



**48<sup>th</sup> ANNUAL MEETING**  
**March 20, 2024**

NEW HOME WARRANTY PROGRAM OF MANITOBA INC.  
Unit 340 - 530 KENASTON BOULEVARD, WINNIPEG, MANITOBA R3N 1Z4  
Website: [mbnhwp.com](http://mbnhwp.com) Telephone: (204) 453-1155 Fax: (204) 287-8561

# Contents

---

**Agenda**

**Minutes of the 47th Annual Meeting**

**Vision & Mission**

**The Board, Committee Members, and Staff**

**Financial Statements**

**Message from the Chief Executive Officer**

**Message from the Chairman**

**Letter of Credit Policy Amendment**

**Membership Awards**

**Builder Members**

# Agenda

---

- Call to Order
- Introduction of Board of Directors
- Results of the 2024 Nominations for the Northern and Winnipeg Electoral Districts
- Minutes of the 47<sup>th</sup> Annual Meeting – March 22, 2023
- Annual Financial Report – Year Ending 2023
- Appointment of Auditors
- Ratification of the Board of Directors Actions for the Year 2023
- Chief Executive Officer's Report
- Chairman's Report
- Letter of Credit Policy Amendment
- Presentation of Membership Awards
- Other Business
- Closing Remarks

# **New Home Warranty Program of Manitoba Inc.**

**Unit 340 – 530 Kenaston Boulevard, Winnipeg, Manitoba R3N 1Z4**

---

Minutes of the 47th Annual General Meeting of the New Home Warranty Program of Manitoba Inc. held on March 22, 2023, Holiday Inn Winnipeg South, 1330 Pembina Hwy., Winnipeg, Manitoba

## **The following documents were handed out to each person in attendance:**

- Annual Report containing the December 31, 2022 year-end audited financial statements, agenda for 47<sup>th</sup> Annual General Meeting, minutes of the 46<sup>th</sup> Annual General Meeting

## **The following registered Builders were in attendance:**

- Central Homes
- Prego Builders Ltd.
- Stefan Home Builders Ltd.
- Springwood Homes Inc.
- Hilton Homes Ltd.
- MBFB Solutions Ltd. t/a Holy Land Builders
- Thuraisingham Satgunam
- S. Maric Construction Ltd.
- Creative Spaces Ltd.
- A & S Construction Ltd.
- W. Giesbrecht Homes Ltd.
- CRS Homes
- Conquest Manufacturing Ltd.
- Arborg Home Hardware Building Centre (non-voting)
- Lopes Construction Ltd.

A total of 26 duly constituted proxies pertaining to the business of the meeting were received and delivered by the auditor.

Chairman Spencer Curtis called the meeting to order at 4:25 p.m.

S. Curtis introduced the 2022 Board of Directors:

- Spencer Curtis (CHAIRMAN) – Hilton Homes Ltd.
- Gary Bernard – (SECRETARY-TREASURER) – Representative of the Canadian Banker's Association
- Frank Spezzano – A & S Construction Ltd.
- Melanie Snow – Warkentin Homes Ltd.
- Randy Douglas – Stefan Home Builders Ltd.
- Erwin Plett – Springwood Homes Inc.
- Dorothy Anscomb – Representative of the Consumers Association of Canada/Manitoba
- Anthony Reimer – Representative of the Insurance Brokers of Manitoba
- Peter Halamandaris – Representative of the Law Association of Manitoba

## **Results of the 2023 Nominations for the Winnipeg Electoral District**

S. Curtis advised that as there was no election this year, as the Program's Auditor received just one nomination. As a result, returning for another 3-year term is Erwin Plett of Springwood Homes Inc.

### **Minutes of Previous Annual Meeting**

S. Curtis asked for a motion regarding the minutes of the previous annual meeting.

*Motion that the minutes of the 46<sup>th</sup> Annual Meeting held on March 24, 2022 be adopted and approved.*

**Moved** Frank Spezzano (A & S Construction Ltd.)                      **2<sup>nd</sup>** Erwin Plett (Springwood Homes Inc.)  
    . . . *unanimous*

### **Financial Statements – December 31, 2022**

G. Bernard reported on the Financial Statements and asked if there were any questions. There were none. S. Curtis asked for a motion regarding the financial statements.

*Motion that the financial statements for the fiscal period ended December 31, 2022 together with the auditor's report thereon be approved and adopted.*

**Moved** Frank Spezzano (A & S Construction Ltd.)                      **2<sup>nd</sup>** Tony Lopes (Prego Builders Ltd.)  
    . . . *unanimous*

### **Appointment of Auditors**

S. Curtis asked for a motion regarding the appointment of auditors.

*Motion that BDO Canada LLP be appointed as auditors of the Program and hold office until the next Annual General Meeting of the Members at the remuneration to be fixed by the Directors.*

**Moved** Martin Maric (S. Maric Construction Ltd.)                      **2<sup>nd</sup>** Frank Spezzano (A & S Construction Ltd.)  
    . . . *unanimous*

### **Ratification of the Board of Directors Actions for the Year 2022**

S. Curtis asked for a motion for the Ratification of the Board of Directors Actions for the Year 2022.

*Motion for the ratification of the Board of Directors' Actions for the year 2022*

**Moved** Martin Maric (S. Maric Construction Ltd.)                      **2<sup>nd</sup>** Andrew Lopes (Lopes Construction Ltd.)  
    . . . *unanimous*

### **Chief Executive Officer's Report**

S. Curtis called upon Lori Crandell to give her report. She gave her report. There were no questions.

### **Chairman's Report**

S. Curtis gave his report. There were no questions.

### **Presentation of Membership Awards**

S. Curtis advised that several builder members are receiving service awards. Those in attendance came up to receive their award.

The following members will be receiving an award acknowledging 10 Years in the Program.

- Goodman Homes
- Hive Development Group Inc.
- Mark's RTM's Inc.
- Ican Construction & Renovation Inc.
- Wincor Construction Inc.
- Lux Custom Homes Ltd.
- OB Construction (2010) Ltd.
- Birch Construction Ltd.
- R & M Homes Ltd.
- MBFB Solutions Ltd.
- Quatro Homes Ltd.

The following member will be receiving an award acknowledging 15 Years in the Program.

- Leo's Home Decorating Ltd.

The following member will be receiving an award acknowledging 20 Years in the Program.

- Von Ast Construction (2014) Inc.

The following members will be receiving an award acknowledging 30 Years in the Program.

- Dave Hildebrand Construction
- Sigman Construction Ltd.

**Other Business**

S. Curtis asked if there was any other business or further questions. There were none. He then advised that this was the end of the meeting and thanked everyone for attending.

**Adjournment**

S. Curtis asked for a motion to adjourn the meeting.

*Motion to adjourn the meeting:*

**Moved:** Wilbert Giesbrecht (W. Giesbrecht Homes Inc.) **2<sup>nd</sup>** Martin Maric (S. Maric Construction Ltd.)  
... unanimous

**Meeting adjourned at 5:00 p.m.**

---

Minutes prepared by Lori Crandell @ March 28, 2023

Minutes approved by:  Spencer Curtis, Chairman

Date: 26 Apr. 23'

# Vision and Mission

---

## *Vision Statement*

The New Home Warranty Program of Manitoba Inc. is the leading provider of warranty services for the New Home Building Industry.

