



«company»

Providing Title Related Services Since 1847



OWNER'S COVERAGE STATEMENT

This policy insures You against certain specific risks to Your Title or the Land, if that Land contains a single family residential property or condominium unit or, if this policy contains a multi-family residential endorsement, a building containing the number of residential units shown on the endorsement. We list these specific covered risks in this policy. Your insurance, as described in this Coverage Statement, is effective on the Date of Policy shown in Schedule A. This policy is not complete without schedules A and B. Your insurance coverage is limited by the following:

- Exclusions From Coverage
- Exceptions listed in Schedule B
- Conditions

This policy covers Your Actual Loss from any risk described under the Covered Risks if the event creating the risk exists on the Date of Policy or, to the extent expressly stated in the Covered Risks, after the Date of Policy, up to the Amount of Insurance shown in Schedule A. We will also pay any costs, legal fees and expenses we are obligated to pay under the terms of this policy.

Please see Section 3 of the policy's Conditions for instructions on how to submit a claim under the Policy.

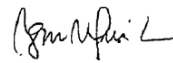
Issued By:

«company»
«ctiaddress»

«ctiPhone» Fax «ctiFax»

«COMPANY»

By


Raymond R. Quirk

President

Countersigned

«htmlNTISNameImage»
Authorized Signatory

By


Michael J. Garvelle

Secretary



COVERED RISKS

1. Someone else owns an interest in Your Title.
2. Someone else has rights affecting Your Title because of leases, contracts, or options.
3. Someone else claims to have rights affecting Your Title because of forgery or impersonation.
4. Forgery of an instrument by which someone else claims to own an interest in or have a lien on Your Title.
5. Someone else has an Easement on the Land.
6. Someone else has a right to limit Your use of the Land.
7. Your Title is defective. Some of these defects are:
 - (i) someone else's failure to have authorized a transfer or conveyance of Your Title;
 - (ii) someone else's failure to create a valid document by electronic means;
 - (iii) a document upon which Your Title is based is invalid because it was not properly signed, certified, sealed, acknowledged, delivered or registered;
 - (iv) a document upon which Your Title is based was signed using a falsified, expired, or otherwise invalid power of attorney;
 - (v) a document upon which Your Title is based was not properly registered or indexed in the Public Records; or
 - (vi) a defective judicial or administrative proceeding.
8. Any Covered Risk 1 through 7 occurring after the Date of Policy.
9. Someone else has a lien on Your Title, including a:
 - a) lien for real estate taxes or assessments imposed on Your Title by a Governmental Authority that are due or payable, but unpaid;
 - b) Mortgage, charge, hypothec or right of priority;
 - c) judgment, provincial or federal tax lien; or
 - d) charge, lien or legal hypothec by a condominium corporation.
10. There are liens or charges incurred for public utilities supplied to the Land prior to the Date of Policy, except for charges You agreed to pay.
11. There are mechanics, builders or construction liens or rights of priority on Your Title, arising now or later, for services and materials furnished before the Date of Policy unless You agreed to pay for the services and materials.
12. There is a lien or charge on Your Title because of a local improvement charge, as to that portion of the total amount of the charge which had accrued prior to the Date of Policy, unless You agreed to pay the local improvement charge.
13. Someone else has an encumbrance on Your Title.
14. Someone else claims to have rights affecting Your Title because of fraud, duress, incompetency, incapacity or impersonation.
15. You do not have actual vehicular and pedestrian access to and from the Land, based upon a legal right.
16. Someone else has rights arising out of leases, contracts, options, or rights of possession in favour of a spouse under the laws in the jurisdiction where the Land is located dealing with matrimonial or community of property rights.
17. You are forced to correct or remove an existing violation of any covenant, condition or restriction affecting the Land, even if the covenant, condition or restriction is excepted in Schedule B.
18. Your Title is lost or taken because of a violation of any covenant, condition or restriction, which occurred before You acquired Your Title, even if the covenant, condition or restriction is excepted in Schedule B.
19. After the Date of Policy a Governmental Authority assesses supplemental real estate taxes not previously assessed against Your Land for any period before the Date of Policy, unless You agreed to pay the supplemental real estate taxes.
20. Unmarketability of the Title.
21. Your Land is unmarketable, which allows another person to refuse to perform a contract to purchase, lease or make a Mortgage loan because:
 - a) it violates a restriction shown in Schedule B;
 - b) of adverse matters that would have been disclosed by an up-to-date Survey;
 - c) Your Land violates an existing zoning by-law; or
 - d) Your existing structures or any part of them are located on land under the jurisdiction of a conservation or similar Governmental Authority without approval.
22. You are forced to remove or remedy Your existing structures, or any part of them - other than boundary walls or fences - or You cannot use it for a single family residential property or condominium unit because:
 - a) they encroach onto adjoining land or onto an Easement, even if the Easement is excepted in Schedule B;
 - b) they violate a covenant, condition or restriction affecting Your Land, even if the covenant, condition or restriction is excepted in Schedule B;
 - c) they violate an existing zoning by-law;
 - d) they are located on land under the jurisdiction of a conservation or similar Governmental Authority without approval; or
 - e) of an outstanding notice of violation or deficiency notice.

