

RMG MORTGAGES HOME SYSTEM SERVICE PLAN TERMS AND CONDITIONS

For Repair Services
please call 1-866-707-8729

MCAP Financial Corporation¹ (or an affiliate of it if so indicated in your Welcome Letter) ("RMG Mortgages") 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, Welcome Letter and any other documentation in connection with the Plan.

DEFINITIONS

"Complimentary Period" means a 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 Your membership in the Plan begins, as set out in the Welcome Letter.

"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, or nursing care homes.

"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 monthly cost of this Plan. The Membership Fee is \$17.69 per month plus any applicable taxes. The actual Membership Fee payment amount You will be charged is set out in the section entitled "Membership Fee".

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

"Regularly Scheduled Payment" means Your weekly, bi-weekly, semi-monthly or monthly instalment payment made to Us (MCAP Service Corporation) to repay Your Mortgage Loan and pay Your Membership Fee.

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

"We", "Us" and "Our" means RMG Mortgages, RMG Mortgages, 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 Effective Date, Complimentary Period, if applicable, and the address of the Home covered by this Plan.

July 26, 2017

¹RMG Mortgages is a division of MCAP Financial Corporation
Ontario Mortgage Brokerage #10600
Ontario Mortgage Administrator #11790



ELIGIBILITY

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

The Home must be located in, and You must be a resident of British Columbia, Manitoba, Ontario, Quebec, Nova Scotia and Prince Edward Island

- You must be on the property title of the Home as an owner;
- You must be approved and have a mortgage in good standing with RMG Mortgages as of the Effective Date;
- 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.

CONTRACT PERIOD

This contract starts on the Effective Date and continues until cancelled as described in the section entitled "Membership Cancellation".

MEMBERSHIP FEE

No Membership Fee will be due during the Complimentary Period, if applicable. However, if You initiate a request for services, the consultation fee as described in the section entitled "Plan Services" will apply and must be paid by You.

You will be responsible for the payment of Your Membership Fee, unless the Plan is cancelled as set out in the section entitled "Membership Cancellation". Your Membership Fee payments will coincide with Your Regularly Scheduled Payments occurring:

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

If the frequency of Your Regularly Scheduled Payment is other than monthly, Your Membership Fee will be based on Your Regularly Scheduled Payment frequency as indicated in the table below. Changes to Your Regularly Scheduled Payment frequency will alter Your Membership Fee payment amount. Please refer to the table below.

Frequency	Payment Amount
Monthly	\$ 17.69 plus applicable taxes
Semi-Monthly	\$ 8.85 plus applicable taxes
Bi-Weekly	\$ 8.16 plus applicable taxes
Weekly	\$ 4.08 plus applicable taxes

We will debit the Membership Fee in accordance with the payment amount table above from the same bank account from which You make Your Regularly Scheduled Payments to Us. This authority to debit Your account will remain in effect until revoked by You in writing. 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.

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MEMBERSHIP CANCELLATION

By You: You may cancel Your membership in the Plan for any reason by calling Us at 1-866-809-5800, by fax at 1-866-633-5930 or by mailing Your cancellation request to RMG Mortgages, P.O. Box 351, STN C, Kitchener, ON N2G 3Y9.

If You cancel Your membership:

- a. within the first 30 days from the end of the Complimentary Period, if applicable, otherwise from the Effective Date of the Plan, We will fully refund any Membership Fee paid by You during that time; or
- b. after the first 30 days from the end of the Complimentary Period, if applicable, otherwise from the Effective Date of the Plan, the cancellation will be effective the next business day and You will no longer continue to have services under the Plan for the remainder of the current billing period, unless otherwise prohibited by law.

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

- You have not paid Your Membership Fees for 60 consecutive days;
- You pay off Your Mortgage Loan;
- You transfer Your mortgage to another lender;
- the date You cease to be on the property title of the Home as an owner;
- the date You transfer, sell or dispose of the Home; and
- 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.

If Your membership in the Plan automatically terminates, service 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 option,

1. We may cancel Your membership in this Plan for fraud or material misrepresentation immediately and without prior notice.
2. 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. The Membership Fee paid by You is fully earned and You will not receive a refund.

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.

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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 RMG Mortgages. 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.