We are dedicated to providing a service that will enhance the new home building industry and ensure that consumers are satisfied with the results.

## *Mission Statement*

The New Home Warranty Program of Manitoba Inc. will provide warranty protection for new home buyers and support the building industry in its goal to achieve excellence in building standards.

# The Board, Committee Members, and Staff

---

## Board of Directors

**Spencer Curtis** - CHAIRMAN  
*Hilton Homes Ltd.*

**Gary Bernard** - SECRETARY-TREASURER  
*Canadian Bankers Association*

**Erwin Plett** - VICE-CHAIRMAN  
*Springwood Homes Inc.*

**Frank Spezzano**  
*A & S Construction Ltd.*

**Melanie Snow**  
*Warkentin Homes Ltd.*

**Randy Douglas**  
*Stefan Home Builders Ltd.*

**Dorothy Anscorb**  
*Consumers' Association of Canada/Manitoba*

**Anthony Reimer**  
*Insurance Industry of Manitoba*

**Peter Halamandaris**  
*Law Association of Manitoba*

## Technical Committee

**Randy Douglas**  
*Director/Builder Member*

**Peri Maric**  
*Builder Member*

**Ron Chausse**  
*Builder Member*



***Registration Committee***

---

**Gary Bernard**

*Director*

**Kristen Willis**

*BDO Canada LLP*

**Peter Halamandaris**

*Director*

***Public Relations  
Committee***

---

**Dorothy Ancomb**

*Director*

**Melanie Snow**

*Director/Builder Member*

**Spencer Curtis**

*Director/Builder Member*

***Human Resources  
Review Committee***

---

**Dorothy Ancomb**

*Director*

**Spencer Curtis**

*Director/Builder Member*

**Peter Halamandaris**

*Director*

***Staff***

---

**Lori Crandell**

*Chief Executive Officer*

**Jay Kent**

*Warranty Manager/Inspector*

**Tabatha Funk**

*Administrative Assistant/Member Services*

**NEW HOME WARRANTY PROGRAM OF MANITOBA INC.**

**Financial Statements**  
For the year ended December 31, 2023

# **NEW HOME WARRANTY PROGRAM OF MANITOBA INC.**

## **Financial Statements**

For the year ended December 31, 2023

---

	<b>Contents</b>
<b>Independent Auditor's Report</b>	<b>2</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>4</b>
Statement of Changes in Net Assets	<b>5</b>
Statement of Operations	<b>6</b>
Statement of Cash Flows	<b>7</b>
Notes to Financial Statements	<b>8</b>
<b>Schedule of General Operating Expenses</b>	<b>15</b>



---

## Independent Auditor's Report

---

To the Members of New Home Warranty Program of Manitoba Inc.

### Opinion

We have audited the financial statements of **New Home Warranty Program of Manitoba Inc.** ("the Program"), which comprise the statement of financial position as at December 31, 2023, and the statement of changes in net assets, statement of operations, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Program as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Program in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Program's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Program or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Program's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Program's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Program to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

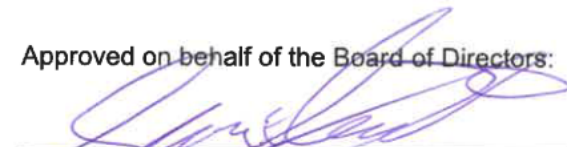
Chartered Professional Accountants


Winnipeg, Manitoba  
March 8, 2024

## NEW HOME WARRANTY PROGRAM OF MANITOBA INC. Statement of Financial Position

As at December 31	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash and bank	\$ 10,424	\$ 27,903
Investments (Note 3)	4,705,571	4,525,678
Receivables	2,205	4,001
Prepays	10,926	10,793
	4,729,126	4,568,375
<b>Capital assets (Note 4)</b>	<b>2,581</b>	<b>5,536</b>
	<b>\$ 4,731,707</b>	<b>\$ 4,573,911</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Payables and accrued liabilities (Note 5)	\$ 47,600	\$ 29,981
Current portion of warranty claims liabilities (Note 6)	133,500	134,000
	181,100	163,981
<b>Long-term portion of warranty claims liabilities (Note 6)</b>	<b>237,500</b>	<b>238,000</b>
	<b>418,600</b>	<b>401,981</b>
<b>Commitment (Note 7)</b>		
<b>Net Assets</b>		
Unrestricted	4,310,526	4,166,394
Invested in capital assets	2,581	5,536
	4,313,107	4,171,930
	<b>\$ 4,731,707</b>	<b>\$ 4,573,911</b>

Approved on behalf of the Board of Directors:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**NEW HOME WARRANTY PROGRAM OF MANITOBA INC.**  
**Statement of Changes in Net Assets**

**For the year ended December 31, 2023**

	<b>2023</b>			<b>2022</b>
	<b>Unrestricted</b>	<b>Invested in Capital Assets</b>	<b>Total</b>	<b>Total</b>
<b>Net assets, beginning of year</b>	<b>\$ 4,166,394</b>	<b>\$ 5,536</b>	<b>\$ 4,171,930</b>	<b>\$ 3,968,983</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>144,132</b>	<b>(2,955)</b>	<b>141,177</b>	<b>202,947</b>
<b>Net assets, end of year</b>	<b>\$ 4,310,526</b>	<b>\$ 2,581</b>	<b>\$ 4,313,107</b>	<b>\$ 4,171,930</b>

---

**NEW HOME WARRANTY PROGRAM OF MANITOBA INC.**  
**Statement of Operations**

<b>For the year ended December 31</b>	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Builder late fees	\$ 2,460	\$ 3,660
Builders' registration and renewal fees	47,225	42,650
Home enrolment fees	303,550	428,650
Interest and other	227,848	93,318
	<b>581,083</b>	<b>568,278</b>
<b>Expenses</b>		
Advertising and sponsorship	7,035	6,098
General operating (see Schedule)	148,026	133,393
Salaries and benefits	241,895	223,037
Warranty claim (Note 6)	42,950	2,803
	<b>439,906</b>	<b>365,331</b>
<b>Excess of revenue over expenses for the year</b>	<b>\$ 141,177</b>	<b>\$ 202,947</b>



## NEW HOME WARRANTY PROGRAM OF MANITOBA INC. Statement of Cash Flows

<b>For the year ended December 31</b>	<b>2023</b>	<b>2022</b>
<b>Operating Activities</b>		
Excess of revenue over expenses for the year	\$ 141,177	\$ 202,947
Adjustments for items not affecting cash		
Amortization of capital assets	2,955	1,797
Warranty claim recoveries	(1,000)	-
	<u>143,132</u>	<u>204,744</u>
Changes in non-cash working capital balances		
Receivables	1,796	(1,380)
Prepays	(133)	(254)
Payables and accrued liabilities	17,619	(4,336)
	<u>162,414</u>	<u>198,774</u>
<b>Investing and Financing Activities</b>		
Net increase in investments	<u>(179,893)</u>	<u>(181,631)</u>
<b>Net increase (decrease) in cash and bank during the year</b>	<b>(17,479)</b>	<b>17,143</b>
<b>Cash and bank, beginning of year</b>	<u><b>27,903</b></u>	<u><b>10,760</b></u>
<b>Cash and bank, end of year</b>	<b>\$ 10,424</b>	<b>\$ 27,903</b>

---

# NEW HOME WARRANTY PROGRAM OF MANITOBA INC.

## Notes to Financial Statements

For the year ended December 31, 2023

---

### 1. Nature of the Organization

The Program provides protection to homebuyers who purchase a new home from a home builder who is registered with the Program. Home builders accepted for registration by the Program pay an initial registration fee and an annual renewal fee. The Program charges a home enrollment fee for each new home and provides new home warranty protection under a warranty certificate.

