

Policy Number: SAMPLE
Policy Date: SAMPLE



Policy of Insurance for

SAMPLE ONLY

First mortgage: **SAMPLE ONLY**

Lawyers' Professional Indemnity Company

250 Yonge Street
Suite 3101
Toronto, Ontario
M5B 2L7
416-598-5899
1-800-410-1013

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POLICY OF INSURANCE

Issued by: Lawyers' Professional Indemnity Company

PART I - INSURANCE COVERAGE

This POLICY insures your interest in the LAND described in Schedule "A" and the legal services provided by your lawyer for the TRANSACTION subject to:

- ◆ the Exclusions set out in this POLICY;
- ◆ the Exceptions set out in Schedule "A" (if any); and
- ◆ the terms and conditions set out in this POLICY.

Your insurance coverage is described below and starts on the POLICY DATE. This POLICY does not cover or insure you against any risks described in the "Title Coverage" section that arise or begin to affect the TITLE or the LAND after the POLICY DATE unless expressly stated in this POLICY.

TITLE COVERAGE

This POLICY insures you if you suffer an ACTUAL LOSS because of any of the risks listed below, provided they affect your TITLE as of the POLICY DATE (except for risks (8) and (15) which are insured if they arise or occur after the POLICY DATE):

Defects in your Title

- (1) anyone else having ownership to, or any other interest in, your LAND as disclosed by REGISTERED TITLE;
- (2) anyone else having an interest in your LAND not disclosed by REGISTERED TITLE;
- (3) any lien or charge disclosed by REGISTERED TITLE;
- (4) any liens or charges arising as a result of judgments, special assessments for local improvements, realty tax arrears or public utility arrears;
- (5) any unregistered hydro EASEMENTS;
- (6) any improperly completed, delivered or registered document;
- (7) the invalidity of your TITLE because of any fraudulent act, forged document, exertion of undue influence or lack of capacity of any person;
- (8) the forgery of a document after the POLICY DATE as the result of which someone other than you claims to own or have an interest in your LAND;
- (9) the expropriation of all or part of your LAND occurring prior to the POLICY DATE;
- (10) you cannot legally enforce the closing of a sale, lease or mortgage of your LAND because (a) your TITLE is unmarketable; (b) of any violation, variation or adverse circumstance that would have been disclosed by an up-to-date survey; or (c) your LAND is subject to the jurisdiction of a conservation or similar authority and that authority has not approved the residential dwelling existing as of the POLICY DATE;

Compliance Risks

- (11) any breach of a restrictive covenant which you are being forced to remedy by a court or other authority after the POLICY DATE;
- (12) any outstanding notice of violation, deficiency notice or work order issued as of the POLICY DATE, other than a violation or order relating to a fence or boundary wall;
- (13) any order by a court or other authority after the POLICY DATE forcing you to remedy any of the following conditions existing as of the POLICY DATE: (a) a breach of a zoning by-law; (b) the lack of approval from a conservation or similar authority for the existing residential structure; or (c) the lack of a building permit for the existing residential structure;
- (14) any encroachment or setback deficiency which you are being forced to remedy by a court or other authority after the POLICY DATE, except for those relating to a fence or boundary wall;
- (15) the construction after the POLICY DATE by someone other than you of a structure, other than a fence or

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- boundary wall, which encroaches onto your LAND;
- (16) the inability to use your LAND as a single residential dwelling, or such other residential dwelling as described in the Agreement of Purchase and Sale for the TRANSACTION, because such use contravenes a zoning by-law;

Access, Other Rights and Defects

- (17) the absence of a legal right of access to and from your LAND;
- (18) the invalidity of any EASEMENT benefiting your LAND which is described in the Agreement of Purchase and Sale for the TRANSACTION and in Schedule "A";
- (19) any rights arising from tenancies, contracts, options, or rights of possession under the *Family Law Act*;
- (20) the LAND not containing a single residential dwelling or such other residential dwelling as described in the Agreement of Purchase and Sale for the TRANSACTION;
- (21) any other defects in your TITLE so long as they are not otherwise excluded by the terms and conditions of this POLICY.

LEGAL SERVICE COVERAGE

This POLICY insures you if you suffer an ACTUAL LOSS in the TRANSACTION because your lawyer:

- (1) fails to register, or ensure the registration of, any document required to provide you with marketable TITLE, so that you cannot later enforce the closing of a sale, lease or mortgage of your LAND;
- (2) fails to remove an encumbrance or lien that exists as of the POLICY DATE against any chattel included as part of the purchase price in the Agreement of Purchase and Sale for the TRANSACTION;
- (3) incorrectly adjusts any item to be apportioned between the purchaser and vendor under the Agreement of Purchase and Sale for the TRANSACTION, where the error results in an ACTUAL LOSS of more than \$50.00;
- (4) commits an error or omission in providing legal services for the TRANSACTION for which liability is imposed by law.

