



Platinum Policy

ISSUED & UNDERWRITTEN BY

FCT Insurance Company Ltd.

POLICY OF TITLE INSURANCE for Residential Properties

OWNER'S COVERAGE STATEMENT

This Policy insures you against Actual Loss, and any costs, legal fees and expenses provided under this Policy, resulting from the Covered Risks set forth below – if the Land is improved residential land on which there is located a single family residence or condominium (divided co-ownership) unit or, if the Policy contains a multi-family residence endorsement, a building containing the number of residential units shown on that endorsement.

Your insurance, as described in this Coverage Statement, is effective on the Policy Date shown in Schedule A. This Policy covers your Actual Loss from any risk described in the Covered Risks if the event creating the risk exists on the Policy Date or, to the extent expressly stated, after the Policy Date.

Your insurance is limited by all of the following:

- The Policy Amount shown in Schedule A;
- The Exclusions set out in this Policy;
- The Exceptions set out in Schedule B;
- The Company's Duty to Defend Against Legal Actions; and
- The Conditions set out in this Policy.

This Policy is not complete without Schedules A and B.

COVERED RISKS

The Covered Risks are:

1. Someone else owns an interest in your Title.
2. Someone else has rights affecting your Title arising out of leases, contracts or options.
3. Someone else claims to have rights affecting your Title arising out of forgery or impersonation.
4. Someone else has an Easement on the Land.
5. Someone else has the right to limit your use of the Land.
6. Your Title is defective.
7. Any of Covered Risks 1 through 6 occurring after the Policy Date.
8. A document upon which your Title is based is invalid because it is not properly signed, sealed, delivered or registered.
9. Someone else claims to have rights affecting your Title arising out of fraud, duress, incompetency or incapacity.
10. You do not have both actual vehicular and pedestrian access to and from the Land, based upon a legal right.
11. 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.
12. 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.
13. There is a lien or charge on your Title because of:
 - (a) a Mortgage;
 - (b) a judgment, tax, special assessment, or public utility account; or
 - (c) a charge by a condominium corporation.
14. After the Policy Date, a Governmental Authority assesses supplemental real estate taxes not previously assessed against the Land for any period before the Policy Date.
15. 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 Policy Date.
16. There are charges incurred for public utilities supplied to the Land prior to the Policy Date except for final meter reading charges and charges you agreed to pay.
17. Another person would be permitted to refuse to perform a contract to purchase, lease or make a Mortgage loan because:
 - (a) the Land violates a restriction shown in Schedule B;

- (b) of adverse matters that would have been disclosed by an up to date Survey;
 - (c) the Land violates an existing zoning by-law or ordinance; or
 - (d) your existing structures or any part of them are located on land under the jurisdiction of a conservation authority or similar Governmental Authority without approval.
18. You have Unmarketable Title.
 19. There are mechanics', builders' or construction liens or legal hypothecs for construction on your Title, for service or material furnished before the Policy Date, unless you agreed to pay for the service or material.
 20. Others have rights of possession under any applicable legislation dealing with family law.
 21. There is a violation of the provisions of a provincial or territorial act which restrict the subdivision of land.
 22. The Land is in violation of a subdivision or development agreement.
 23. The existence of work orders, unless you agreed to be responsible for them.
 24. You are forced by a Governmental Authority to remove or remedy your existing structures or any part of them, other than a boundary wall or fence, because any portion of your existing structures was built without obtaining a required building permit from the proper Governmental Authority office.
 25. You are forced to remove or remedy your existing structures or any part of them, other than a boundary wall or fence, because:
 - (a) they violate an existing zoning by-law;
 - (b) they encroach onto your neighbour's land;
 - (c) they are located on land under the jurisdiction of a conservation authority or similar Governmental Authority without approval; or
 - (d) there is an outstanding notice of violation or deficiency notice.
 26. You are forced to remove or remedy your existing structures because they encroach onto an Easement, even if the Easement is excepted in Schedule B.
 27. Your existing improvements (or a replacement or modification made to them after the Policy Date), including lawns, 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 substance, even if those rights are excepted or reserved from the description of the Land or excepted in Schedule B.
 28. Your existing structures 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.
 29. After the Policy Date, someone else builds a structure, other than a boundary wall or fence, which encroaches onto your Land.
 30. Any adverse circumstance affecting the Land which would have been disclosed by a Local Authority Search of the Land at the Policy Date.
 31. Any incorrectness in a written statement received by you from a Governmental Authority, indicating that there are no defects relating to the Land's compliance with applicable building and zoning by-laws at the Policy Date.
 32. The residence with the municipal address shown in Schedule A is not located on the Land at the Policy Date.
 33. Any other defects, liens, charges or encumbrances on your Title.
 34. There is a defect in or lien or encumbrance on your Title, or other matter included in Covered Risks 1 through 33, that has been created or attached or has been registered in the Public Records subsequent to Policy Date and prior to the registration in the Public Records of the instrument by which you acquired your Title.

