovery under this contract whether the right to recover on the contract is disputed or not, and independently of all other questions. There shall be no right to an appraisal until a specific demand therefore is made in writing and until after proof of loss has been delivered.

WHEN LOSS PAYABLE – 12. The loss is payable within sixty days after completion of the proof of loss, unless the contract provides for a shorter period.

REPLACEMENT – 13.

- (1) The Insurer, instead of making payment, may repair, rebuild, or replace the property damaged or lost, giving written notice of its intention so to do within thirty days after receipt of the proofs of loss.
- 2) In that event the Insurer shall commence to so repair, rebuild, or replace the property within forty – five days after receipt of the proofs of loss, and shall thereafter proceed with all due diligence to the completion thereof.

ACTION – 14. Every action or proceeding against the Insurer for the recovery of a claim under or by virtue of this contract is absolutely barred unless commenced within one year* (two years in the Province of Manitoba, Northwest Territories and Yukon Territory.) next after the loss or damage occurs.

NOTICE – 15. Any written notice to the Insurer may be delivered at, or sent by registered mail to the chief agency or head office of the Insurer in the Province. Written notice may be given to the Insured named in the contract by letter personally delivered to him or by registered mail addressed to him at this latest post office address as notified to the Insurer. In this condition, the expression “registered” means registered in or outside Canada.

ADDITIONAL CONDITIONS

NOTICE TO AUTHORITIES – I. Where the loss is due to a malicious act, burglary, robbery, theft or attempt thereof, or is suspected to be so due, the Insured shall give immediate notice thereof to the police or other authorities having jurisdiction.

NO BENEFIT TO BAILEE – II. It is warranted by the Insured that this insurance shall in no way enure directly or indirectly to the benefit of any carrier or other bailee.

PAIR AND SET – III. In the case of loss or damage to any article or articles, whether scheduled or unscheduled, which are a part of a set, the measure of loss of or damage to such article or articles shall be a reasonable and fair proportion of the total value of the set. In no event shall such loss or damage be construed to mean total loss of the set.

PARTS – IV. (where the whole is made up of several parts): In the case of loss of, or damage to, any part or portion of the insured property whether scheduled or unscheduled, the insurer is not liable for more than the cost to repair or replace the part or portion lost or damaged, including the cost of installation.

SUE AND LABOUR – V. It is the duty of the Insured in the event that any property insured hereunder is lost to take all reasonable steps in and about the recovery of such property. The Insurer shall contribute pro rata towards any reasonable and proper expenses in connection with the foregoing according to the respective interests of the parties.

BASIS OF SETTLEMENT – VI. Unless otherwise provided, the Insurer is not liable beyond the actual cash value of the property at the time any loss or damage occurs and the loss or damage shall be ascertained or estimated according to such Actual Cash value with proper deduction for depreciation, however caused, and shall in no event exceed what it would then cost to repair or replace the same with material of like kind and quality.

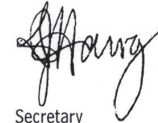
SUBROGATION – VII. –The Insurer, upon making any payment or assuming liability thereof under this policy, shall be subrogated to all right of recovery of the Insured against any person, and may bring action in the name of the Insured to enforce such rights. Where the net amount recovered after deducting the costs of recovery is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportion in which the loss or damage has been borne by them respectively.

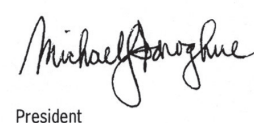
LIBERALIZATION CLAUSE

If, after the issuance of this policy and before its expiration, there be adopted and published for use in this Province, and forms, endorsements or rules by which the insurance provided by this policy could be extended or broadened without additional premium charge, either by endorsement or substitution of form then, as to loss occurring after the effective date of such adoption and publication, such extended or broadened insurance shall enure to the benefit of the Insured hereunder as though such endorsement or substitution of form has been made.

This policy is subject to the terms and conditions set forth herein together with such other terms and conditions as may be endorsed hereon or added hereto. No term or condition of this policy shall be deemed to be waived in whole or in part by the Insurer unless the waiver is clearly expressed in writing signed by a person authorized for that purpose by the Insurer.

IN WITNESS WHEREOF, the Insurer has caused this policy to be signed by its Secretary and President.


Secretary


President

Short Rate Cancellation Table

Number of Days	Percentage	Number of Days	Percentage	Number of Days	Percentage	Number of Days	Percentage	Number of Days	Percentage
0	100%	61 - 75	69%	136 - 150	50%	211 - 225	35%	286 - 300	14%
1 - 15	87%	76 - 90	65%	151 - 165	49%	226 - 240	27%	301 - 315	10%
16 - 30	81%	91 - 105	61%	166 - 180	48%	241 - 255	24%	316 - 330	7%
31 - 45	78%	106 - 120	57%	181 - 195	45%	256 - 270	20%	331 - 345	4%
46 - 60	75%	121 - 135	53%	196 - 210	40%	271 - 285	17%	346 - 365	0%



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