

MCAP Home System Service Plan Terms and Conditions

MCAP Service Corporation ("MCAP") is the provider of this Home System Service Plan ("Plan"). Membership in the Plan allows You to be eligible for the services described under the section entitled "Plan Services", and subject to the terms, conditions, and limitations set out in this document (the "Terms and Conditions"). Please refer to this paragraph and to the Definitions section for the meaning of all capitalized terms in these Terms and Conditions, Your Welcome Letter, and any other documentation in connection with the Plan.

Definitions

"Complimentary Period" means the period of time where the Membership Fee is waived, as set out in the Welcome Letter (not available in Quebec).

"Effective Date" means the date immediately after the Waiting Period.

"Home" means a single-family home or a freehold townhome owned by You and which is Your primary residence where You reside for more than six (6) months of a year. Home does not include condo townhomes, condominiums, rental properties, and any commercial properties or residences fully or partially used as businesses, including but not limited to day care centres, fraternity or sorority houses, nursing care homes, or homes used for short-term or long-term rentals.

"Homeowner" means the owner of the Home who is also the original member of this Plan. The Homeowner may also be referred to as "You" and "Your".

"Membership Fee" means the cost of this Plan as set out in Your Welcome Letter.

"Mortgage Loan" means Your mortgage product, whether new, refinanced or renewed, which is arranged by MCAP for which funds are advanced to You for the purpose of financing Your Home.

"Registration Date" means the date Your membership in the Plan begins, as set out in Your Welcome Letter.

"Regularly Scheduled Payment" means Your weekly, bi-weekly, semi-monthly or monthly instalment payment made to MCAP to repay Your Mortgage Loan.

"Repair Service Provider" means the MCAP designated repair provider that You are required to use for repair.

"System(s)" means, individually or collectively, the home systems that are eligible for servicing as listed in the section entitled "What services are provided" in these Terms and Conditions.

"Waiting Period" means the thirty (30) days between the Registration Date and the Effective Date where no request for Plan services may be made. Any services provided in Your Home during the Waiting Period must be covered and paid by You.

"We", "Us" and "Our" means MCAP, MCAP Service Corporation, P.O. Box 351, STN C, Kitchener, ON N2G 3Y9.

"Welcome Letter" means the letter confirming Your membership in this Plan, which will be mailed to You by Us. The Welcome Letter indicates Your Registration Date, Effective Date, Complimentary Period (if applicable), and the address of the Home covered by this Plan.

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Eligibility

You are eligible for membership in this Plan if You meet the following conditions:

1. the Home must be located in, and You must be a resident of, British Columbia, Manitoba, Ontario, Quebec, Nova Scotia and Prince Edward Island;
2. the covered property must be a Home as defined in the “Definitions” section;
3. You must be on the property title of the Home as an owner;
4. You must be approved and have a mortgage in good standing with MCAP as of the Registration Date; and
5. You must not have any other property already covered under this Plan.

If We determine that an ineligible Homeowner or Home has been enrolled in the Plan, We may cancel the membership through written notification and refund any Membership Fee paid by You (if applicable).

Contract Period

This contract starts on the Registration Date and continues until cancelled as described in the section entitled “Membership Cancellation”. You become eligible to submit a request for Plan services on the Effective Date. Any services provided in Your Home prior to the Effective Date during the Waiting Period must be covered and paid by You.

Payment of Membership Fee

The due date of Your Membership Fee payments will coincide with Your Regularly Schedule Payments and will be debited from the same bank account from which You make Your Regularly Scheduled Payments. The authority to debit Your account will remain in effect until revoked by You in writing to Us. If the Complimentary Period applies, at least thirty (30) days prior to the date on which We will begin to collect Your Membership Fee, We will send You a notice to remind You about the commencement of the Membership Fee payment.

Your Membership Fee payments will begin:

1. immediately after the Complimentary Period ends, if applicable; or
2. immediately after the Registration Date of the Plan.

Membership Cancellation

By You: You may cancel Your membership in the Plan for any reason by calling Us at 1-800-265-2624, by fax at 1-866-633-5930, or by mailing Your cancellation request to MCAP Mortgage Servicing Centre, P.O. Box 351, STN C, Kitchener, ON N2G 3Y9.

We will refund any Membership Fee paid by You if You cancel Your membership:

1. within the first thirty (30) days from the Registration Date; or
2. if You had a Complimentary Period, within thirty (30) days from the end of the Complimentary Period.