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 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. Kindly refer to your Mortgage Commitment Letter for more information about our privacy practices.

PLAN SERVICES

In the event that a mechanical breakdown or malfunction occurs that is beyond the inherent and natural wear characteristics of mechanical parts that affect the Home equipment or systems listed in the section entitled "What services are provided?", 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 pre-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.

Plan services are subject to the limitations listed below under the headings "What Services Are Provided", "Plan Service Limitations" and "Plan Services that are Not Provided".

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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.

WHAT SERVICES ARE PROVIDED

1. Central Heating and Air Conditioning Systems

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, or boiler;
- all floor, ceiling, or window heating units, including space heaters and electric baseboard heaters when permanently affixed to walls;
- heat pumps located within or outside Your Home;
- evaporative coolers;
- compressors;
- control board;
- oil storage tanks located within Your Home; and
- all exposed or accessible ductwork pertaining to a central heating and/or central air conditioning system.

Limitations and Services That Are Not Provided

Central Heating does not include in-floor heating within the home, driveway heating, or other secondary heating sources not specifically referenced above.

The value of Plan services required to repair or replace a geothermal heating unit is limited to \$5,000.

Prompt and Reliable Heating Services

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.

2. Electrical System

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.

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3. Water Heater

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.

4. Emergency Plumbing

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.

Limitations and Services That Are Not Provided

The emergency plumbing services provided under this contract do not include services required to eradicate clogged sink drains, and leaks from the following:

- taps;
- faucets;
- shower or tub controls; and
- toilets or toilet component parts.

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. The value of Plan services required to repair or replace a cracked sewer main is limited to \$2,500.

5. Ancillary Repairs

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.

Limitations and Services That Are Not Provided

Ancillary repairs do not include decorating services required due to restoration of walls, floors, or ceilings.

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PLAN SERVICES LIMITATIONS

The following limitations are applicable to all Plan services:

1. If the cost of any repair exceeds the cost of replacement with materials of like kind and quality, size, capacity or functionality, or if the necessary part(s) are no longer manufactured or available, then it is Our right to replace the part, components, or Home equipment or systems rather than repair it.
2. The value of all Plan services required under this Plan with respect to the Home is limited to \$10,000 in any 12 consecutive months.
3. If We are not able to perform any of Our obligations because of circumstances or events beyond Our control (for example, a major flood, 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.

PLAN SERVICES THAT ARE NOT PROVIDED

In addition to any other limitations listed in these Terms and Conditions, the following limitations apply to all Plan services:

Plan services are not available on:

- rental properties;
- apartment condominiums;
- any commercial properties;
- residences used as businesses, including but not limited to:
 - i. day care centers;
 - ii. fraternity or sorority houses, or
 - iii. nursing care homes.

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

- a. chemical or sedimentary build-up;
- b. 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;
- c. dishonest acts on the part of the Homeowner;
- d. vermin or insect infestation;
- e. rust, corrosion, mold, mildew or bacterial manifestations;
- f. excessive water pressure;
- g. structural or cosmetic defect that does not affect the functionality;
- h. use of appliances, components or parts for purposes other than those intended by the manufacturer;
- i. failure to provide normal and proper maintenance, as specified by the manufacturer;
- j. inadequacy or lack of capacity of any component in the Home;
- k. improper installation or design deficiencies of the Home equipment or system;
- l. alteration, modification, upgrades, addition to, or deletion from any appliance, component or part thereof;
- m. 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 are also not covered);

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

- n. restoration of any wall or floor coverings, cabinets, counter tops, tiling, or painting;
- o. preventive maintenance;
- p. delays in getting parts;
- q. any service involving hazardous or toxic materials, asbestos, lead or the disposal of refrigerants or contaminants;
- r. shared Home systems in multi-unit residences;
- s. indirect, consequential or incidental damages, losses or inconveniences (not applicable in Quebec);
- t. loss of profits, downtime charges for time and effort (not applicable in Québec); or
- u. decorating services.

HOW TO ARRANGE FOR PLAN SERVICES

You can arrange for Plan services by calling Us at **1-866-707-8729**. We will arrange for the services of a Repair Service Provider.

We are not liable for the cost of any services provided in Your Home, except when arranged through Us and subject to the terms, conditions, and limitations set out in these Terms and Conditions.

SAMPLE

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