23. You are forced by a Governmental Authority to remove or remedy your existing structures or any part of them - other than boundary walls or fences - because any portion was built without obtaining a required building permit from the proper Governmental Authority.
24. The failure of the Land to be a lawfully created parcel according to the laws in the jurisdiction where the Land is located dealing with the subdivision of land and local ordinances adopted pursuant thereto.
25. Work orders, unless You agreed to be responsible for them.
26. Someone else claims an interest in Your Title because of a violation of any covenant, condition or restriction which occurred before You acquired Your Title, even if the covenant, condition or restriction is excepted in Schedule B.
27. Someone else refuses to perform a contract to purchase, lease or make a Mortgage loan because of any violations on Your Land of any covenants, conditions or restrictions which happened before You became the owner of the Land, even if the covenant, condition or restriction is excepted in Schedule B.
28. Your Land is in violation of a subdivision agreement, development agreement, municipal agreement, agreement regarding a right of re-entry and/or agreement respecting joint use/common elements that is registered on Your Title.
29. A residence with the municipal address shown on Schedule A is not located on Your Land at the Date of Policy.
30. Someone else, after the Date of Policy, builds a structure other than a boundary wall or fence which encroaches onto Your Land.
31. Your existing improvements (or a replacement or modification made to them after the Date of Policy), including lawn, shrubbery or trees are damaged because of the future exercise of a right to use the surface of the Land for the extraction or development of minerals, water, or any other subsurface substances, even if those rights are excepted or reserved from the description of the Land or excepted in Schedule B.
32. Your existing structures, which are located on or are encroaching onto an Easement, have been damaged because of the exercise of a right to maintain or use any Easement affecting the Land, even if the Easement is excepted in Schedule B.
33. Outstanding deficiency notices or work orders relating to the compliance of the improvements on the Land with building and zoning by-laws other than as shown in any written response received by You issued by a Governmental Authority at the Date of Policy.
34. Any adverse circumstances affecting the Land which would have been disclosed by a Local Authority Search of the Land at Date of Policy.
35. Other Title defects, liens, hypothecs, rights of priority or encumbrances.
36. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 35 that has been created or attached or has been recorded or registered in the Public Records subsequent to Date of Policy and prior to the recording or registration of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

THE COMPANY'S DUTY TO DEFEND AGAINST COURT CASES

We will defend Your Title in any court case as to that part of the case that is based on a Covered Risk insured against by this policy and which is not excepted or excluded from coverage in this policy. We will pay the costs, legal and/or notarial fees, and expenses we incur in that defense. We can end this duty to defend Your Title by exercising any of our options listed in Item 4 of the Conditions.

EXCLUSIONS FROM COVERAGE

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, legal and/or notarial fees, and expenses resulting from:

1. Governmental police power and the existence or violation of any law, by-law, order, code or government regulation.
This includes laws, by-laws, orders, codes and regulations concerning:
 - (a) building;
 - (b) zoning;
 - (c) land use;
 - (d) improvements on the Land;
 - (e) land division; and
 - (f) environmental protection.This exclusion does not apply to violations or the enforcement of these matters, which appear in the Public Records at Date of Policy. This exclusion does not limit the coverage described in Covered Risks 9(a), 15, 21(b), (c) and (d), 22, 23, 24, 25, 27, 28, 30, 31, and 33.
2. The right to take Your Land by expropriation, unless:
 - (a) notice of the right being exercised appears in the Public Records on the Date of Policy; or
 - (b) the expropriation happened prior to the Date of Policy and is binding on You if You bought the Land without knowing of the expropriation.
3. Risks:
 - (a) that are created, allowed or agreed to by You, whether or not they are registered in the Public Records;
 - (b) that are actually Known to You, but not to the Company, on the Date of Policy, unless they are registered in the Public Records at the Date of Policy;
 - (c) that result in no loss to You; or
 - (d) that first affect Your Title or the Land after the Date of Policy (this does not limit the coverage described in Covered Risks 8, 11, 19, 30, and 31).
4. Failure to pay value for Your Title.
5. Lack of a right:
 - (a) to any land outside the area specifically described and referred to in Schedule A; or
 - (b) in streets, lanes, or waterways that touch Your Land.This exclusion does not limit the coverage described in Covered Risks 15, 22 and 31.
6. Environmental issues of any kind including but not limited to, any law concerning environmental conservation or protection, mould, asbestos, urea formaldehyde insulation, invasive species, infestations, termites, laws with respect to waste water management including sewer ejector systems, underground fuel storage tanks, abandoned oil wells, water leakage, water quality or quantity, and air quality.
7. Any matters disclosed in a building inspection report or home inspection report obtained by the Insured prior to the Date of Policy.
8. Physical/structural conditions and defects including but not limited to the improvements located on the Land, those that impact value or marketability and the failure of all or part of the improvement(s) located on the Land to have been constructed in accordance with applicable building codes and/or to comply with current building codes. This exclusion does not limit the coverage described in Covered Risks 17, 21, 22, 23, 25, 33 and 34.

CONDITIONS**1. DEFINITIONS**

The following terms when used in this policy mean:

- (a) "Actual Loss": the difference between the value of the insured estate as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy. The date used to assess the Actual Loss will be the date the claim was made by You, unless otherwise stipulated in the Conditions of this policy.
- (b) "Date of Policy": the date shown in Schedule A. If the Insured named in Schedule A first acquires the interest shown in Schedule A by an instrument registered in the Public Records later than the date shown in Schedule A, the Date of Policy is the date the instrument is registered.
- (c) "Easement": the right of someone else to use Your Land for a special purpose.
- (d) "Governmental Authority": any department or division of the Government of Canada, or any province or territory or of the municipality in which Your Land is located which has jurisdiction with respect to matters of building and zoning compliance.
- (e) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.
- (f) "Land": the land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, servitude or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the Land is insured by this policy. This definition does not limit the coverage contained in Covered Risks 15, 22 and 31.
- (g) "Local Authority Search": any search of the local government records pertaining to the Land which would customarily be required by a solicitor qualified to practice law in the jurisdiction where the Land is located, in the normal course of a real estate transaction.
- (h) "Mortgage": a mortgage, charge, hypothec, right of priority, trust deed, or other instrument securing an interest in land in accordance with the laws in the jurisdiction in which the Land is located.
- (i) "Public Records": records established and maintained under the laws of the jurisdiction where the Land is located for the registration and/or recording of interests in land.
- (j) "Survey": a building location certificate, real property report, certificate of location or certificate of localization prepared by a Surveyor qualified to Survey land in the jurisdiction in which the Land is located.
- (k) "Title": the ownership of Your interest in the Land, as shown in Schedule A.
- (l) "Unmarketability of the Title": an alleged or apparent matter affecting the Title to the Land not excluded or excepted from coverage, which would entitle a purchaser, a lessee or a mortgagee of the estate or interest described in Schedule A

to be released from the obligation to purchase, lease or mortgage by virtue of a contractual condition requiring the delivery of marketable Title.

- (m) "You/Your": the insured named in Schedule A and also those identified in Section 2 b) of the Conditions.

2. CONTINUATION OF COVERAGE

- (a) This policy protects You as long as You:
 - (i) own Your Title;
 - (ii) take back a Mortgage from anyone who buys Your Land; or
 - (iii) are liable for any title warranties or covenants given by you or implied by the laws in the jurisdiction where the Land is located.
- (b) This policy also insures:
 - (i) anyone who inherits Your Title because of Your death;
 - (ii) Your spouse or child who receives Your Title because of a transfer by You where the transfer is for nominal consideration only or in the settlement of Your obligation under the matrimonial or community of property laws in force in the jurisdiction where the Land is located;
 - (iii) the trustee or successor trustee of a trust in which You are the settlor to whom You transfer Your Title after the Date of Policy and the beneficiaries to whom the trustee or successor trustee of a trust in which You are the settlor, transfers Your Title upon Your death, by operation of the terms of the trust; and
 - (iv) any successor or assign of a Mortgage You took back from anyone who bought Your Land.
- (c) The Company may assert against the insured in Section 2(b) any rights and defences that we have against any previous insured under this policy.