After the first thirty (30) days from the Registration Date or from the end of the Complimentary Period, if applicable, the cancellation will be effective the next business day and Your eligibility for arranging for Plan services immediately ceases for the remainder of the current billing period, unless otherwise prohibited by law, and You may not re-enroll in the Plan at a later date.

Eligible service requests arranged prior to cancellation will be honoured.

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Automatically: Your membership in the Plan and all services under the Plan will automatically end on the earliest of the following:

1. You pay off Your Mortgage Loan;
2. You transfer Your mortgage to another lender;
3. the date You cease to be on the property title of the Home as an owner;
4. the date You transfer, sell or dispose of the Home;
5. the date You no longer reside, or it is no longer possible for You to reside, in the Home for more than 6 months of a calendar year; and
6. You begin using the property for commercial purposes, including short-term and long-term rental.

If Your membership in the Plan automatically terminates, Your eligibility for arranging for Plan services immediately ceases and We will have no further liability to You. The Membership Fee paid by You is fully earned and You will not receive a refund, except due to mortgage payoff or transfer, in which case, You will receive a pro-rated refund of the Membership Fee.

You agree that You will give reasonable prior notice to Us of Your decision to (i) be removed from the property title of the Home as an owner, or (ii) no longer reside in the Home for more than 6 months of a calendar year.

By Us: At Our election:

1. We may cancel Your membership in this Plan for fraud or material misrepresentation in relation to Your application for enrollment in this Plan or when arranging for services under the Plan, to take effect immediately and without prior notice to You;
2. We may cancel Your membership in this Plan if You have not paid Your Membership Fees for 60 consecutive days;
3. We may discontinue the Plan and cancel the Plan upon giving You at least 60 days' advance written notice or, in the event of a postal strike, a shorter, reasonable notice, as required by law.

Should We cancel this Plan or Your membership in the Plan, We do so without any further liability. The effective date of cancellation is as determined by Us.

Changes to the Plan

We may elect to change services in the Plan, Membership Fees, or any of these Terms and Conditions from time to time, so long as We provide You with at least 60 days' advanced written notice of the change (or, in the event of a postal strike, a shorter, reasonable notice), which notice will disclose the date the change is to occur, as required by law. Where such a change takes place, these Terms and Conditions, Your Welcome Letter and the notice of the change, will together be Your new Plan Terms and Conditions. Your Effective Date will not be affected by such changes.

Entire Agreement

These Terms and Conditions and Your Welcome Letter, each as amended from time to time, will constitute the entire agreement between You and MCAP. There are no representations, warranties, terms, conditions, undertakings, or collateral agreements, express, implied or statutory, between the parties other than as expressly set out in this agreement (Not applicable in Québec).

Transferability

The Plan is transferable if You port Your Mortgage Loan to another eligible property. However, You must meet the eligibility requirements as set out under section entitled "Eligibility," and the new home has to qualify as Your Home. This Plan applies to only one Home.

You cannot transfer this Plan to another person.

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Refinance/Renewal of Mortgage Loan

If Your membership in this Plan is in effect when Your Mortgage Loan is refinanced or renewed with Us, this Plan will continue automatically on your newly refinanced/renewed loan unless cancelled as set out in the section entitled "Membership Cancellation". The Effective Date will remain as the original Effective Date.

Privacy

All Personal Information is collected, maintained and used by MCAP and its business associates and service providers in accordance with the MCAP Privacy Code, which is available to You at www.mcap.com/privacy or by calling 1-800-387-4405.

Plan Services

In the event that a System(s) experiences mechanical breakdown or malfunction occurring during normal usage and operation, We will arrange for the services of a Repair Service Provider, subject to the terms, conditions, and limitations set out in these Terms and Conditions.

Charges for Plan services, including parts, labour, and cost of necessary overtime or after-hours services, are paid for by Us directly to the Repair Service Provider, provided that services are both eligible under the Terms and Conditions and arranged and approved by Us. You will be responsible for any additional costs, including overtime charges and additional fees, for any service performed at Your request without Our prior approval.

Provision of Plan services is subject to the limitations listed under the headings "Plan Services Limitations of Liability" and "Plan Services that are Not Provided".

ANY SERVICES FOR SYSTEM(S) REPAIR ARRANGED BY YOU OUTSIDE OF THIS PLAN ARE EXPRESSLY PROHIBITED FROM COVERAGE UNDER THE PLAN SERVICES.