COMPANY'S DUTY TO DEFEND AGAINST LEGAL ACTIONS

We will defend your Title in any legal action as to that part of the action that is based on a Covered Risk insured against by this Policy. We will pay the costs, legal fees, and expenses we incur in that defence. We can end this duty to defend your Title by exercising any of our options listed in Item 4 of the Conditions.

EXCLUSIONS

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

1. Governmental power and the existence or violation of any law, by-law, ordinance, order, code or government regulation. This includes laws, by-laws, ordinances, orders, codes and regulations concerning:
 - (a) building;
 - (b) zoning;
 - (c) land use;
 - (d) improvements on the Land;
 - (e) environmental protection;
 - (f) land division.This exclusion does not apply to violations or the enforcement of these matters which appear in the Public Records at Policy Date. This exclusion does not limit the coverage described in Items 10, 17(b), 17(c), 17(d), 21, 22, 23, 24, 25, 26 and 27 of the Covered Risks.
2. The failure of your existing structures or any part of them to be constructed in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date or if the existence of the violation would have been disclosed by a Local Authority Search of the Land at the Policy Date.

This exclusion does not limit the coverage described in Item 24 of the Covered Risks.

3. The right to take the Land by expropriation, unless:
 - (a) a notice of the right being exercised appears in the Public Records on the Policy Date; or
 - (b) the expropriation happened prior to the Policy Date and is binding on you if you bought the Land without knowing of the expropriation.
4. Risks:
 - (a) that are created, allowed, or agreed to by you;
 - (b) that are actually known to you, but not to us, on the Policy Date – unless they appeared in the Public Records;
 - (c) that result in no loss to you; or
 - (d) that first affect your Title after the Policy Date. This does not limit the coverage in Items 1 to 7, 19, 27 and 29 of the Covered Risks.
5. Failure to pay value for your Title.
6. 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 in Items 10, 24, 25 and 26 of the Covered Risks.

CONDITIONS

1. DEFINITIONS

Actual Loss

the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this Policy.

Easement

the right of someone else to use your Land for a special purpose.

Governmental Authority

any department or division of the government of Canada or of the province or territory, or of the municipality in which the Land is located, which has jurisdiction with respect to matters of building and zoning compliance.

Land

the land or condominium unit described in Schedule A and any improvements on the Land which are real property.

Local Authority Search

any search of local government records pertaining to the Land which would customarily be required by a solicitor or notary qualified to practice law in the province or territory where the Land is located in the normal course of a real estate transaction.

Mortgage

a mortgage, charge, hypothec or other security instrument.

Policy Amount

the amount shown in Schedule A

Policy Date

the date shown in Schedule A. If the insured named in Schedule A first acquires the interest shown in Schedule A by an instrument recorded in the Public Records later than the date shown in Schedule A, the Policy Date is the date the instrument is recorded.

Public Records

records established and maintained under the applicable provincial or territorial legislation dealing with the registration of title to an interest in land.

Survey

a building location certificate, real property report or certificate of localization prepared by a surveyor qualified to survey land in the province or territory in which the Land is situated.

Title

the estate or interest described in Schedule A, which would customarily be registered in the Public Records. "Title" is not affected by matters relating only to any improvements on the land, unless notice of those matters is registered in the Public Records as of the Policy Date.

