



UNDERSTANDING YOUR LIMITED WARRANTY



RESIDENTIAL
WARRANTY PROGRAM
www.luxwarranty.com





BRIEF OVERVIEW

A frank explanation so you can best protect your interest. Not part of the actual coverage or warranty certificate

Canadian warranty programs provide homeowner protection in 5 main areas.

- #1 Insuring builders possess the competence to build homes.
- #2 Define a min. warranty standard for defect repairs. (Similar to National Building Code, the performance standards are common to the entire industry).
- #3 Provide a dispute resolution. This service provides an inspection ensuring the standards for the circumstance(s) are properly defined.
- #4 Protection during the first 12 months the builder is responsible for warranty servicing at least to the min. standards on latent defects. If the builder cannot or refuses to complete repairs the program will do so. "Note You must properly file a claim during the first 373 days."
- #5 **Major Structural Defects (MSD)**
Known by the industry as Major Structural Defect, which is protection to the home against Severe or Major damage from defects of the structural components only that has or will lead to structural failure. Although not numerous they are very common.

WHAT'S NOT COVERED?

Industry warranty limitations to keep in mind

- #1 **Patent defects** - are contractual items, non warranty items they are imperfections visible at possession that you either accept or make arrangements for.
- #2 **First year** - industry warranty performance standards have limitations and can be found at luxwarranty.com
- #3 **After year 1** - "Major Structural Defects" warranty will apply, "leaks are not covered" the coverage is meant for severe structural problems only and not for foundation wall leaks, roof leaks, etc.

UNIQUE TO LUX

Additional consumer benefits & coverages

- **"Leaks can be covered"**: Foundation wall **water penetration coverage (5 to 20 yrs)** is available with the use of an approved foundation. Ask your builder or call the Lux office. (for additional registration to the base coverage)
- **Leaks from walls, windows, doors (Envelope Protection)** is available for 2 to 5 years directly to homeowners, from Lux. (additional registration to the base coverage)
- Canada's 1st consumer help line. For prompt, friendly service.
- Free homeowner inspection assistance and technical support.
- Canada's 1st same day and online registrations and transfers.
- Free consumer home claim inspections

HOW TO PROCEED

First year

For defects and service, 1st contact your builder immediately for water penetration or defects that can cause additional damage. For typical items like significant nail pops etc. request your builder provide you with an appointment (often near the end of the 1st yr term). Note if the matter does not get resolved, you must formally advise Lux during the first 373 days.

Anytime

We are here to assist you with technical questions, clarification on industry standards etc. During the first year if you cannot obtain the service required from your builder simply send us a help request on our homeowner helpline at luxwarranty.com.

After year one

Uniquely, you will not be required to hire an engineer for a major structural defect report. You are not charged for a qualified inspection service. Simply contact Lux through the helpline.

“KEEP AN EYE ON”

MOISTURE

Balance is key. Atlantic Canada has large swings in moisture levels. Floors and other wood elements need to have a constant moisture level. It is crucial to keep the home's relative humidity between 35% and 55%. A \$10 hygrometer will allow you to monitor the relative humidity levels. Your (HRV) ventilator provides outside air to the home, this air could be too dry in winter or too moist in the summer. A video on “Moisture Tips to Protect Your Home” can be found at <https://luxwarranty.com/homeowner-moisture/>

ENSURE YOU HAVE AN ACTIVE WARRANTY

You must first obtain a warranty certificate from the warranty program to have warranty coverage. Ensure your warranty confirmation certificate is in place within 7 days of your home possession. It is the responsibility of the original homeowner to provide Lux with a copy of the completed certificate of possession within the required time frame to activate the warranty. It is the responsibility of the future homeowner to take the necessary steps required to receive a copy of the warranty confirmation certificate as proof the warranty is active prior to purchase.

LIMITED WARRANTY - TERMS AND CONDITIONS

In each instance, the Builder or Lux's responsibilities for warranty coverage under this program are subject to the following:

This warranty agreement is an important document, as such, Lux advises you to review its contents carefully and consult with a professional if required.