The Program is incorporated under The Corporations Act of the Province of Manitoba as a non-profit organization without share capital. The Program is exempt from income tax.

### 2. Summary of Significant Accounting Policies

#### a. Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

#### b. Revenue Recognition

The Program follows the deferral method of accounting for contributions. Home enrollment fees are recognized as revenue upon notification of construction by receipt of an enrollment form and payment by the builder. Builders' registration and renewal fees are recognized annually when due. Interest and other revenue are recognized when earned.

#### c. Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market including mutual funds are reported at fair value, with any unrealized gains and losses reported in operations. In addition, all guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

#### d. Capital Assets

Purchased capital assets are stated at cost less accumulated amortization based on estimated useful life of the asset, calculated as follows:

Computer equipment	30% diminishing balance basis
Office furniture and equipment	20% diminishing balance basis

# NEW HOME WARRANTY PROGRAM OF MANITOBA INC.

## Notes to Financial Statements

**For the year ended December 31, 2023**

### 2. Summary of Significant Accounting Policies (continued)

#### e. Warranty Claims Liabilities

Warranty claims liabilities include estimates of costs for claims reported and in process, and provisions for claims incurred but not yet reported, net of recoveries from builders, at the statement of financial position date where it is anticipated that costs will be incurred by the Program. Warranty claims liabilities also include an estimate of costs to administer the warranty obligation until the expiry of all warranty obligations.

#### f. Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Estimates have been made by management in the following areas:

- The useful life of capital assets; and
- The assumptions used in determining warranty claims liabilities.

### 3. Investments

The Program's investments comprise of high interest savings.

### 4. Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 18,486	\$ 18,486	\$ 18,486	\$ 16,176
Office furniture and equipment	36,465	33,884	36,465	33,239
	<b>\$ 54,951</b>	<b>\$ 52,370</b>	<b>\$ 54,951</b>	<b>\$ 49,415</b>
Net book value		<b>\$ 2,581</b>		<b>\$ 5,536</b>

## NEW HOME WARRANTY PROGRAM OF MANITOBA INC. Notes to Financial Statements

**For the year ended December 31, 2023**

### 5. Government Remittances Payable

Included in accounts payable and accrued liabilities are government remittances payable of \$1,561 at December 31, 2023 (\$2,407 in 2022).

### 6. Warranty Claims Liabilities

The determination of the Program's warranty claims liabilities is dependent on the Program's claims handling practices, on the judgment of its management and on historical precedents and industry trends. Periodic reviews are performed by management and reviewed by our appointed actuary to assess whether warranty claims liabilities for homes enrolled, and enrolment fees are adequate relative to future claims and related administration costs to administer claims until the expiry of all warranty obligations. The most recent actuarial valuation was prepared as at June 30, 2021.

The following table summarizes the changes of the warranty claims liabilities as at December 31:

	<u>2023</u>	<u>2022</u>
Balance, beginning of the year	\$ 372,000	\$ 372,000
Warranty claims costs during the year	(42,950)	(2,803)
Provision for warranty claims for the year	<u>41,950</u>	<u>2,803</u>
Balance, end of the year	<u>\$ 371,000</u>	<u>\$ 372,000</u>

The current and long-term portions of warranty claims liabilities are as follows as at December 31:

	<u>2023</u>	<u>2022</u>
Total warranty claims liabilities	\$ 371,000	\$ 372,000
Less current portion	<u>133,500</u>	<u>134,000</u>
Long-term portion	<u>\$ 237,500</u>	<u>\$ 238,000</u>

---

## NEW HOME WARRANTY PROGRAM OF MANITOBA INC. Notes to Financial Statements

**For the year ended December 31, 2023**

---

### 6. Warranty Claims Liabilities (continued)

The warranty claim costs payments anticipated for the next five years and thereafter are as follows:

	Warranty Claim Costs (Net)	Complaints Administration	Total
2024	\$ 5,100	\$ 128,400	\$ 133,500
2025	4,100	77,500	81,600
2026	3,300	30,100	33,400
2027	2,700	15,900	18,600
2028	2,200	12,700	14,900
Thereafter	3,600	85,400	89,000
	\$ 21,000	\$ 350,000	\$ 371,000

#### Warranty Coverage and Policy

The warranty coverage begins at the date of possession by the new homeowners. The warranty coverage includes a limit of settlement that are prescribed under the warranty.

#### Significant Warranty Claims Liabilities Risk and Assumptions

The primary objectives of the Program include consumer protection, builder regulation and homeowner and builder education. An overview of the Program's risk management framework and assumptions with regards to warranty liabilities are summarized below.

---

# NEW HOME WARRANTY PROGRAM OF MANITOBA INC.

## Notes to Financial Statements

For the year ended December 31, 2023

---

### 6. Warranty Claims Liabilities (continued)

#### Insurance Risk

The Program is exposed to insurance risk similar to a normal property and casualty insurance company. The insurance risk is the risk of loss arising from defects in new homes if the builders have failed to perform their warranty obligations to the new homeowners, or the homes have warrantable major structural defects during the period of the warranty. The Program is primarily concerned with the possibility of the warrantable event occurring and the uncertainty of the amount of the resulting claim.

Insurance risks are managed through the Program's builder registration and renewal policy. Annual reviews are performed on new and existing registered builders to verify that they have the technical experience, customer service capabilities and financial capacity required to build new homes in compliance to the terms and conditions of the warranty.

The establishment of warranty liabilities is based on established actuarial practice, management judgment and experience. Actual settlements may also differ significantly from the estimates of these liabilities due to the measurement uncertainty involved in establishing assumptions for such variables as future rates of claim frequency, severity, inflation, the ability of builders to fulfil their obligations to home buyers, recoveries from builders and administrative costs. The Program is exposed to claims provisioning risks as follows:

- Future Claims Adjustment Cost

This assumption reflects the costs generally related to administration including staff salaries, a related share of facilities overhead and rent that are not allocated to individual claim files. An actuarially estimated cost percentage of the future claim cost is applied to the outstanding claims at the end of the reporting period. This assumption is reviewed tri-annually by the Program's actuary.