3. HOW TO MAKE A CLAIM

- (a) Prompt notice of Your claim

1. As soon as You Know of anything that might be covered by this Policy, you must notify the Company promptly in writing.
2. Send Your notice to:

«HEADOFFICE»,
Attention: Claims Department
«HeadOfficeAddress»

By email to: «claimsEmail»

Please include the Policy Number shown in Schedule A, and the municipal address of the Land. Please enclose a copy of Your policy, if available.

3. If You do not give the Company prompt notice, Your coverage will be reduced or ended, but only to the extent Your failure affects the Company's ability to resolve the claim or defend You.

- (b) Proof of Your Loss

1. The Company may require You to give us a written statement signed by You describing Your loss which includes:

- (a) The basis of your claim;
- (b) The Covered Risks which resulted in Your loss;
- (c) The dollar amount of Your loss; and
- (d) The method You used to compute the amount of Your loss.

2. The Company may require You to make available to us records, cheques, letters, contracts, insurance policies and other papers which relate to Your claim. The Company may make copies of these papers.

3. The Company may require You to answer questions about Your claim under oath.

4. If you fail or refuse to give the Company a statement of loss, answer our questions under oath truthfully, or make available to us the papers we request, Your coverage will be reduced or ended, but only to the extent Your failure or refusal affects our ability to resolve the claim or defend You.

4. OUR CHOICES WHEN WE LEARN OF A CLAIM

(a) After we receive Your claim notice or in any other way learn of a matter for which we are liable, we can do one or more of the following:

- (i) pay the claim;
- (ii) remove the causes of the claim;
- (iii) negotiate a settlement;
- (iv) prosecute or defend a legal action related to the claim;
- (v) pay You the amount required by this policy;
- (vi) take other appropriate actions;
- (vii) end the coverage of this policy for the claim by paying You Your Actual Loss resulting from the Covered Risk, and those costs, legal fees and expenses incurred up to that time which we are obligated to pay;
- (viii) End all coverage of this policy by paying You the Policy Amount then in force, and those costs, legal fees and expenses incurred up to that time which we are obligated to pay;
- (ix) For claims which are covered under Covered Risk 23, even if they are also covered under another Covered Risk, the Company has the following options:

1. Where the cost of removing or remedying the portion of the structure built without a permit is less than \$50,000.00, we will pay for the removal or remediation.
2. Where the cost of removing or remedying the portion of the structure built without a permit exceeds \$50,000.00 we may:
 - a) pay for the removal or remediation; or
 - b) End the coverage described in Covered Risk 23 by paying you your Actual Loss resulting from the Covered Risk, as determined by an appraisal conducted by an AACI (Accredited Appraiser Canadian Institute) – accredited appraiser, and those costs, legal

fees and expenses incurred up to that time which we are obligated to pay.

For the purpose of choosing an appraiser, we will provide you with the names of at least three appraisers who are AACI-accredited. You may choose any one of these, and we will provide the appraiser with instructions on determining the value of Actual Loss, We will pay the appraiser's, costs, fees and expenses.

- (b) When we choose the options in Sections 4 (a) (vii), (viii) or (ix), all of our obligations for the claim end, including our obligation to defend, or continue to defend, any legal action.
- (c) Even if we do not think that the policy covers the claim, we may choose one or more of the options above. By doing so, we do not give up any rights.

5. HANDLING A CLAIM OR LEGAL ACTION

- (a) You must cooperate with us in handling any claim or legal action and give us all relevant information.
- (b) If You fail or refuse to cooperate with us, Your coverage will be reduced or ended, but only to the extent Your failure or refusal affects our ability to resolve the claim or defend You.
- (c) We are required to repay You only for those settlement costs, legal fees and expenses that we approve in advance.
- (d) We have the right to choose the lawyer when we bring or defend a legal action on Your behalf. We can appeal any decision to the highest level. We do not have to pay Your claim until the legal action is finally decided.
- (e) Whether or not we agree there is coverage, we can bring or defend a legal action, or take other appropriate action under this Policy. By doing so, we do not give up any rights.

6. LIMITATION OF OUR LIABILITY

- (a) We will pay no more than the least of:
 - (i) Your Actual Loss; or
 - (ii) The Policy Amount in force.

And any costs, legal fees and expenses that we are obligated to pay under this policy.