1. Prior to a claim Lux must have issued a Lux Warranty Certificate, and the Homeowner must have provided proper notice as outlined in the Lux Limited Warranty Terms and Conditions.
2. In the event of a warranty claim, the decision of whether to repair or replace a defective item is solely the Builder's or Lux's, as applicable.
3. Financial Liability. The maximum aggregate liability to Lux is for the Latent Defect Warranty and the Major Structural Defect Warranty only and shall not exceed a total of \$35,000 per home or condo. The total aggregated amount for any condo building is \$35,000. per unit up to \$500,000. per building and \$35,000 for all common areas.
4. In the first year, the builder is obligated to conduct latent defect repairs. The warranty provides services in the event of a dispute if the builder fails to meet his/her first-year obligations, subject to the limited warranty's terms and conditions and the homeowners providing proper claim notice. Repairs conducted by the warranty program may be subject to a one-time \$100 deductible.
5. In years 2 to expiry the program warrantor will be responsible for Major Structural Defects as defined by the warranty program, subject to a possible deductible of \$300 per claim.
6. Each instance is subject to the warranty program obtaining proper notice of the defects as outlined in the Lux Limited Warranty Terms and Conditions.
7. Action taken to repair defects will not extend the periods of coverage specified in the Agreement.
8. Prior to the Builder or the warranty Program Warrantor repairing or replacing a defective item, the Homeowner may be required to sign and deliver to the Builder or Lux, as the case may be, a full and unconditional release, in recordable form, of all legal obligations with respect to the defect and any conditions arising from the defect. However, the repairs or replacement item(s) will continue to be covered by the Agreement.
9. In the event the Builder or the Program Warrantor repairs or replaces, any item covered by the Agreement, the Builder and the Program Warrantor shall have subrogation rights to all the Homeowner's rights of recovery therefore against any person or entity (including the Builder if its obligations hereunder have been performed by Lux) and the Homeowner agrees to execute and deliver any and all instruments and papers and to take any and all other actions necessary to secure such rights, including, but not limited to, assignment of the proceeds of any other insurance or warranties to the Builder or Lux, as appropriate. The Homeowner shall do nothing to prejudice such rights of subrogation.
10. In the event that the Homeowner, Builder, and or the Program Warrantor are in the process of a dispute resolution and the Builder fails to make repairs ordered by Lux, Lux will undertake to cause the related warranty obligation to be resolved as set in the program to be immediately repaired. As all decisions of Lux are binding on all parties, Lux is to be fully compensated for all work performed with respect to said dispute by the culpable party.
11. Rental Units: Do not qualify for the first-year warranty coverage. Rental Units may only possibly qualify for Major Structural Defect Coverage.
12. Warranty Transferability: The Warranties contained in this agreement shall automatically extend to the future registered purchasers of this home subject to any conditions applied by the original or subsequent owners.
13. If a Major Structural Defect arises in the Home during years two through the expiry of the Agreement, Lux at its sole option will repair or replace the defective item. The responsibilities of Lux as set forth herein, will be limited to such actions as are necessary to restore load-bearing capability to the load-bearing component of the Home only and to repair those elements of the Home damaged by the Major Structural Defect which makes the Home physically unsafe.
14. The warranty program shall have the option to repair or replace the structural components causing the major structural defect. The design method and manner of such repair will be within the sole discretion of the warranty program.
 1. Major structural defects are defined as defects in a structural component, resulting in failure of the load-bearing portions of the home, which virtually affects the use of the home for residential purposes. Load-bearing components include piles, footings, foundation walls, grade beams, tele-posts, bearing walls, floor joists, posts, beams, and roof trusses.
 2. Examples of non-load-bearing elements which will be deemed not to have Major Structural Defect potential are, (this list is not exhaustive): Non-load-bearing partitions and walls, wall tile or paper, plaster, laths, or drywall, flooring and sub-flooring material, brick, stucco, stone, or veneer, exterior siding, patio decks, roof shingles, sheathing and tar paper, heating, cooling, ventilating, plumbing, electrical and mechanical systems, appliances, fixtures, or items of equipment and doors, trim, concrete shrinkage cracks, cabinets, hardware, insulation, paint and stains, drainage systems, water penetration or any kind of damage caused by water penetration. (See exclusions pages 4&5)