- Incurred but not yet Reported Claims

Actual claim settlements may differ from estimated claim settlements. These claims are estimated based on historical patterns of fluctuations in claim estimates and settlements. In general, the longer the period of time between the incidence of loss and the settlement of the related claim, the greater the potential for actual settlement amounts to differ from the recorded estimates.

- Adverse Deviation

The liability has inherent measurement uncertainty that arises because:

- i) actual investment returns may differ from the discount rate used in actuarial calculations; and

---

## NEW HOME WARRANTY PROGRAM OF MANITOBA INC. Notes to Financial Statements

**For the year ended December 31, 2023**

---

### 6. Warranty Claims Liabilities (continued)

- ii) actual claim settlements may occur for amounts or at times that differ from estimates - this risk of loss can occur due to actual experience differing from the experience assumed. The developments of assumptions for future claims are based on the Program's experience and known cases or potential issues as well as industry benchmarks. Such assumptions require a significant amount of professional judgment; therefore, actual experience may be materially different than the assumptions made by the Program. Home builder payment patterns, renewals, withdrawals and surrender activities can be influenced by many factors including market and general economic conditions. Their behaviour also has an impact on assessing future claims.

#### Recovery Risk

In the normal course of managing the warranty program, the Program reduces exposure to claims by seeking recovery from builders for certain warranty related issues. The ability to seek recovery does not discharge the Program's responsibility to manage warranty issues. Failure by a builder to uphold its obligation could result in legal action by the Program. Consequently, allowances are established for amounts deemed uncollectible. The risk is managed by obtaining security from the builders at the time of registration and adjusted accordingly at annual renewal. Security held by the Program, which is not presented as assets on the Program's statement of financial position, is as follows as at December 31:

	<u>2023</u>	<u>2022</u>
Letters of credit	<b>\$ 4,989,568</b>	\$ 5,022,035
Term deposits	<b>1,238,552</b>	1,184,663
	<b><u>\$ 6,228,120</u></b>	<b><u>\$ 6,206,698</u></b>

Term deposits are renewed at their maturity date and accrued interest is payable to the builder.

### 7. Commitment

The Program has an operating lease for its premises expiring in February 2025, with base rent of \$20,655 annually.

---

# NEW HOME WARRANTY PROGRAM OF MANITOBA INC.

## Notes to Financial Statements

For the year ended December 31, 2023

---

### 8. Financial Instruments Risk Management

The Board of Directors has overall responsibility for the determination of the Program's risk management objectives and policies. The Board of Directors receives reports on a quarterly basis from the Program's Chief Executive Officer. The reports are reviewed by the Board of Directors to assess the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Program's goals and flexibility.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Program is exposed to credit risk arising from its receivables and investments. To manage this risk, the Program monitors its members through an annual application renewal process and requires a letter of credit or other suitable form of security from each member builder for the purposes of settling liabilities. Total security held for builders' obligations is disclosed in Note 6. In addition, investments are held in savings accounts of which a portion is insured. There has been no change in the Program's exposure to credit risk from the prior year.

#### Liquidity Risk

Liquidity risk is the risk that the Program encounters difficulty in meeting its obligations associated with financial liabilities which consist primarily of payables and warranty claims liabilities. In order to mitigate credit risk, management monitors cash flows and maintains a portion of the investment portfolio in liquid investments. There has been no change in the Program's exposure to liquidity risk from the prior year.

#### Interest Rate Risk

Interest rate risk is the risk that the Program's financial instruments will increase or decrease with changes in market interest rates. The Program holds variable rate investments and thus is exposed to fluctuations in market interest rates. The Program's management in conjunction with the Board of Directors make investment decisions after considering advice from professional advisors. There has been no change in the Program's exposure to interest rate risk from the prior year.



**NEW HOME WARRANTY PROGRAM OF MANITOBA INC.**  
**Schedule of General Operating Expenses**

<b>For the year ended December 31</b>	<b>2023</b>	<b>2022</b>
Amortization	\$ 2,955	\$ 1,797
Annual and general meetings	3,748	3,459
Builders' membership certificates	1,135	1,183
Committees and Board of Directors	2,777	2,075
Inspection fees	2,339	1,675
Insurance	9,019	8,884
Membership dues and subscriptions	925	925
Office	8,955	9,878
Other	5,857	6,538
Postage and delivery	2,642	2,136
Printing, stationery and office supplies	7,411	2,389
Professional fees	29,634	28,626
Registration Committee consulting fees	9,772	7,384
Rent	39,748	38,994
Telephone and internet	7,182	6,929
Travel	1,804	60
Vehicle	12,123	10,461
	<b>\$ 148,026</b>	<b>\$ 133,393</b>

# Chief Executive Officer's Report

---

*Lori Crandell*  
*Chief Executive Officer*

---

This past year echoed similar challenges as 2022, as we continue to weather a soft economy with glimpses of recovery ahead.

Our primary focus has been on the resolution of warranty claims and ensuring homeowners do not get lost and forgotten as we do our due diligence in mediating an unprecedented claim load. Last year I mentioned that the number of active claims was twice our norm and expected 2023 to remain heavy. The large claim load has been due to a trifecta of variables and some wildcards. We had a similar year to 2022 with 50% more new claims than the rolling 5-year average and a continued lag in unresolved claims from prior years. In addition, we saw a slight increase in the average number of issues captured in a single claim file. One wildcard has been an increase in tire-kickers – homeowners submitting claims that are past warranty or claiming items that are clearly not covered. On all fronts, there is an increase in homeowners who refuse to accept when something is not covered. The 2<sup>nd</sup> wildcard has been some repairs to homes that the Program is obliged to undertake due to builder failure.

While I do not want to belabor this topic too much, many will ask why it is that claim files have become more challenging and take longer to close, and this deserves some scrutiny. There are a few variables at play. Homeowners are claiming more items that are cosmetic or considered minor defects, rather than accepting them or fixing them on their own, whether this is from a lack of home maintenance knowledge or a feeling of entitlement after making a big purchase. Some of these items, like screw pops or drywall cracks, were being fixed by builders in prior years as a courtesy, even though they are not covered under warranty. This is happening less often now, so there are more arguments over things like a dent in a cupboard or a scratched mirror. In addition, we do see a reduction in quality in workmanship on interior and exterior fit and finish items. We are also seeing a rise in scheduling difficulties; trades that miss appointments and homeowners that have difficulty taking time away from their job. There used to be a

# Chief Executive Officer's Report

---

*Lori Crandell*  
*Chief Executive Officer*

---

time when homeowners would allow exterior work to be done when they were not home, but not anymore. The level of trust in builders by homeowners has gone down quite a bit. Trades are not making repairs as adequately, leading to repeat visits, which increases a homeowner's anxiety and mistrust. This may spill over on to repairs being done by a very capable trade resulting in a situation of micromanagement by the homeowner, which is frustrating for the trade.