DEFENCE COVERAGE

We will defend and pay the costs, legal fees and expenses incurred in any legal proceeding, or in that part of a legal proceeding, which is brought by a third party against you because of a risk covered under this POLICY.

We can end our duty to defend you in such proceedings, however, by exercising any of our options after you notify us of a claim, set out in PART IV - YOUR POLICY CONDITIONS.

PART II - LIMITS ON OUR LIABILITY

OBLIGATION TO PAY

Our obligation to pay for any one or more claims made under this POLICY is limited to the lesser of:

- a) your ACTUAL LOSS; or
- b) the POLICY AMOUNT in force when the claim is made;
- plus any costs, fees and expenses we incur in defence of any third party claim and the reimbursement of rent for substitute accommodation, and this limit shall apply regardless of any other terms and provisions of this POLICY.

If we remove or rectify a claim, we will have no further liability for it except for any ACTUAL LOSS that remains afterwards.

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REDUCTIONS TO COVERAGE

Reductions to POLICY AMOUNT

The POLICY AMOUNT will be reduced by all payments made or required to be made under this POLICY (including any amount we pay to a MORTGAGE LENDER), except for costs, fees and expenses we incur in the defence of any third party claim and the reimbursement of rent for your substitute accommodation.

Other Reasons for Reduction

The POLICY is the entire contract between you and us. Any claim you make against us must be made under this POLICY and is subject to its terms and conditions. Your coverage under this POLICY will be eliminated or reduced to the extent of any actual prejudice suffered by us if you:

- a) do anything to prejudice any right of recovery you may have;
- b) knowingly make a false statement to your lawyer handling the TRANSACTION about a risk covered under this POLICY;
- c) fail to give us prompt notice of any claim; or
- d) fail to provide any assistance in handling a claim that may be required under this POLICY.

INFLATION COVERAGE

The POLICY AMOUNT will increase to reflect any increase in the fair market value of the LAND as of the date you make your claim under this POLICY up to a maximum of two times the original POLICY AMOUNT stated on Schedule "A".

PART III - EXCLUSIONS TO POLICY COVERAGES

This POLICY does not cover or insure you if you suffer an ACTUAL LOSS because of any of the risks listed below:

- (1) the exercise of governmental power or discretion, or the applicability or contravention of any law, by-law, order, code, rule or regulation. This includes but is not limited to any law, by-law, order, code, rule or regulation concerning land use, improvements on the LAND, land division or the control of environmentally sensitive areas. This exclusion does not limit the Title Coverage provided for:
 - (a) any risk covered by items (4), (5), (9), (10)(b) or (c), (12) - (14) , (16) or (17) of the "Title Coverage" provisions of this POLICY;
 - (b) any violation or enforcement proceeding disclosed by REGISTERED TITLE which relates to a matter excluded above;
 - (c) any contravention of the subdivision control provisions of the *Planning Act*;
 - (d) any subdivision, development or related agreement;
- (2) the existence or presence of any dangerous or hazardous substance on the LAND or the violation of any law, by-law, order, code, rule or regulation relating to the environment, unless express notice of it appears on REGISTERED TITLE. This exclusion does not limit any Legal Service Coverage under this POLICY;
- (3) any inability to use the LAND or construct any improvements on the LAND except as set out in item (16) of the Title Coverage in this POLICY. This exclusion does not limit any Legal Service Coverage under this POLICY;
- (4) any native or aboriginal land claim affecting your LAND. This exclusion does not limit any Legal Service Coverage under this POLICY;
- (5) any title risk:
 - (a) created, allowed, accepted or otherwise agreed to by you; or
 - (b) KNOWN by you but not by your lawyer handling the TRANSACTION and not disclosed by REGISTERED TITLE.

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PART IV - YOUR POLICY CONDITIONS

DEFINITIONS

Certain words have been capitalized throughout this POLICY to indicate that they have the specific meaning set out below:

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|------------------------|---|
| “ACTUAL LOSS” | means any direct financial loss incurred by you or any MORTGAGE LENDER: a) due to a decrease in the value of your TITLE or the LAND; b) due to bringing your LAND into compliance with any of the title risks covered by items (11) - (16) of your Title Coverage, and with respect to the MORTGAGE LENDER, items (6) - (11) of the Mortgage Coverage; c) arising directly from a delay in the sale, mortgaging or leasing of your LAND; or d) arising from any of the risks listed under the Legal Service Coverage. |
| “CORPORATE TRANSFEREE” | means any transferee of the estate or interest of the MORTGAGE LENDER in the LAND after the MORTGAGE LENDER becomes the LANDOWNER, provided that the transferee is (i) a parent or wholly owned subsidiary of the MORTGAGE LENDER, or (ii) one of their corporate successors by operation of law and not by purchase. |
| “EASEMENT” | means an interest or right of way in the LAND (or in other lands) entitling one or more persons to the use of same for a stated purpose. |
| “EXISTING IMPROVEMENT” | means an existing improvement on the LAND as of the POLICY DATE and includes any existing landscaping. |
| “KNOWN” or “KNOWLEDGE” | means actual knowledge, but not knowledge or notice which may be imputed by reason of REGISTERED TITLE or any other records which are deemed at law to impart actual notice of matters affecting the LAND. |
| “LAND” | means the land described in Schedule "A" to this POLICY together with any improvements on the land (such as buildings or other permanent improvements) which are real property. |
| “LANDOWNER” | means the MORTGAGE LENDER after it has become the owner of the LAND as described in the “Continuation of Mortgage Coverage” provisions of the POLICY. |
| “MINERAL RIGHTS” | means any lease, grant, exception or reservation of minerals or mineral rights appearing on REGISTERED TITLE. |
| “MORTGAGE/CHARGE” | means the mortgage/charge(s) against the LAND in favour of the MORTGAGE LENDER which is intended to constitute security for the TRANSACTION. |
| “MORTGAGE LENDER” | means the lender(s) described in Schedule "A" who are providing mortgage financing as part of the TRANSACTION together with any insurer of the MORTGAGE/CHARGE(s) legally entitled to issue mortgage insurance in Canada. |

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|--------------------|---|
| “POLICY” | means this policy of insurance together with attached schedule(s) and endorsements, if any. This policy is not complete without Schedule "A". |
| “POLICY DATE” | means the Policy Date described in Schedule “A”. |
| “POLICY AMOUNT” | means the dollar amount described as the Policy Amount in Schedule “A”, provided however that for the MORTGAGE LENDER, the Policy Amount is the higher of the Policy Amount in Schedule “A” and 125% of the principal of the MORTGAGE LENDER’S MORTGAGE/CHARGE described in Schedule “A”. |
| “REGISTERED TITLE” | means the records relating to the LAND established and maintained under the <i>Land Titles Act</i> or the <i>Registry Act</i> . |
| “TITLE” | means your ownership interest in the LAND. |
| “TRANSACTION” | means your purchase of the LAND together with any mortgage financing arranged in connection with your purchase, as described in Schedule "A". |

CONTINUATION OF COVERAGE

This POLICY protects you for as long as you own your LAND. If you sell your LAND you will continue to be covered under this POLICY for as long as you:

- a) are liable for any covenants given by you in respect of a risk covered under this POLICY or that are implied by the *Land Registration Reform Act*; or
- b) own a mortgage which you took back from anyone who bought the LAND from you. If you re-acquire TITLE as a result of enforcement proceedings under your mortgage or through other means involving a discharge of the mortgage, this POLICY will continue to protect you for as long as you own the LAND. This POLICY also covers any successor or assign of the mortgage you took back but any successor or assign will be subject to the rights or defences we may have against you or any intervening successor or assign.

This POLICY will (subject to the rights or defences we may have against you) continue to cover:

- a) anyone who inherits the LAND from you;
- b) your spouse (as defined under the law of the province where the LAND is located) if you transfer TITLE to your spouse;
- c) your child (as defined under the law of the province where the LAND is located) if you transfer TITLE to one or more of your children;
- d) any trustee to whom you transfer TITLE (or a successor trustee) after the POLICY DATE, if you are the settlor of the trust; or
- e) any beneficiary under the trust to whom TITLE is transferred upon your death under the provisions of the trust.

The “Continuation of Coverage” provisions contained in this POLICY do not extend the POLICY DATE or provide coverage for matters occurring subsequent to the POLICY DATE, except as expressly set out in the “Title Coverage” or “Mortgage Coverage” provisions of this POLICY.

IF YOU HAVE A CLAIM

You Must Give Us Notice of Your Claim

You must notify us in writing of any claim against your TITLE or that you may have under this POLICY as soon as reasonably possible after becoming aware of it. Your notice must be delivered to our offices and include an explanation of the claim together with copies of any supporting documentation.

In order to properly deal with the claim we will require that you:

- a) cooperate fully with our investigation of the claim and our handling of any legal proceeding;

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- b) provide copies of all documentation we request;
- c) answer questions under oath if requested; and
- d) provide access to the LAND.

Our Choices When You Notify Us of a Claim

After we receive your claim notice or otherwise become aware of a matter for which we are liable, we can in our discretion do one or more of the following:

- a) Pay the claim against your TITLE;
- b) Repair, replace or relocate any building, structure or improvement on the LAND;
- c) Remove any building, structure or improvement from the LAND altogether and pay you any resulting diminution in value to the LAND;
- d) Negotiate a settlement of any claim made against your TITLE;
- e) Prosecute or defend a legal proceeding related to the claim;
- f) Pay you the amount required by this POLICY;
- g) Take other action which will protect you;
- h) Cancel this POLICY by paying the POLICY AMOUNT then in force and only those costs, legal fees and expenses incurred up to that time which we are obligated to pay.

If we prosecute or defend a legal proceeding, we have the right to:

- a) choose the lawyer;
- b) appeal any decision to the highest court, at our discretion; and
- c) not to pay your claim until the legal proceeding is finally decided.