Unmarketable Title

title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease or lend if there is a contractual condition requiring the delivery of marketable title. "Unmarketable Title" is not created by matters relating only to the physical condition of the Land.

2. CONTINUATION OF COVERAGE

- (a) This Policy insures you forever, even after you no longer have your Title. You cannot assign this Policy to anyone else.
- (b) This Policy also protects:
 - (i) you as the holder of a Mortgage you took back from anyone who bought your Land or any successor to or assignee of such Mortgage;
 - (ii) anyone who inherits your Title through the distribution of your estate upon your death;
 - (iii) your spouse or child who receives your Title because of a transfer by you where the transfer is for nominal consideration only or in settlement of your obligation under the property division provisions of any applicable legislation dealing with family law, marital property law or dower;
 - (iv) the trustee or successor trustee of a trust, in which you are the settlor, to whom you transfer your Title after the Policy Date; and
 - (v) 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.
- (c) We may assert against the insureds identified in paragraph 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

- (i) As soon as you know of anything that might be covered by this Policy, you must notify us promptly in writing.
- (ii) Send your notice to FCT Insurance Company Ltd., 2235 Sheridan Garden Drive, Oakville, Ontario, L6J 7Y5, Attention: Claims Department. Please include the Policy number shown in Schedule A, and the municipal address of the Land.
- (iii) If you do not give us prompt notice, your coverage will be reduced or ended, but only to the extent your failure affects our ability to resolve the claim or defend you.

(b) Proof of Your Loss

- (i) We 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.
- (ii) We may require you to make available to us records, cheques, letters, contracts, insurance policies and other papers which relate to your claim. We may make copies of these papers.
- (iii) We may require you to answer questions about your claim under oath.
- (iv) If you fail or refuse to give us 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 notice, or otherwise learn of a claim that is covered by this Policy, our choices include one or more of the following:
 - (i) Pay the claim.
 - (ii) Remove the cause of the claim.
 - (iii) Negotiate a settlement.
 - (iv) Bring or defend a legal action related to the claim.
 - (v) Pay you the amount required by this Policy.
 - (vi) Pay you your Actual Loss resulting from the Covered Risk, as determined by an appraisal conducted by an accredited appraiser, and those costs, legal fees and expenses incurred up to that time which we are obligated to pay.

- (vii) Pay you the quoted cost for any work required to remove the cause of the claim and those costs, legal fees and expenses incurred up to that time which we are obligated to pay.
 - (viii) Pay 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) Take other appropriate action.
- (b) When we choose the options in paragraphs 4(a) (vi) or (viii), all 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 then in force, and any costs, legal fees and expenses which we are obligated to pay under this Policy.
- (b) (i) 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.
 - (ii) Regardless of 6(b) (i) 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 you the reasonable costs you pay to relocate any personal property you have the right to remove from the Land, including transportation and storage 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.
- (c) All payments we make under this Policy reduce the Policy Amount, except for costs, legal fees and expenses.
- (d) 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 to reduce the amount 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 of this Policy.
- (e) 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.
- (f) 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 TO US

- (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 to us when we ask, and you must not do anything to affect these rights. You must let us use your name in enforcing these rights.
- (b) We will not be liable to you if we do not pursue these rights or if we do not recover any amount that might be recoverable.

- (c) We will pay any money we collect from enforcing these rights in the following order:
 - (i) to us for the costs, legal fees and expenses we paid to enforce these rights;
 - (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 under contracts (such as indemnities, guaranties, bonds or other policies of insurance) to recover all or part of your loss, then we have all of those rights, even if those contracts provide that those obligated have all of your rights 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. 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. 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 this 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. COMPLIANCE WITH PROCEEDS OF CRIME AND ANTI-TERRORIST FINANCING LEGISLATION

The Company shall not be deemed to provide coverage and shall not be liable to pay any claim or provide any benefit under this policy to the extent that the provision of such coverage, payment of such claim or provision of such benefit would expose the Company to any penalty, prohibition or restriction under United Nations resolutions or trade or economic sanctions, or under the laws or regulations of Canada or the United States of America.



Michael LeBlanc, Chief Executive Officer

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FCT Insurance Company Ltd.



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Chief Executive Officer