By October 2023, we gave firm thought to hiring a 2<sup>nd</sup> Warranty Manager. While we have seen a wonderful reduction in our claim load over the past 3 months and a miraculous resolution to some very difficult matters, we have not completely lost our thought on adding another person. We acknowledge that the world has changed, and the bar set for customer service has risen. We know expectations are higher and not about to subside. We also know it's not just us, as our builder members have expressed the same frustrations, and it's being echoed in other industries. Across Canada, warranty providers and builders report an increase in loss of front-line customer service staff. We have also seen a larger number of builders exit the new home construction industry in part, and some explicitly, due to unrealistic consumer demand. I have lost count of how many times I have heard from exiting members that they, "can't keep up with this rat race".

So, expectedly, we experienced a decrease in our membership last year, similar to 2022. We had 16 members cancel, and 7 join. Over a 2-year period we have experienced a 40% increase in cancelation and a 40% decrease in approved memberships. Out of these cancelations, 58% were members who voluntarily withdrew. Some have changed focus and entered the renovation, commercial or trade market. Whereas the majority either retired or left the industry completely, with 2 citing business failure. The remaining 42% were canceled by the Program for failure to provide annual renewal information and or follow other membership requirements. However, most of these builders indicated that they

# Chief Executive Officer's Report

---

*Lori Crandell*  
*Chief Executive Officer*

---

would have withdrawn anyway and simply let their membership lapse as they were no longer building homes, with several citing business failure. The underlying thread, however, is that these builders were doing an average of 1 to 2 homes per year, with many not building any at all in the past few years. There is no significant correlation as to the number of years spent in the Program before cancelation. These builders had been members for as long as 43 years and as short as 2 years. Interestingly, however, 80% of those that canceled were outside the City of Winnipeg and surrounding area, with the majority in the west and south south-western areas of Manitoba.

Regarding new memberships, this is a bit more straightforward. On average, we review about 12 applications per year. This has not wavered very much. However, not every application is approved. Typically, around 1 or 2 builders will not go on to become members due to an inability to obtain a Letter of Credit, with the occasional outright decline of the application by the Program. In 2022, we simply had a soft year due to the economy, and had only 8 applications, with 6 going on to become members. This past year, out of 13 applications received, only 6 resulted in membership. The remaining 7 were either unable to obtain a Letter of Credit or abandoned their application.

In keeping with related statistics, our enrollments are reduced by 29% over 2022. This is not a surprise given the interest rate increases we have seen in 2022 and 2023. These numbers match up with the 37% decrease in enrollments coming in from our most active medium to large-sized builders. The reduction was softened by about 20% of the membership, mostly small builders who slightly increased their builds, including builds from new memberships. We have budgeted for a slight recovery for 2024, and already see an 15% increase in our first quarter.

The silver lining behind a reduction in enrollments is almost always a reduction in warranty claims, which we are already seeing. This

# Chief Executive Officer's Report

---

*Lori Crandell*  
*Chief Executive Officer*

---

should provide some well-needed breathing room to get back on track with some business development type projects. The key item that the Program worked on in 2023 was a review of our possession certificate. Revamping the Program's warranty is a huge undertaking. What started with a few targeted items, such as the claims and conciliation process, became an enormous undertaking once I started reviewing our warranty alongside other providers and started seeing areas that needed improvement. It is not the coverage amounts, types of coverage, or even our warranty length that we are eyeballing. It is mainly items that can reduce risk to the Program, and create a more balanced, fairer, environment under which warranty is governed. Generally, we want to ensure that the terms and conditions of our warranty are up-to-date and in line with new home warranty across Canada and massage areas that are not working as intended, lacking in structure, and are perhaps difficult to understand or open to interpretation. I feel very positive about this project and look forward to devoting as much time as possible this year to bring it to fruition soon.

In 2023 we also finalized revisions to our Letter of Credit Policy, now referred to as the Security Policy. I spoke about this briefly last year. Our main objective was to change the language that refers to the release of a Letter of Credit, to be inclusive of both the 5-year warranty and the 7-year warranty. We have also added definitions and carved out any conditions and requirements in a way that is more transparent. The general scope and intent of the policy, however, has not changed.

This past year, I have been involved in the revitalization of our Canadian Home Warranty Council. This council, comprised of nearly all the warranty providers across Canada, has been an excellent sounding board and task group for growth, change, and improvements in the mechanisms of home warranty across Canada. We also provide essential feedback to the industry at large on topics such as building codes, construction materials and processes, and gaps in education and training. Generally, the

# Chief Executive Officer's Report

---

**Lori Crandell**  
*Chief Executive Officer*

---

council targets at least 2 in-person full day meetings per year to accomplish its goals. However, the pandemic led to a hiatus from these critical in-person meetings, which in turn has led to a re-examination and recalibration of the council's objectives. Some of our long-term participants, warranty provider leaders, have since retired or left the industry and so we are re-filling our council seats with new faces with new ideas. As a longtime participant, I have volunteered to help our council re-group and move forward.

This past year I have been actively involved in a task group, through the Education and Training Committee of the MHBA and sponsored by the Manitoba Construction Sector Council, in the research of drone technology and its applicability to the construction industry. I have been quite astonished at this advancing technology. Discovering that drones can do much more than take over-head videos of houses and deliver pizza has been enlightening. Picture a drone capable of applying exterior coatings, or locating the source of building leaks, keeping track of site inventory, or being your front-line in security. Over the next couple years, we will continue to reach out to builders for input and feedback and hope to bring Manitoba up to date with this advancing technology.

This upcoming year, we will be undergoing our tri-annual Actuarial Analysis. We are actually behind by one year due to the pandemic, and therefore look forward to bringing our risk management outlook up to date. Due to an upgrade in our data management system completed in 2022, we will be sharing a more comprehensive data set of claims information with our actuaries and are interested to see how this plays out in the analysis.

That sums up my report on the status of our operations and activities for 2023. As always, it has been a fantastic pleasure to be part of the housing industry and at the helm of our great organization. A shout out to my staff who have weathered a rather

# Chief Executive Officer's Report

---

***Lori Crandell***  
***Chief Executive Officer***

---

challenging and stressful year with unwavering grace and dedication. To our builders – I do hope that 2024 brings prosperity and a reduction in stressors. Keep up the good work and keep reaching for excellence. And finally, thank you to my volunteer board for your continued dedication to our Program. I wish everyone happiness, good health, and a successful year ahead.

**Thank you,**

**Lori Crandell**  
***Chief Executive Officer***

# Chairman's Report

---

*Spencer Curtis*  
*Chairman*

---

Good afternoon fellow builder members. I would like to welcome you all here today to your annual general meeting of the New Home Warranty Program of Manitoba. Why are all of you here today? Maybe you're here today because you have questions about the warranty business and realize this is an excellent opportunity to discuss in person with some of the fantastic NHWP staff. Maybe you're here because you appreciate this annual opportunity to get together in a relaxed setting and chat with a few of your fellow builders, discuss business, compare notes about the state of the market, share in the challenges other builders are seeing, and maybe even learn something new and interesting. Or perhaps you are here because of the free drinks and the fantastic buffet. Of course, you could be here because you have a strong interest in what the New Home Warranty Program has been up to all year and what is forecasted for the home building market and the warranty business going forward. Those are all acceptable answers and whatever your reason for coming out today I would like to thank-you for being here and taking interest in the business of the Program. I bring this up as the building industry is changing, the warranty business is changing, and the landscape we all operate in has changed. I commend you for your commitment to the warranty program and for taking time out of your busy schedule today as we share our thoughts on 2023 and our outlook for 2024.