If you incur settlement costs, legal fees and expenses, we will not reimburse you for them unless they have been approved by us in advance.

If you cannot live on the LAND because of a risk covered under this POLICY and you rent reasonable substitute accommodation, we will repay you for your actual rent until you can live on the LAND or we settle your claim.

Payments Under This POLICY

We will reimburse you directly for out-of-pocket expenses paid by you and covered under this POLICY. Any other payments made under this POLICY will be made first to any MORTGAGE LENDER(s) in the order of priority of their MORTGAGE/CHARGE(s) and once those MORTGAGE/CHARGE(s) have been entirely repaid, any remaining monies will be paid to you.

Transfer of Your Rights

When we settle a claim, we have all of the rights you had 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.

We will not be liable to you for any failure to pursue these rights or if we do not recover any amount that might be recoverable.

With the money we recover from enforcing these rights, we will pay whatever part of your ACTUAL LOSS we have not paid. We have a right to keep the balance of the money.

NON-TRANSFERABILITY OF POLICY

Only those persons named in Schedule "A" are covered under this POLICY unless someone else is entitled to coverage under the "Continuation of Coverage" provisions contained in this POLICY.

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PART V - MORTGAGE PROVISIONS

GENERAL APPLICABILITY

Subject to the specific provisions set out under these Mortgage Provisions, the terms, conditions, Exclusions and Exceptions set out in this POLICY apply equally to any MORTGAGE LENDER.

MORTGAGE COVERAGE

This POLICY insures any MORTGAGE LENDER if the MORTGAGE LENDER suffers ACTUAL LOSS under its MORTGAGE/CHARGE as the result of any of the following existing as of the POLICY DATE (except for risks (3) and (4) which are insured if they arise or occur after the POLICY DATE):

- (1) the MORTGAGE LENDER not having a valid charge on the LAND in the priority described in Schedule "A";
- (2) the failure to register, or to ensure the registration of, any document required to implement the MORTGAGE LENDER's mortgage financing for the TRANSACTION;
- (3) any construction lien arising from an improvement or work on the LAND which is contracted for and commenced subsequent to the POLICY DATE and which is not funded in whole or in part by the proceeds of the MORTGAGE/CHARGE;
- (4) the forgery after the POLICY DATE of (a) an assignment, release, partial or full discharge, postponement or modification of the MORTGAGE/CHARGE, or (b) if the MORTGAGE LENDER has become the LANDOWNER, any instrument by which TITLE is purported to be conveyed;
- (5) any covenant, condition or restriction on REGISTERED TITLE which allows for (a) the MORTGAGE/CHARGE to be divested, subordinated or extinguished, or its validity, priority or enforceability impaired; (b) a lien for liquidated damages; or (c) a private charge or assessment;
- (6) any breach of a restrictive covenant;
- (7) any encroachment (other than by a fence or boundary wall) of the EXISTING IMPROVEMENTS onto an adjoining property or an EASEMENT, or of the existing improvements located on an adjoining property onto the LAND;
- (8) the inability to use the LAND as a residential dwelling because such use contravenes any MINERAL RIGHTS;
- (9) the inability to use the existing residential dwelling in whole or in part, because that use contravenes a restrictive covenant, an EASEMENT, or MINERAL RIGHTS;
- (10) any damage to an EXISTING IMPROVEMENT resulting from (a) the use of an EASEMENT for the purpose granted or reserved; or (b) MINERAL RIGHTS;
- (11) any breach of the applicable zoning by-law;
- (12) the LAND not having the municipal address set out in Schedule "A" (if any);
- (13) the lawyer failing to advise the MORTGAGE LENDER that: (a) the TRANSACTION does not comply with the Canadian Criminal Code provisions regarding legality of interest rate; or (b) the MORTGAGE/CHARGE is invalid, unenforceable or lacks priority due to its terms providing for (i) interest on interest; (ii) changes in the rate of interest; or (iii) addition of unpaid interest to the principal balance of the loan;
- (14) the unenforceability of the MORTGAGE/CHARGE, or any guarantee contained in the MORTGAGE/CHARGE, as determined by a Court or other authority because of a lack of, or inadequate, independent legal advice;
- (15) someone else having a right of approval over a future purchaser or occupant;
- (16) any of the risks listed under the Title Coverage;
- (17) any of the risks listed under the Legal Service Coverage.

In addition, any MORTGAGE LENDER is also entitled to the Defence Coverage described above for any claim affecting the MORTGAGE/CHARGE arising from a risk covered under this POLICY.