Consultation Fee

A non-refundable consultation fee of \$50 plus any applicable taxes will apply each time You request a Plan service, including, if applicable, during the Complimentary Period. No consultation fee will apply if the Plan service request is related to the same breakdown or malfunction occurring within 90 days, and for which You have already paid a consultation fee. The consultation fee will be charged to You at the time You request Plan services.

In the event You request Plan services for multiple Home systems, each Home System will be subject to a consultation fee.

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What Services Are Provided

The following Plan services are subject to the limitations listed under the headings “Plan Services Limitations of Liability” and “Plan Services that are Not Provided”.

1. <u>Central Heating and Air Conditioning Systems</u>	<p>Plan services apply to the following components of the Home’s primary heating and air conditioning systems: any air conditioners that are permanently installed in Your Home and not portable; Your furnace; heat pumps located within or outside Your Home; evaporative coolers; compressors; control board; and all exposed or accessible ductwork pertaining to a central heating and/or central air conditioning system.</p> <p>Prompt and Reliable Heating Services</p> <p>If Your Home is not adequately heated within 24 hours of You having contacted Us, and the temperature outside Your Home is 0 degrees (Celsius) or lower as confirmed by Environment Canada, We will pay You \$250 upon Your request.</p>
2. <u>Electrical System</u>	<p>Plan services apply to the following components of the Home’s electrical system: breakers; fuse boxes; electrical switches; electrical receptacles; electrical circuits, including repair of electrical short circuits; and circuit breaker panels.</p>
3. <u>Water Heater</u>	<p>Plan services apply to the following components of the Home’s water heater provided You own such water heater: the water heater tank; all gas control valves; thermostats; heating elements; burner and pilot assemblies; burner blower motors and blower wheels; fuel units; static discs; air tubes; nozzles and nozzle lines; line filters and strainers; impellers; ignition wires; electrodes; terminals and transformers; pressure and temperature relief valves; thermocouplers; drain-cocks; and fuel pipe and fittings.</p>
4. <u>Emergency Plumbing</u>	<p>Plan services apply to any blockage, leak or breakage of: water piping and fittings; gas piping and fittings; vent piping and fittings; and waste piping and fittings.</p>
5. <u>Ancillary Repairs</u>	<p>If, as a result of performing Plan services described in the sections entitled “Central Heating and Air Conditioning Systems” and “Electrical System”, the Service Provider must break through any walls, floors or ceilings, We will arrange for additional Plan services valued up to \$500 to restore the affected wall, floor or ceiling.</p>

Plan Services Limitations of Liability

The value of Plan services provided by Us for each System in any 12 consecutive months is limited to the following System coverage amounts:

Systems	System Coverage Amount
Furnace	\$3,500
Air Conditioning Systems	\$3,000
Electrical Systems	\$2,500
Water Heater	\$1,250
Emergency Plumbing	\$2,500
Ancillary Repairs	\$500

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The System coverage amount includes any amount paid by Us directly to the Repair Service Provider or directly to You.

The following limitations are applicable to all Plan services:

1. The maximum value of all Plan services provided under this Plan with respect to the Home is limited to \$10,000 in any 12 consecutive months.
2. If the cost of any repair exceeds the cost of replacement with materials of like kind and quality, size, capacity or functionality, as determined by Us in Our sole and final judgement based on the Repair Service Provider's assessment, it is Our right to replace the part, components or System, subject to Our liability being limited to the lesser of (a) the actual cost of the replacement; and (b) a cash settlement payable to You equal to the remaining coverage amount available for the applicable System.
3. If a part required for repair is materially delayed, as determined by Us in Our sole and final judgement based on the Repair Service Provider's assessment, We will pay you a cash settlement equal to the lesser of (a) the sum of the approved cost of the part plus \$125; and (b) the remaining coverage amount available for the applicable System.
4. If We are prevented from, or delayed in, performing any of Our obligations because of circumstances or events beyond Our control (for example, a major flood, a pandemic declaration issued by Health Canada or local Public Health Units, earthquake or other natural disaster, act of terror or labour interruption), We shall be excused from the performance of such obligations for the duration of such circumstances or events and We shall not be liable to You for such failure to perform services.

The following limitation is applicable to all Systems:

1. If We determine, in Our sole and final judgement based on the Repair Service Provider's assessment, that the manufacturer of a System that would otherwise be covered under this Plan no longer manufactures the parts required to repair Your System, or no longer makes the required parts readily available commercially for retail, Your System will not be eligible for services under the Plan.