We are all busy dealing with the ever-increasing demands of the home building industry. Many builders take the warranty program for granted; that it is just another vendor that they deal with. However, we as builder members, are incredibly lucky to have such an excellent staff of professional warranty experts. I'd like to take this opportunity to extend my thanks to the office staff of the New Home Warranty Program. As I mentioned, our warranty staff are true professionals. Whether your business with the office is basic with the submission of enrollment forms or whether you have complex discussions concerning your membership, or deal with a specific warranty claim, the knowledgeable staff are a pleasure to



# Chairman's Report

---

*Spencer Curtis*  
*Chairman*

---

work with and have done an exceptional job navigating the changing landscape of the building industry. As Lori commented earlier, our warranty manager Jay Kent has been incredibly busy assisting homeowners. That means he is also busy providing service to our builder members. I am sure this isn't news to anyone in the room but building homes is no longer only about building a quality home. It is about customer service, communication, and relationships. I urge everyone here today, and everyone reading this, to think about that and ask yourself: "I know my company works hard to build a great home but what can I do to make sure I am meeting the other needs of my customers? What can I do to ensure better communication and clarity in order to avoid future disputes?"

This year I'd like to take a few extra moments to thank the board of directors. Again, in a changing world where we all face ever increasing demands on our time, these individuals continue to make the time and give back to the warranty program. They come from all aspects of the community, but they share a dedication and commitment to the Program and help make it the success that it is. Frank Spezzano, Randy Douglas, Melanie Snow, Erwin Plett, Dorothy Anscomb, Anthony Reimer, Peter Halamandaris, and Gary Bernard - thank-you for your time and your dedication. Your leadership is tremendously appreciated. And with that I'd like to remind everyone that we have 1 builder member vacancy on our board so if you or someone you know is interested, please speak with Lori, myself, or any of the board members. Again thank-you to the board.

And lastly thank-you again to our builder members. The new home landscape continues to evolve. Market conditions have been incredibly challenging this past year with interest rate increases having a dramatic effect on home affordability. As a program, new home enrollments were down. This was expected given the economic reality facing builders. The economic landscape continues to change, the customer continues to change, and our

# Chairman's Report

---

*Spencer Curtis*  
*Chairman*

---

builder members continue to change. So, the warranty program must also change. Lori and I continue to dig into the policies and procedures that define the terms of warranty to ensure that our program remains capable in managing any and all new situations, scenarios, and demands of the modern building environment. I already thanked the staff, but I should mention Lori by name as I usually do. Lori has done a tremendous job managing the world of change we are in. As usual Lori has put in a tremendous effort to ensure that, as our program continues to grow, our policies and procedures change with the times.

As a program we have been busy making sure our members have received and continue to receive the service and support they need while changing and adapting to the new reality. With market conditions changing quickly, our members have a whole new set of challenges in front of them. While builders face those challenges, the staff and our board have a responsibility to ensure that the Program continues to meet that high standard and continue to deliver the type of quality product they can all be proud of. In 2024 we will continue to review Program requirements to make sure our policies are fair to builders and consumers and that our policies maintain the goal of ensuring the highest standard of construction possible. I urge all the builders who are a part of this program to do the same, to look at their businesses and ask, "Am I doing enough to meet the demands of my customers?" Talk to other members; talk to the staff of the program.

Live, Learn, Build.

**Thank you,**

**Spencer Curtis**  
***Chairman***

# Letter of Credit Policy Amendment

## Summary

On March 6, 2023 and November 6, 2023 the Board of Directors approved revisions to the Letter of Credit Policy. Pursuant to By-law No. 3/96, section 30, any amendments to this policy must be ratified by the Builder Members. Therefore, this matter is being put before the Members as an agenda item as part of the Annual General Meeting.

On the following pages, you will find a copy of the current **Irrevocable Letter of Credit Policy**, a copy of the policy with in-situ revisions (red text is new, crossed out is to be deleted), and a clean copy of the new policy – now being referred to as the **Security Policy (*Letter of Credit Policy*)**.

### Purpose and Scope

The general scope and intent of this policy has not changed and there are no changes that specify any global increase in amount for builders. The following remains the same:

- All Builder Members must provide a Security Deposit, commonly referred to as a Letter of Credit or Builder Savings Account.
- Reviewed at the members' Annual Membership Renewal and may change in amount.
- May be drawn to cover costs borne by the Program to fulfill the obligations of the builder.
- May be released upon cancelation of membership and expiry of warranty obligations.

The main reason for making amendments is due to our optional 7-Year Warranty that began being offered in 2014. The current Policy states that the security deposit is held for '*5 years past the date of possession of the last home enrolled*'. This is not congruent with homes under a 7-year warranty, as the intent is to retain the security until all warranty obligations are expired, which is 7 years on this optional warranty. Further, section 23 of the Warranty provides for a grace period of 30 days past the warranty, so this needs to be reflected as well. This main amendment concerning the release of security can be found in sections 8 and 9. The remaining amendments are simple additions and modifications to help strengthen the document, provide clarity, and bring congruency with the Agreement with Builder - providing an encompassing document that is more reflective of expectations and processes already in action. Below are some highlights.

- Inclusion of definition of security, security deposit, guarantee, savings account.
- Notation indicating that all security deposits must be irrevocable, unconditional, and do not expire. This is already in practice and congruent with the Program's "Letter of Credit sample document".
- Parameters for the option of setting up a Savings Account rather than a Letter of Credit.
- A list of factors that influence a builder's security amount.
- Clarification on holding the security when there are outstanding possession certificates which cause difficulty determining the expiry of the builder's warranty obligations.
- Allowance to set out special terms for the receipt of an increase (may be helpful for a builder who is not able to provide a large lump sum increase).