HOW TO MAKE A WARRANTY CLAIM

- a. Carefully read and review the agreement and the performance standards to determine whether the defect is covered.
- b. Year one: If you have a claim, which you believe is covered by this agreement and it arises during the warranty period as defined by this agreement, written notice of a defect covered during year one must be received by the Builder during the first year and no later than seven (7) calendar days following the expiration of the applicable warranty period. If notice to the Builder does not result in satisfaction within 30 days, written notice must be given to Lux as warrantor, you must send a notice to Lux, which is clear and describes the defect in detail along with the written notice provided to the builder and proof of delivery by registered mail. The notice to Lux should describe each defect in detail and must be forwarded by Registered Mail, Email may only qualify as a proper notice when agreed to by Lux in each circumstance (Important see also content and timing).
- c. Conciliation and Arbitration: If the dispute cannot be successfully resolved between the Builder and Homeowner, a third-party conciliation/arbitration service shall be completed by Lux and delivered to the Homeowner and Builder as a means of dispute resolution between the respective parties. The findings of said conciliation/arbitration shall be binding on all parties. The builder must be permitted to complete any work required by the dispute resolution, during normal working hours.
- d. Claims Contact: The Homeowner shall forward claims in writing to the Lux Atlantic office at: Claims Department Lux Atlantic P.O. Box 27046 Dieppe, NB E1A 6V3.

INSPECTION AND MEDIATION

During the first thirty (30) days following Lux's receipt of a proper notice of a defect or claim, Lux will review and mediate the claim by communicating with the Builder, the Homeowner, and any other individuals or entities whom Lux believes possesses relevant information. Lux will issue a binding conciliation report to both the builder and homeowner.

- Lux, at any time following the receipt of a proper notice of a claim against any of the coverage listed in this Agreement, may schedule an inspection of the defect or an appraisal acceptable to Lux. The homeowner must provide Lux, the Builder, or if applicable, the Lux consultants with reasonable weekday access during normal Business Hours in order to perform its obligations. Failure by the Homeowner to provide such access to the Builder or Lux will relieve the Builder or Lux of its obligations under this Agreement, subsequently voiding the warranty.
- Where a claim is filed that cannot be defined under normal conditions, it is the Homeowner's responsibility to substantiate the problem. The cost involved shall be paid by the Homeowner, and if properly substantiated, reimbursement shall be made by the Builder or Lux to a maximum of \$300.
- Remedial Action. When a warranty defect has been identified, Lux will ensure that it is corrected by the Builder or themselves. Cash settlements would be contemplated only under very special circumstances. A decision in favor of a cash settlement may occur after negotiation with the homeowner and Builder.

NOTICE OF MAJOR STRUCTURAL DEFECT CLAIM IN YEARS 2 THROUGH EXPIRY

If you have a claim as a result of a Major Structural Defect occurring during the second year through the expiry date of this Agreement, you must notify Lux. Lux will investigate. All such claims must be presented in writing to: Lux Atlantic, P.O. Box 27046, Dieppe, New Brunswick, E1A 6V3, by Registered Mail, Return, Receipt within a short time of the Major Structural Defect arising but in no event later than the expiration of the term of this Agreement. Claims received after that period will not be valid.

CONTENT AND TIMING OF NOTICE TO LUX

Please note that Lux must receive written notice of claim within the expiration of the applicable warranty period for Major Structural Defects. During the 1st year Builder warranty coverage, the notice must be received by Lux within seven (7) days of the end of the first year, or the notice will not be valid. Notice to the Builder **does not** constitute notice to Lux, nor will it be deemed to extend applicable coverage periods. This notice must contain the following information:

- The enrolment number and possession date
- The Builders name and address
- Your name, address, home and work phone number
- A specific description of the defect(s); and a copy of your written notice to the Builder.