- (b) If we pursue our rights under Sections 4(a)(iv) and 5(e) of these Conditions and are unsuccessful in establishing the Title, as insured:
 1. The Policy Amount then in force will be increased by 10% of the Policy Amount shown in Schedule A, and
 2. You shall have the right to have the Actual Loss determined on either the date the claim was made by You or the date it is settled and paid.
- (c)
 1. If we remove the cause of the claim with reasonable diligence after receiving notice of it, all our obligations for the claim end, including any obligation for loss You had while we were removing the cause of the claim.
 2. Regardless of 6 (c) 1. above, if You cannot use the Land because of a claim covered by this Policy:

- a. You may rent a reasonably equivalent substitute residence and we will repay You for the actual rent You pay, until the earlier of:
- (i) The cause of the claim is removed; or
 - (ii) We pay You the amount required by this Policy.
- b. We will pay reasonable costs You pay to relocate any personal property You have the right to remove from the Land, including transportation of that personal property for up to fifty (50) kilometres from the Land, and repair of any damage to that personal property because of the relocation. The amount We will pay You under this paragraph is limited to the value of the personal property before You relocate it.
- (d) All payments We make under this Policy reduce the Policy Amount then in force, except for costs, legal fees and expenses.
- (e) If we issue, or have issued, a policy to the owner of a Mortgage on Your Title and we have not given You any coverage against the Mortgage, then:
- (i) We have the right to pay any amount due you under this Policy to the owner of the Mortgage, and any amount paid shall be treated as a payment to you under this Policy, including under paragraph 4(A) of these Conditions; and
 - (ii) Any amount paid to the owner of the Mortgage shall be subtracted from the Policy Amount then in force.
- (f) If You have Insurance with another insurer for a Covered Risk for which you are making a claim with us, we shall be liable only for that proportion of your Actual Loss, and any costs, legal fees and expenses provided for under this Policy, that the Policy Amount bears in relation to the total amount of insurance you have with us and the other insurer.
- (g) If You do anything to affect any right of recovery You may have against someone else, we can subtract from our liability the amount by which You reduced the value of that right.

7. TRANSFER OF YOUR RIGHTS

- (a) When we settle Your claim, we have all the rights You have against any person or property related to the claim. You must transfer these rights and remedies to us when we ask, and You must not do anything to affect these rights and remedies. You must let us use Your name in enforcing these rights and remedies.
- (b) We will not be liable to You if we do not pursue these rights and remedies or if we do not recover any amount that might be recoverable.
- (c) We will pay any money we collect from enforcing these rights and remedies in the following order:
- (i) to us for the costs, legal fees and expenses we paid to enforce these rights and remedies;
 - (ii) to You for Your loss that You have not already collected;
 - (iii) to us for any money we paid out under this policy on account of Your claim; and
 - (iv) to You whatever is left.
- (d) If you have rights and remedies under contracts (such as indemnities, guaranties, bonds or other policies of insurance) to recover all or part of Your loss, then we have all those

- rights, even if those contracts provide that those obligated have all Your rights and remedies under this Policy.
- (e) We have the right to use information gathered during the underwriting of this Policy for the purpose of underwriting, issuing and administering title insurance policies for future transactions dealing with the Land.

8. THIS POLICY IS THE ENTIRE CONTRACT

This Policy, with any endorsements, is the entire contract between You and Us. To determine the meaning of any part of this Policy, You must read the entire Policy and any endorsements. Any changes to this Policy must be agreed to in writing by Us. Any claim You make against Us must be made under this Policy and is subject to its terms.

9. INCREASED POLICY AMOUNT

The amount that is insured by the policy will increase based upon an increase in the fair market value of the Land up to a maximum of two hundred percent (200%) of the Policy Amount.

10. SEVERABILITY

If any part of this policy is held to be legally unenforceable, both You and we can still enforce the rest of this policy.

11. ARBITRATION

- (a) If permitted in the province or territory where the Land is located, You or the Company may demand arbitration.
- (b) The law used in the arbitration is the law of the province or territory where the Land is located.
- (c) There shall be no joinder or consolidation of Your claim or controversy with the claims or controversies of other persons.
- (d) The arbitration shall be binding on both You and the Company. The arbitration shall decide any matter in dispute between You and the Company.
- (e) The arbitration award may be entered as a judgment in the proper court.

12. CHOICE OF LAW

The law of the province or territory where the Land is located shall apply to this policy.