## NEW HOME WARRANTY PROGRAM OF MANITOBA INC.

Unit 340 - 530 Kenaston Boulevard Winnipeg, Manitoba R3N 1Z4 Phone: (204) 453-1155 Fax: (204) 287-8561  
E-mail: [mbnhwp@mbnhwp.com](mailto:mbnhwp@mbnhwp.com) Web-site: [www.mbnhwp.com](http://www.mbnhwp.com)

### IRREVOCABLE LETTER OF CREDIT POLICY

---

1. The amount of the Letter of Credit will be based on the number of homes that have been enrolled and occupied for less than one year, plus any homes enrolled but not yet occupied.
2. The Program may demand payment under the Letter of Credit for any of the following circumstances:
  - a) If the Builder ceases to be a Member for any reason, providing there are still homes under warranty as per Clause 5 below.
  - b) If the renewal of the Letter of Credit has not been received within five banking days prior to its expiry, or if the Bank gives notice that the Letter of Credit will not be renewed.
  - c) If a Builder fails to meet the requirements of a Conciliation Report and/or the Program's Technical Committee.
  - d) If the Builder is in breach of any of the terms of the Agreement with Builder.
3. Funds received under the Letter of Credit will be used to pay for the cost of any warranty repairs performed by the Program plus a 25% surcharge (minimum of \$250.00), as well as cost incurred in the enrollment of homes, inspection fees and any other expenses incurred by the Program. The remainder, plus any earned interest, less any costs incurred, will be refunded to the Builder when he is no longer required to meet his obligations or upon the Builder providing a new Letter of Credit in such amount and for such term as specified by the Program.
4. If a Builder ceases to be a member of the Program, either the funds from the Letter of Credit or an up to date valid Letter of Credit in the required amount will be held by the Program for a period of at least sixty (60) months past the date of possession of the last home enrolled or home eligible for enrollment, and the amount of the Letter of Credit to be determined by the Registration Committee at the regular annual review, subject to approval of the Board of Directors.
5. If all warranty matters have been attended to satisfactorily, after the time period, the Letter of Credit and/or funds held by the Program will be returned to the Builder.

## ~~IRREVOCABLE LETTER OF CREDIT~~ **SECURITY POLICY** (*Letter of Credit Policy*)

---

1. Pursuant to section 2.6 of the Agreement with Builder, *The Builder shall pay all fees and charges to the Program at the Program's head office and provide to the Program any and all forms of security for the performance of its obligations herein as the program may require.*
2. Security collectively refers to any "Security Deposit" or "Guarantee".

### **Guarantees**

1. Guarantees are indemnities, personal guarantees, corporate guarantees, shareholder guarantees, pledges, written agreements that assign or transfer warranty obligations or any other agreement that outlines performance obligations.
2. A Guarantee does not replace or supersede the Agreement with Builder.
3. From time to time the Program may require a Guarantee in addition to a Security Deposit to secure the obligations of a builder member.

### **Security Deposits**

1. A Security Deposit includes but is not limited to such instruments as Letters of Credit, Bonds, Mutual Funds, Guaranteed Investment Certificates, and Savings Accounts under which New Home Warranty Program of Manitoba Inc. ("the Program") is the beneficiary.
  - a. Savings Accounts are cash deposits received from the Builder and deposited in an interest-bearing account with the Program's financial institution. These are considered informal trust accounts.
  - b. A one-time set up fee, as determined by the Program from time to time, may apply if the Security Deposit is of a type that is managed by the Program (eg. Savings Account or GIC).
  - c. Where a Security Deposit bears interest (e.g. Savings Account or GIC),
    - i. the Builder may have the option, while their membership is in good standing, to request any accrued interest. Such a request must be made in writing and may done a maximum of once per year (or at the discretion of the Program and any limitations of such a transaction).
    - ii. In the event the Program demands payment per section 6, any interest accrued may be considered forming the whole of the Security Deposit and be used in such payments as per section 7.
2. All forms of Security Deposits must be irrevocable, unconditional, allow partial drawings, and must not expire.
3. The amount of the ~~Letter of Credit~~ **Security Deposit** will be based on ~~the number of homes that have been enrolled and occupied for less than one year, plus any homes enrolled but not yet occupied.~~ any and all factors that influence a Builder's risk to the Program. These factors include, but may not be limited to:

- a. Number of annual builds or proposed builds for an upcoming year
  - b. Number and type of homes under warranty, including any Unoccupied Inventory (homes enrolled that are either unsold or have no Possession Certificate received by the Program).
  - c. Financial strength
  - d. Number and type of warranty claims and conciliations and the level of responsiveness to required warranty repairs.
  - e. Length of time as a Builder Member
  - f. The receipt of Enrollments and Possession Certificates in accordance with Program requirements.
  - g. Type of Warranty being applied to homes (eg. 1 and 5 Warranty or 1, 2, 7 Warranty)
4. The Program generally reviews the Security Deposit amount at the time of the Builder's annual membership renewal. However, a review of the membership resulting in a required change in the Security Deposit amount may occur at any time.
  5. When an increase in the Security Deposit is requested, the Program may set out special terms for the receipt of the increase.
  6. The Program may demand payment under the ~~Letter of Credit~~ Security Deposit for any of the following circumstances:
    - a) If the Builder ceases to be a Member for any reason, providing there are still homes under warranty ~~and/or unresolved warranty claims as per Clause 5 below.~~
    - b) ~~If the renewal of the Letter of Credit has not been received within five banking days prior to its expiry, or~~ if the Bank financial institution gives notice that the ~~Letter of Credit~~ Security Deposit will not be renewed or will be cancelled.
    - c) If the Builder fails to do required warranty repairs pursuant to the terms of Warranty including any ~~If a Builder fails to meet the~~ requirements of a Conciliation Report and/or the Program's Technical Committee or fails to refund to a homeowner a deposit which the Builder becomes legally obliged to repay.
    - d) If there is a judgment in favour of the homeowner(s) or Program pursuant to a warranty claim that has been challenged in court that results in the requirement to perform warranty repairs or provide payment to the homeowner(s) in lieu of repairs.
    - e) Any loss or expense incurred by the Program associated with the fulfillment of warranty or membership obligations in which the builder fails to reimburse to the Program, including but not limited to claim repair costs, membership fees, enrollment fees, engineering fees, inspection fees, conciliation fees, and costs incurred to determine ownership of a home.
    - f) If the Builder is in breach of any of the terms of the Agreement with Builder.
  7. Funds ~~received~~ drawn under the ~~Letter of Credit~~ Security Deposit ~~will be used~~ to pay for the cost of any warranty repairs performed by the Program ~~are subject to a plus a 25% surcharge (minimum of \$250.00), including any other loss or expense incurred as well as costs incurred in the enrollment of homes, inspection fees and any other expenses incurred by the Program. The remainder, plus any earned interest, less any costs incurred, will be refunded to the Builder when he is no longer required to meet his obligations or upon the Builder providing a new Letter of Credit in such amount and for such term as specified by the Program.~~