30 DAY RESPONSE

The homeowner has an obligation to cooperate with Lux's inspection and investigation of a claim. Lux may request information the homeowner regarding a claim, including clarifications of hold back funds. Failure by the homeowner to respond with the requested information within 30 days of the date of request shall result in the closing of the claim file.

BUILDER'S RESPONSIBILITY AND PURCHASER'S RIGHTS:

If a latent defect in the Home arises due to nonconformity with the warranty standards during the first year of this Agreement the Builder will repair or replace the defective item. If a Major Structural Defect arises in a Home during the first year of this agreement, the Builder will repair or replace the defective item, limited to such actions as are necessary to restore load-bearing capability to the load-bearing components of a Home and to repair those elements of a Home damaged by the Major Structural Defect which make the Home physically unsafe.

Latent Defects in Workmanship and Defective Material:

Latent Defects are defined as defects or imperfections which manifest themselves after possession or are not visible at the time of possession even with a reasonable and careful inspection. The standard and repair requirements are defined in the Lux performance standards by Lux building inspectors.

Patent defects:

Are defects or imperfections in the home which could be revealed before possession by way of a reasonable inspection. These items are considered contractual matters, not warranty items. This applies to the original and subsequent purchases of the home.

- The following Exceptions and Exclusions apply to defects not covered under this Agreement:

An incomplete item is not considered a warranty defect hereunder, although the Builder is otherwise obligated to complete such items under contract to the homeowner.

1. Normal Wear and Tear

- 1.1. Defect which arises while a Home is used for non-personal residential purposes, including renting, leasing etc. Any deficiencies in or damage caused by material or work supplied by anyone other than the Builder or its employees, agents, or subcontractors.
- 1.2. Damage caused by soil movement, including subsidence of land, soil, sand substratum, beneath, around the Home or along the utility lines, expansion or lateral movement of the soil, to any Home or to any other Home in the surrounding area.

2. Damage Caused by Improper Maintenance

- 2.1. Loss or damage resulting from a Purchaser's failure - control of ice damming, excessive ice or snow accumulation, to perform routine maintenance, maintaining proper moisture levels in the home, landscape ground slopes to ensure surface water migrates away from the home and conducting periodic visual inspections of the home which would reveal water penetration issues.
- 2.2. Loss or damage caused by condensation damage resulting from improper ground moisture retarder protection, or ventilation.
- 2.3. Loss or damage resulting from the Purchaser's failure to minimize or prevent such damage in a timely manner, and advise Lux or Builder.

3. Damage Caused by a Third Party

- 3.1. Loss or damage caused to a Home directly or indirectly by insects, birds, vermin, rodents, or animals.
- 3.2. Defect which arises while a Home is used for non-personal residential purposes, including renting, leasing etc. Any deficiencies in or damage caused by material or work supplied by anyone other than the Builder or its employees, agents, or subcontractors.

4. Secondary Damage Caused by Defects that are Under Warranty

- 4.1. All consequential damages including, but not limited to, transportation, food, moving, storage, or other incidental expenses related to relocation during repairs.

5. Supplementary Warranties

- 5.1. Loss or any resultant damage caused by the failure of any appliance, system, or structure which may be covered under any Purchasers' insurance policy.
- 5.2. Components and systems provided in home and condominium complexes such as; elevators, hoists, alarm, surveillance systems, generators, water drainage, lift or pressure pumps as well as other such mechanical products and systems.

(Typically engineered as well as 3rd. party certified or otherwise. Such systems have a manufacturer's warranty specific to the components. Often the longevity of such components and systems is related to a regular inspection and maintenance program.)

6. Deficiencies Caused by Homeowner Actions

- 6.1. Loss or damage caused by, defects in any part of the foundation or the building, from the attachment of components, such as vents, fascia, skylights, or other such materials, accessories or machinery, the attachment of which is not made known to and approved by a Builder in writing or any other cause beyond the reasonable control of a Builder.
- 6.2. Loss or damage to products or materials which are not supplied by the Builder except to the extent of the guarantee given by the actual Builder.

7. HVAC and Appliances

- 7.1. Warranty does not apply to appliances, particularly those that form part of the heating or cooling apparatus, equipment, or systems, whether for water, air or other substances, including furnaces, air conditioners, chillers, heat recovery ventilators, heat pumps...

