



## 1. INTERPRETATION

**Definitions** - In this Policy, unless the context otherwise requires, the following expressions shall have the following meanings;

- (a) "Deposits" means all money received, by the Vendor or Vendor's solicitor from each Insured on account of the Purchase Agreement or with respect to reserving a right to enter into a Purchase Agreement for the proposed home.
- (b) "Insured" means the Insured identified or referenced on the face hereof and includes his or their heirs, executors, administrators, other personal representatives, assigns and successors.
- (c) "Policy", "hereto", "herein", "hereby" and similar expressions mean or refer to this policy and any schedule(s), endorsement or other instrument supplemental or ancillary hereto.
- (d) "Purchase Agreement" means the agreement between the Vendor and the Insured, described as such on the face hereof, as amended and supplemented from time to time.
- (e) "Vendor" means the person named as such on the face hereof and includes its successors and assigns.

**Extended Meanings** - Words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

**Headings** - The insertion of headings is for convenience of reference only and shall not affect the construction or interpretation of this Policy.

## 2. TERM OF POLICY

This Policy shall become effective on the date it is duly executed by the Surety and shall remain in full force and effect, subject to the provisions of paragraph 6 hereof.

## 3. DEPOSIT

It is acknowledged and agreed that this Policy shall extend and apply only to the amount of the Deposit as that term is defined, and shall not exceed the amount shown on the face hereof.

## 4. CLAIMS

- 4.1 Notice of Default and Proof of Loss** - If the Deposits and Interest (if any) thereon shall become properly owing by the Vendor to the Insured upon due termination of the Purchase Agreement and if the Vendor shall fail to pay the same to the Insured in accordance with the terms of the Purchase Agreement, the Insured shall give prompt written notice thereof to the Surety referring to this Policy by number, identifying the home and briefly describing the nature of the default by the Vendor. The Surety, immediately upon receipt of such notice, shall furnish to the Insured forms upon which to make the proof of loss hereunder.
- 4.2 Disputes Between Vendor and Insured** - In the event of any dispute between the Vendor and Insured as to the liability of the Vendor to pay any Deposit herein mentioned and/or Interest (if any) thereon resulting in the withholding by the Vendor of any payment on account of the Deposit or Interest (if any) thereon or resulting in the Vendor claiming set-off of similar legal right, no claim by the Insured shall be paid hereunder unless and until such disputes shall have been finally resolved.
- 4.3 Payment of Claims** - Subject to the provisions of paragraph 4.2, any claim by the Insured hereunder shall be paid by the Surety within sixty days after proof of loss has been submitted to and accepted by the Surety. Such proof of loss shall consist of such evidence as the Surety may reasonably require as to the payment of the Deposits by the Insured under the Purchase Agreement and the termination of the Purchase Agreement, as well as the failure of the Vendor to pay the Deposits and Interest (if any) thereon to the Insured and the amount thereof in default.

## 5. RIGHTS OF SUBROGATION

Upon payment by the Surety of any claim hereunder, the Surety shall be subrogated to all rights of the Insured against the Vendor for recovery thereof and the Insured shall execute and deliver such instruments and do such acts and things as may be necessary or desirable to give effect thereto.

## 6. CESSATION OF LIABILITY

The liability of the Surety hereunder will not terminate until the date that one of the following occurs:

- (a) the delivery to the Insured of a registered deed or transfer of the property being purchased under the Purchase Agreement;
- (b) the Vendor pays the Insured the amount insured by his Deposit Protection Policy;
- (c) the payment by the Surety of the Deposit and Interest (if any) thereon due under any claim arising from any default by the Vendor written notice of which is given as required by paragraph 4.1;
- (d) the Insured acknowledges in writing that:
  - (i) he is not entitled to payment of the Deposit and Interest (if any) thereon; and
  - (ii) the Surety is no longer liable under this Deposit Protection Policy;
- (e) a court of competent jurisdiction makes a final determination that the Insured is not entitled to the Deposits and Interest thereon and Upgrade Monies in respect of the unit being purchased under the Purchase Agreement.

## NOTICES

All notices required or permitted to be given hereunder to the Surety or the Insured shall be sufficiently given if sent by prepaid ordinary mail or by facsimile addressed to the address shown on the face of this Policy for such party or to such other address as such party may from time to time designate by notice in writing to the other. Every notice so mailed shall be conclusively deemed to have been given on the first business day following the date of such mailing.