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EXCLUSIONS

In addition to the Exclusions otherwise stated in this POLICY, this POLICY does not cover or insure the MORTGAGE LENDER if it suffers an ACTUAL LOSS because of any of the risks listed below:

- (1) any law, by-law, order, code or governmental regulation (including but not limited to zoning by-laws) restricting, regulating, prohibiting or relating to (i) land use; (ii) improvements on the LAND; (iii) land division; or (iv) the control of environmentally sensitive areas. This exclusion does not limit the coverage provided for:
 - (a) any risk covered by items (4), (5), (9), (10)(b) or (c), (12) - (14) , (16) or (17) of the Title Coverage under this POLICY;
 - (b) any risk covered by item (11) of the Mortgage Coverage under this POLICY;
 - (c) any violation or enforcement proceeding disclosed by REGISTERED TITLE which relates to a matter excluded above;
 - (d) any contravention of the subdivision control provisions of the *Planning Act*;
 - (e) any subdivision, development or related agreement; or
 - (f) any Legal Service Coverage under this POLICY;
- (2) any governmental power not excluded by (1) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the LAND is disclosed by the REGISTERED TITLE at the POLICY DATE. This exclusion does not limit the coverage provided for:
 - (a) any title risk covered by items (4), (5), (9), (10)(b) or (c), (12) - (14) , (16) or (17) of the Title Coverage under this POLICY;
 - (b) any risk covered by items (11) or (13)(a) of the Mortgage Coverage under this POLICY;
 - (c) any violation or enforcement proceeding disclosed by REGISTERED TITLE which relates to a matter excluded above;
 - (d) any contravention of the subdivision control provisions of the *Planning Act*;
 - (e) any subdivision, development or related agreement; or
 - (f) any Legal Service Coverage under this POLICY;
- (3) the failure of the mortgage or the MORTGAGE LENDER to comply with any consumer protection laws or laws regulating its ability to carry on business in the province where the LAND is located. This exclusion does not limit the Mortgage Coverage provided in item (13)(a);
- (4) the pre-printed or standard provisions contained in the MORTGAGE LENDER's form of mortgage unless those provisions invalidate the charge created by the mortgage upon the LAND, in which case this exclusion will not apply. This exclusion does not limit the Mortgage Coverage provided in item (13)(b);
- (5) any loss that would not have been sustained if fair value had been paid for the MORTGAGE/CHARGE.

The Mortgage Coverage under this POLICY is not subject to item (1) of PART III - EXCLUSIONS TO POLICY COVERAGE. Furthermore, the Mortgage Coverage under this POLICY:

- a) is not subject to item (5) of PART III - EXCLUSIONS TO POLICY COVERAGE; and
 - b) will not be eliminated or reduced as a result of actual prejudice as described in the "Reductions to Coverage - Other Reasons for Reduction" provisions of this POLICY,
- unless that exclusion is directly applicable to, or the actual prejudice is caused by, the MORTGAGE LENDER as opposed to or in addition to you.

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REDUCTIONS TO COVERAGE FOR MORTGAGE LENDER

The provisions set out under "Reductions to Coverage - Reductions to POLICY AMOUNT" do not apply to the MORTGAGE LENDER. For the MORTGAGE LENDER, the POLICY AMOUNT will be reduced by:

- (a) all payments made or required to be made by us under this POLICY, except for (i) costs, fees and expenses we incur in the defence of any third party claim, and (ii) any payments we make before the MORTGAGE LENDER becomes the LANDOWNER which do not reduce the indebtedness under the MORTGAGE/CHARGE; and
- (b) any payments of principal made to the MORTGAGE LENDER by any person under the MORTGAGE/CHARGE.

Where the POLICY AMOUNT has been reduced as set out above, it may be increased by accruing interest and advances made to protect the MORTGAGE/CHARGE, plus interest on those amounts, but the POLICY AMOUNT will not exceed the amount defined in PART IV - POLICY CONDITIONS of this POLICY.

CONTINUATION OF MORTGAGE COVERAGE

In addition to the "Continuation of Coverage" provisions otherwise stated in this POLICY, this POLICY protects the MORTGAGE LENDER for as long as the MORTGAGE/CHARGE constitutes a charge on the LAND, regardless of whether:

- (a) the term of the MORTGAGE/CHARGE is renewed or extended from time to time;
- (b) the provisions of the MORTGAGE/CHARGE are amended; or
- (c) the MORTGAGE LENDER has released or substituted the personal liability of any debtor or guarantor or any collateral,

provided that (i) the validity, priority or enforceability of the MORTGAGE/CHARGE is not affected, and (ii) if the MORTGAGE LENDER had KNOWLEDGE of any claim under this POLICY or any matter adverse to the validity, priority or enforceability of the MORTGAGE/CHARGE at the time of any action described above, there shall be no coverage under this POLICY to the extent that our rights of subrogation have been impaired.

This POLICY will continue to cover any successor or assign of the MORTGAGE LENDER. Any successor or assign will be subject to the rights or defences we may have against the MORTGAGE LENDER or any intervening successor or assign, unless the successor or assign is a good faith purchaser of the mortgage for value without notice of the matter or fact giving rise to the right or defence against the MORTGAGE LENDER or the intervening successor or assign.