8. Exclusions

- 8.1. These items are not under warranty. Radon, driveways, patios, sidewalks, detached decks, retaining walls, covered patio decks, exterior stairs, uncovered/finished exterior below grade entrances and all concrete constructions which are not load bearing.
- 8.2. Loss or damage to any tires, axles, wheels, tie down straps, anchors, or any defects that occur to skirting, Pads, installation or anchoring device affixed to the foundation, from the structure of a Home.
- 8.3. Anything the owner purchases or install themselves, any work completed by the owner, items with hold back funds.

9. Specific Defects Accepted in Writing

- 9.1. Failure of the Builder to complete construction, registration of the home warranty, installation of the home on or before the contracted date, or damages arising from such failure.
- 9.2. Patent defects or incomplete items either listed on the possession form, verbally agreed to, and imperfections / deficiencies visible at the time of purchase are considered non-warranted items and do not constitute warranty coverage under the program.

10. Act of God Exclusion

- 10.1. Any act of terrorism or defect which does not result in actual physical damage.
- 10.2. Damages or losses not caused by a defect in construction of a home by a builder or its employees, agents, or subcontractors, but resulting instead from acts or omissions of the purchaser, his agents, employees, invitees, accidents, riots, civil commotion, nuclear hazards, fire, explosion, blasting, smoke, water escape, severe windstorms, hail, lightning, falling trees, aircraft, vehicles, flood, mud slides, sinkholes, top soil, sub-soil and substratum subsidence, faults, crevices, earthquake, including land shock waves, tremors or volcanic eruptions, hurricanes and hurricane force winds, severe climate conditions.

11. Major Structural defect Exclusions (Yr. 2 through Yr. 8 - 10)

- 11.1. Loss or damage to driveways, basement floors, garage floors, patios, sidewalks, decks, retaining walls, covered patio decks, non-sheltered and insulated below grade entrances, exterior stairs and all concrete constructions which are not load bearing.
- 11.2. Loss or damage to any tie down straps, anchors, or any defects that occur to skirting, installation or anchoring device affixed to the foundation, from the structure of a home.
- 11.3. Water Penetration of any kind after the first year of possession.
- 11.4. Loss or damage to any structural components not caused by the failure or defect of a structural load-bearing element of the home after the first year of possession.

12. Miscellaneous

- 12.1. Any claim reported after an unreasonable delay, not reported to the builder for any reason or later than seven (7) days after the expiration of the applicable warranty period or any claim without proper notification to Lux.
- 12.2. Loss or damage to or resulting from defects in outbuildings including, but not limited to detached carports, swimming pools and any other recreational facilities, driveways, walkways, wells and pumps, patios, boundary and retaining walls, fences, landscaping (including sod, shrubs, trees and planting) French drains, septic systems, off-site improvements, uncovered / finished exterior below grade entrances or any other improvement not a part of a Home itself. A fence, utility line or similar union shall not cause an outbuilding to be considered attached.
- 12.3. Loss or damage to used materials or to materials repaired or replaced under this Agreement except to the extent of the remainder of the applicable warranty period (to repaired, repainted, replaced or used materials).
- 12.4. Damage which would not have occurred, in whole or in part, but for the actual or alleged exposure to, existence of, or presence of, any fungi or bacteria on or within a building or structure, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such damage.
- 12.5. Landscaping, septic beds, water sheds or any other drainage systems, tile beds.
- 12.6. Components and systems provided in home and condominium complexes such as; elevators, hoists, alarm, surveillance systems, generators, water drainage, lift or pressure pumps as well as other such mechanical products and systems. (Typically engineered as well as 3rd. party certified or otherwise. Such systems have a manufacturer's warranty specific to the components. Often the longevity of such components and systems is related to a regular inspection and maintenance program).

Readers are advised that particulars of the Program are subject to change and to consult the Program's website at www.luxwarranty.com. Readers are warned that any printed version other than the most current version appearing on the Program's website may be out of date or incorrect.