The following limitation is applicable only to Emergency Plumbing:

1. The value of Plan services required to repair or replace septic fields or piping that is behind or encased in concrete is limited to \$500.

Plan Services That Are Not Provided

1. <u>Central Heating and Air Conditioning Systems</u>	<p>a) Central Heating does not include in-floor heating within the home, driveway heating, or other secondary heating sources not specifically referenced in the "What Services Are Provided" section. Plan services do not provide coverage for furnaces older than 20 years, geothermal heating systems, oil powered heating and cooling systems, or Heating Replacement Units (HRV's).</p> <p>b) Plan services do not provide coverage for air conditioning systems older than 12 years.</p>
2. <u>Electrical System</u>	Plan services do not include coverage for any failures arising from faulty wiring or power surges. We are not liable to arrange for any services required on electrical systems that do not meet current building codes of Your municipality.
3. <u>Water Heater</u>	Plan services do not provide coverage for water heaters older than 12 years
4. <u>Emergency Plumbing</u>	<p>Plan services do not include services required to eradicate clogged sink drains, and leaks from the following: taps; faucets; shower or tub controls; septic tanks; sump pumps; and toilets or toilet component parts.</p> <p>We are not liable for any services required as a result of plumbing work that does not meet the current building code of Your municipality.</p>
5. <u>Ancillary Repairs</u>	Ancillary repairs do not include decorating services required due to restoration of walls, floors, or ceilings.

Plan Services That Are Not Provided

6. All Plan Services

In addition to any other limitations listed in these Terms and Conditions, the following additional exclusions and limitations will apply to all Plan services.

Plan services do not cover the following:

- a) structural or physical damage or cosmetic defect that does not affect the functionality of the System;
- b) custom components or parts that do not affect the functionality of the System;
- c) smart technology, including but not limited to Bluetooth and WIFI connectivity and smart thermostat technology (such as NEST).

The Plan does not provide any services where the requirement for services is caused directly or indirectly by:

- d) chemical or sedimentary build-up;
- e) inherent and natural wear characteristics that cause the deterioration or self-destruction of the System;
- f) external causes, such as but not limited to: structural changes, freezing, fire, electrical failure, flood, wind, water, lightning, mud, earthquake, soil movement, ice, snow, sleet, explosion, war, order of any civil authority, intrusion by unauthorized person(s), vandalism, malicious mischief, sudden and accidental tearing or breakage or any other accident or occurrence or event other than the normal use of property;
- g) dishonest acts on the part of the Homeowner;
- h) vermin or insect infestation;
- i) rust, corrosion, mold, mildew or bacterial manifestations;
- j) excessive water pressure;
- k) use of appliances, components or parts for purposes other than those intended by the manufacturer;
- l) failure to provide normal and proper maintenance, as specified by the manufacturer;
- m) inadequacy or lack of capacity of any component in the Home;
- n) improper installation or design deficiencies of the Home equipment or System;
- o) hacking of components with WIFI connectivity;
- p) failure of any part that does not impact the functionality of the System;
- q) alteration, modification, upgrades, addition to, or deletion from any System, component or part thereof;
- r) any violations of building codes, by-laws or other laws (any upgrade work or service required to meet building code or conform to by-laws or other laws is also not covered).

In addition to any other limitations listed in these Terms and Conditions, this Plan does not provide the following:

- a) restoration of any wall or floor coverings, cabinets, counter tops, tiling, or painting;
- b) preventive maintenance;
- c) delays in getting parts;
- d) any service involving hazardous or toxic materials, asbestos, lead or the disposal of refrigerants or contaminants;
- e) shared Home systems in multi-unit residences;
- f) indirect, consequential or incidental damages, losses or inconveniences (not applicable in Quebec);
- g) loss of profits, downtime charges for time and effort (not applicable in Quebec); or
- h) decorating services.

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How to Arrange for Plan Services

You can arrange for Plan services by calling Us at 1-877-711-8285. We will arrange for the services of a Repair Service Provider. Please note, service appointment timelines are dependent on the availability of the Repair Service Providers in Your geographic area. Delays may occur as a result.

Under no circumstance are We liable for the cost of any services provided in Your Home, except when arranged and approved by Us in accordance with these Terms and Conditions.

You have specifically requested the English version of these Terms and Conditions. A French version is available upon request. Vous avez spécifiquement demandé la version anglaise de ces termes et conditions. La version française est disponible sur demande.

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