If the MORTGAGE LENDER sells the LAND under the MORTGAGE/CHARGE, or it becomes the owner of the LAND as a result of enforcement proceedings under the MORTGAGE/CHARGE or through other means involving a discharge of the MORTGAGE/CHARGE, the MORTGAGE LENDER and any CORPORATE TRANSFEREE will continue to be covered under this POLICY for as long as it:

- (a) owns the LAND;
- (b) is liable for any covenants given by it in respect of a risk covered under this POLICY or that are implied by the *Land Registration Reform Act*; or
- (c) owns a mortgage/charge which it took back from anyone who bought the LAND from the MORTGAGE LENDER or a CORPORATE TRANSFEREE. If the MORTGAGE LENDER or the CORPORATE TRANSFEREE re-acquires ownership of the LAND as a result of enforcement proceedings under the take-back mortgage/charge or through other means involving a discharge of the take-back mortgage/charge, this POLICY will continue to protect it for as long as the MORTGAGE LENDER or CORPORATE TRANSFEREE owns the LAND. This POLICY also covers any successor or assign of the mortgage/charge the MORTGAGE LENDER or CORPORATE TRANSFEREE took back, but any successor or assign will be subject to the rights or defences we may have against the MORTGAGE LENDER, the CORPORATE TRANSFEREE or any intervening successor or assign.

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SCHEDULE "A"

INSURANCE PARTICULARS

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Policy Number: SAMPLE ONLY **Premium+:** SAMPLE ONLY
+ (not including processing fee or taxes)

Name of Insured(s) and Registered Owner(s):
SAMPLE ONLY

Interest of Registered Owner(s): Fee Simple

Mortgage Lender(s) and Priority:
First Mortgage: SAMPLE LENDER

TRANSACTION

Lawyer's Name: SAMPLE ONLY
LSUC Number: SAMPLE ONLY
Firm Name: SAMPLE ONLY
File Number: SAMPLE ONLY
Purchase: SAMPLE p/f SAMPLE

Mortgage(s) from:
First mortgage: SAMPLE LENDER
Mortgage Reference: SAMPLE ONLY

LAND

PIN: SAMPLE ONLY

Legal Description:
SAMPLE ONLY

Municipal Address:
SAMPLE ONLY

Assessment Roll No.:
SAMPLE ONLY

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INSURED EASEMENTS WHICH BENEFIT YOUR LAND

The easements, if any, benefiting the LAND, which are included in the Legal Description section of Schedule "A".

EXCEPTIONS

This POLICY does not insure against ACTUAL LOSS (and we will not pay costs, legal fees, expenses or reimbursement of rent for substitute accommodation) which arise by reason of:

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No EXCEPTIONS noted.

The listing of any restrictive covenants above does not restrict the coverage provided under item (11) of the Title Coverage or item (6) of the Mortgage Coverage, except for any instance of non-compliance as of the POLICY DATE:

- (i) specifically noted above; or
- (ii) related to the survey exception (if any) listed in this Schedule "A".

Each exception set out in this Schedule "A" shall operate independently and the inclusion of a specific exception in this Schedule "A" shall not restrict or otherwise limit the applicability of any other exception noted in this Schedule "A".

A MORTGAGE LENDER's coverage:

- (a) under this POLICY is not limited or restricted by the inclusion of that MORTGAGE LENDER's security documentation in the Exceptions set out in this Schedule "A"; and
- (b) under items (7) – (10) of the Mortgage Coverage is not limited or restricted by the listing of any easement or mineral rights as Exceptions in this Schedule "A" unless expressly stated above.

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CONDOMINIUM ENDORSEMENT

This POLICY insures you if you suffer an ACTUAL LOSS because of any of the risks listed below provided they affect your TITLE as of the POLICY DATE:

- ◆ your dwelling unit, parking unit, locker unit or other unit set out in Schedule "A" together with the proportionate interest in the common elements attributable to that/those unit(s) are not properly part of a condominium created under the applicable condominium legislation of Ontario;
- ◆ the inability to use your dwelling unit as a single residential dwelling because such use contravenes the condominium's declaration, by-laws and/or rules;
- ◆ a lien for common expenses;
- ◆ a special assessment levied against the unit(s) described in Schedule "A" that should have been (but was not) disclosed in the estoppel certificate issued by the Condominium Corporation pursuant to your lawyer's request;
- ◆ non-compliance of the condominium's declaration, by-laws or rules with the applicable condominium legislation of Ontario;
- ◆ an alteration to or unauthorized improvement of the common elements in existence on the POLICY DATE which you are being forced to remove or rectify by the Condominium Corporation, a court or other authority.

You are not entitled to the special assessment coverage set out above if your lawyer was not able, or was instructed not to, procure an estoppel certificate in respect of the unit(s) set out on Schedule "A" before closing.

This endorsement is part of the POLICY and is subject to all of the terms and provisions of the POLICY, including any other endorsements. This endorsement applies equally to any MORTGAGE LENDER insured under the POLICY. This endorsement does not:

- ◆ *modify any of the terms and provisions of the POLICY, including any other endorsement;*
- ◆ *extend the effective date of the POLICY, including any other endorsement; or*
- ◆ *increase the face amount of the POLICY;*

unless expressly stated above.

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RURAL PROPERTY ENDORSEMENT

Other than as stated in this Endorsement, there is no coverage under this POLICY for any risks involving the private water or septic system servicing your LAND. In this Endorsement, a "private" system means a system that is non-municipal and does not service more than one unit in a condominium.

Additional Compliance Risks

If there is a:

- ♦ private water system which is the primary source of potable water for; and/or
- ♦ private septic system servicing,

your LAND, item (12) of the Title Coverage insures you if you suffer an ACTUAL LOSS arising from any outstanding notice of violation, deficiency notice or work order issued as of the POLICY DATE affecting the private water or septic system.

Item (16) of the Title Coverage insures you if you suffer an ACTUAL LOSS due to the inability to use your LAND as a single residential dwelling as of the POLICY DATE because a certificate of approval and/or use permit was not issued for the septic system servicing your LAND. However, there is no coverage under this POLICY if you suffer an ACTUAL LOSS because the certificate of approval and/or use permit for the private septic system servicing your LAND was canceled or revoked by improvements, alterations, modifications or additions to any buildings on your LAND that were not authorized or contemplated under the certificate of approval and/or use permit.

Exclusions to Rural Property Coverage

Coverage under this POLICY only applies to septic systems installed after April 15, 1974 and provided that the governmental authority having jurisdiction over the regulation of septic systems makes available written confirmation as to the existence (or lack of) certificates of approval, use permits and/or work orders.

This endorsement is part of the POLICY and is subject to all of the terms and provisions of the POLICY, including any other endorsements. This endorsement applies equally to any MORTGAGE LENDER insured under the POLICY. This endorsement does not:

- ♦ *modify any of the terms and provisions of the POLICY, including any other endorsement;*
- ♦ *extend the effective date of the POLICY, including any other endorsement; or*
- ♦ *increase the face amount of the POLICY;*

unless expressly stated above.

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SUPPLEMENTARY COVERAGE ENDORSEMENT
FOR RESIDENTIAL PROPERTIES¹
(VERSION: NOVEMBER 24, 2015)

1. The following risks are hereby added to the "Title Coverage" section of "PART I – INSURANCE COVERAGE" of the POLICY:

Supplementary Coverage

- (22) anyone else having an ownership interest in your TITLE occurring after the POLICY DATE;
 - (23) anyone else having a right affecting your TITLE after the POLICY DATE arising from a tenancy, contract or option;
 - (24) an impersonation of you or other fraudulent act after the POLICY DATE as the result of which someone other than you claims to own or have an interest in your LAND;
 - (25) anyone else having an EASEMENT on your LAND occurring after the POLICY DATE;
 - (26) after the POLICY DATE, a governmental authority having jurisdiction assessing supplemental realty tax not previously assessed against the LAND for any period before the POLICY DATE;
 - (27) your existing improvement(s), if any (or a replacement or modification made to them after the POLICY DATE), being damaged because of the exercise after the POLICY DATE 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 were excepted or reserved from the description of the LAND or excepted in Schedule "A";
 - (28) anyone else having the right to limit your use of the LAND, whether the right affects TITLE to the LAND on or after the POLICY DATE;
 - (29) your TITLE being lost or taken because, before you acquired your TITLE, there was a breach of a covenant, condition or restriction, even if the covenant, condition or restriction is excepted in Schedule "A";
 - (30) the existing improvement(s), if any, with the municipal address shown in Schedule "A" not being located on the LAND at the POLICY DATE;
 - (31) you being forced to remove or remedy an existing structure (if any) on your LAND because it encroaches onto an EASEMENT, even if the EASEMENT is excepted in Schedule "A";
 - (32) your existing structure (if any) having 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 "A";
 - (33) any construction liens on your TITLE for service or material furnished before the POLICY DATE;
 - (34) 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 or zoning by-laws at the POLICY DATE;
 - (35) any contravention of the subdivision control provisions of the *Planning Act*;
 - (36) any violation of a subdivision, development or related agreement;
 - (37) the registration against your TITLE to the LAND of any liens or encumbrances between the POLICY DATE and the registration of the instruments creating the interest insured by this POLICY;
 - (38) if the LAND contains one or more new residential dwelling(s) purchased from a builder in the TRANSACTION, with respect to improvements to the LAND which the vendor to you was contractually obligated to construct as of the POLICY DATE, any of risks 10(b) or (c), (12), (13), (13.1), (14), (15), (27), (29), (31), (32), (33) or (34) in the "Title Coverage" section of "PART I – INSURANCE COVERAGE" of this POLICY, if the risks affect the LAND before or on a date 365 days after the POLICY DATE.
2. The descriptions of items (13), (17) and (21) of the risks in the "Title Coverage" section of "PART I – INSURANCE COVERAGE" of the POLICY are hereby deleted and replaced with the following:

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- (13) any order by a court or other authority after the POLICY DATE forcing you to remedy any of the following conditions existing as of the POLICY DATE: (a) a breach of a zoning by-law of a governmental authority having jurisdiction; (b) the lack of approval from a conservation or similar authority for the existing improvement(s) or any part thereof; or (c) the lack of a building permit for the existing improvement(s) or any part thereof;
 - (13.1) any adverse circumstance affecting the LAND which would have been disclosed by a search, at the POLICY DATE, of local government records pertaining to the LAND which would customarily be required by a solicitor qualified to practise law in the jurisdiction in which the LAND is located in the normal course of a real estate transaction;
 - (17) the lack of a legal right for existing vehicular access, if any, and for existing pedestrian access, if any, to and from the LAND, or where there is no existing access of either type, the LAND being land-locked by other properties and thus without any legal right of access;
 - (21) any other defects in your TITLE on or after the POLICY DATE so long as they are not otherwise excluded by the terms and conditions of this POLICY;
3. The following wording in the "Title Coverage" section of "PART I – INSURANCE COVERAGE" of the POLICY is hereby deleted and replaced with the following:
- Deletion: (except for risks (8) and (15) which are insured if they arise or occur after the POLICY DATE):
- Replacement: or, to the extent expressly stated, after the POLICY DATE:
4. The description of the following exception to exclusion (1) in "PART III – EXCLUSIONS TO POLICY COVERAGES" of the POLICY is hereby deleted and replaced with the following:
- (1)(b) any violation or enforcement proceeding disclosed by REGISTERED TITLE as of the POLICY DATE which relates to a matter excluded above;
5. The definition of "ACTUAL LOSS" in "PART IV – YOUR POLICY CONDITIONS" of the POLICY is hereby amended by adding the words, "or (31)" following the words, "items (11) – (16)".
6. The definition of "TRANSACTION" in "PART IV – YOUR POLICY CONDITIONS" of the POLICY is hereby deleted and replaced with the following:
- "TRANSACTION" means your purchase of the LAND together with any mortgage financing arranged in connection with your purchase, as described in Schedule "A", or where no insured and registered owner is stated in Schedule "A" of the POLICY, the MORTGAGE LENDER'S acquisition of a MORTGAGE/CHARGE of the LAND, as described in Schedule "A".
7. The following provision is added to the end of the section entitled, "Our Choices when you Notify Us of a Claim" of "PART IV – YOUR POLICY CONDITIONS" of the POLICY:

We will reimburse you for the reasonable costs paid by you to move 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) kilometers from the LAND, and repair of any damage to that personal property resulting from the move. The amount we will pay you under this paragraph of the POLICY is limited to the value of the personal property before you move it.

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8. Wherever the term, “estoppel certificate” is used in the POLICY, it is hereby replaced with the term, “status certificate”.
9. The word “title” in item (5) in “PART III – EXCLUSIONS TO POLICY COVERAGES” of the POLICY is hereby deleted. This deletion does not apply to “PART V – MORTGAGE PROVISIONS” of the POLICY.
10. The following exclusion is added to “PART III – EXCLUSIONS TO POLICY COVERAGES” of the POLICY:
 - (6) the failure of the existing improvement(s) or any part thereof to be constructed in accordance with applicable building codes. This exclusion does not limit the coverage provided for any risk covered by items (12), (13) or (13.1) of the Title Coverage provisions of this POLICY.
11. The description of the following risk in the “Mortgage Coverage” section of “PART V – MORTGAGE PROVISIONS” of the POLICY is hereby deleted and replaced with the following:
 - (11) any breach of the applicable zoning by-law or any order by a court or other authority after the POLICY DATE forcing you to remedy any of the following conditions existing as of the POLICY DATE: a breach of a property standards by-law or the building code of a governmental authority having jurisdiction;
12. The following provision is added to the end of the section entitled “Exclusions” of “PART V – MORTGAGE PROVISIONS” of the POLICY:

The Mortgage Coverage under this POLICY is not subject to item (6) of PART III – EXCLUSIONS TO POLICY COVERAGES.
13. The following wording in the “Mortgage Coverage” section of “PART V – MORTGAGE PROVISIONS” of the POLICY is hereby deleted and replaced with the following:

Deletion: (except for risks (3) and (4) which are insured if they arise or occur after the POLICY DATE):

Replacement: or, to the extent expressly stated, after the POLICY DATE:

This endorsement is part of the POLICY and is subject to all of the terms and provisions of the POLICY, including any other endorsements. This endorsement does not:

- *modify any of the terms and provisions of the POLICY, including any other endorsement;*
- *extend the POLICY DATE or the effective date of any other endorsement; or*
- *increase the POLICY AMOUNT;*

unless expressly stated above.

¹ Excluding OwnerEXPRESS[®] and leasehold policies.