8. ~~If a Builder ceases to be a member of the Program, either the funds from the Letter of Credit Security Deposit or an up to date valid Letter of Credit in the required amount will be held by the Program until the warranty on all homes enrolled or any home eligible for enrollment required to be enrolled pursuant to the Agreement with Builder has expired (including any assigned warranty obligations from another member under a Guarantee), plus one month, for a period of at least sixty (60) months past the date of possession of the last home enrolled or home eligible for enrollment, and the amount of the Letter of Credit to be determined by the Registration Committee at the regular annual review, subject to approval of the Board of Directors. In the event there are homes enrolled where the builder has failed to supply a possession certificate or information sufficient to assign a possession date, making the end date of warranty obligations unknown, the Program may continue to hold the Security Deposit until sufficient information is obtained or the Program is otherwise satisfied that no probable warranty coverage remains.~~  
If a Builder ceases to be a member of the Program, either the funds from the Letter of Credit Security Deposit or an up to date valid Letter of Credit in the required amount will be held by the Program until the warranty on all homes enrolled or any home eligible for enrollment required to be enrolled pursuant to the Agreement with Builder has expired (including any assigned warranty obligations from another member under a Guarantee), plus one month, for a period of at least sixty (60) months past the date of possession of the last home enrolled or home eligible for enrollment, and the amount of the Letter of Credit to be determined by the Registration Committee at the regular annual review, subject to approval of the Board of Directors. In the event there are homes enrolled where the builder has failed to supply a possession certificate or information sufficient to assign a possession date, making the end date of warranty obligations unknown, the Program may continue to hold the Security Deposit until sufficient information is obtained or the Program is otherwise satisfied that no probable warranty coverage remains.
9. ~~If all warranty matters have been attended to satisfactorily, after the time period, the Letter of Credit~~ After the above noted time period and upon full and satisfactory resolution of any warranty claims, including any judgment made pursuant to section 7(d), the Security Deposit and/or funds held by the Program plus any accrued interest, minus any costs incurred and/or outstanding invoices will be returned to the Builder or otherwise released to the financial institution.

## **SECURITY POLICY (*Letter of Credit Policy*)**

---

1. Pursuant to section 2.6 of the Agreement with Builder, *The Builder shall pay all fees and charges to the Program at the Program's head office and provide to the Program any and all forms of security for the performance of its obligations herein as the program may require.*
2. Security collectively refers to any "Security Deposit" or "Guarantee".

### **Guarantees**

1. Guarantees are indemnities, personal guarantees, corporate guarantees, shareholder guarantees, pledges, written agreements that assign or transfer warranty obligations or any other agreement that outlines performance obligations.
2. A Guarantee does not replace or supersede the Agreement with Builder.
3. From time to time the Program may require a Guarantee in addition to a Security Deposit to secure the obligations of a builder member.

### **Security Deposits**

1. A Security Deposit includes but is not limited to such instruments as Letters of Credit, Bonds, Mutual Funds, Guaranteed Investment Certificates, and Savings Accounts under which New Home Warranty Program of Manitoba Inc. ("the Program") is the beneficiary.
  - a) Savings Accounts are cash deposits received from the Builder and deposited in an interest-bearing account with the Program's financial institution. These are considered informal trust accounts.
  - b) A one-time set up fee, as determined by the Program from time to time, may apply if the Security Deposit is of a type that is managed by the Program (e.g. Savings Account or GIC).
  - c) Where a Security Deposit bears interest (e.g. Savings Account or GIC),
    - i. the Builder may have the option, while their membership is in good standing, to request any accrued interest. Such a request must be made in writing and may done a maximum of once per year (or at the discretion of the Program and any limitations of such a transaction).
    - ii. In the event the Program demands payment per section 6, any interest accrued may be considered forming the whole of the Security Deposit and be used in such payments as per section 7.
2. All forms of Security Deposits must be irrevocable, unconditional, allow partial drawings, and must not expire.
3. The amount of the Security Deposit will be based on any and all factors that influence a Builder's risk to the Program. These factors include, but may not be limited to:
  - a) Number of annual builds or proposed builds for an upcoming year
  - b) Number and type of homes under warranty, including any Unoccupied Inventory (homes enrolled that are either unsold or have no Possession Certificate received by the Program)
  - c) Financial strength



- d) Number and type of warranty claims and conciliations and the level of responsiveness to required warranty repairs
  - e) Length of time as a Builder Member
  - f) The receipt of Enrollments and Possession Certificates in accordance with Program requirements
  - g) Type of Warranty being applied to homes (e.g. 1 and 5 Warranty or 1, 2, 7 Warranty)
4. The Program generally reviews the Security Deposit amount at the time of the Builder's annual membership renewal. However, a review of the membership resulting in a required change in the Security Deposit amount may occur at any time.
  5. When an increase in the Security Deposit is requested, the Program may set out special terms for the receipt of the increase.
  6. The Program may demand payment under the Security Deposit for any of the following circumstances:
    - a) If the Builder ceases to be a Member for any reason, providing there are still homes under warranty and/or unresolved warranty claims
    - b) if the financial institution gives notice that the Security Deposit will not be renewed or will be cancelled
    - c) If the Builder fails to do required warranty repairs pursuant to the terms of Warranty including any requirements of a Conciliation Report and/or the Program's Technical Committee or fails to refund to a homeowner a deposit which the Builder becomes legally obliged to repay
    - d) If there is a judgment in favour of the homeowner(s) or Program pursuant to a warranty claim that has been challenged in court that results in the requirement to perform warranty repairs or provide payment to the homeowner(s) in lieu of repairs
    - e) Any loss or expense incurred by the Program associated with the fulfillment of warranty or membership obligations in which the builder fails to reimburse to the Program, including but not limited to claim repair costs, membership fees, enrollment fees, engineering fees, inspection fees, conciliation fees, inspection fees and costs incurred to determine ownership of a home
    - f) If the Builder is in breach of any of the terms of the Agreement with Builder
  7. Funds drawn under the Security Deposit to pay for the cost of any warranty repairs performed by the Program are subject to a 25% surcharge (minimum of \$250.00).
  8. If a Builder ceases to be a member of the Program, the Security Deposit will be held by the Program until the warranty on all homes enrolled or any home required to be enrolled pursuant to the Agreement with Builder has expired (including any assigned warranty obligations from another member under a Guarantee), plus one month. In the event there are homes enrolled where the builder has failed to supply a possession certificate or information sufficient to assign a possession date, making the end date of warranty obligations unknown, the Program may continue to hold the Security Deposit until sufficient information is obtained or the Program is otherwise satisfied that no probable warranty coverage remains.
  9. After the above noted time period and upon full and satisfactory resolution of any warranty claims, including any judgment made pursuant to section 7(d), the Security Deposit and/or funds held by the Program plus any accrued interest, minus any costs incurred and/or outstanding invoices will be returned to the Builder or otherwise released to the financial institution.

# Membership Awards

---

Congratulations to the following Builder Members:

## **10 year**

- Prairie Sky Properties
- S.E.L. Housing Inc.
- Pinnaco Inc.
- R. Banman Construction Ltd.

## **15 Year**

- Vertex Construction Ltd.
- Livingston Construction Ltd.
- Pageantry Homes
- C.H.B. Developments Inc.
- Garth Knox Building Services Ltd.
- Summerview Homes Ltd.
- Meadowland Homes Ltd.

## **20 Year**

- Artista Homes Ltd.

## **30 Year**

- KM Construction Ltd.
- Springwood Homes Inc.

## **40 Year**

- Pembina Consumers Co-op (2000) Ltd.
- Gino's Construction Ltd.

# Builder Members (at December 31, 2023)

---

21st Century Builders 2020 Inc.	Fairview Custom Homes Ltd.
5605491 Manitoba Ltd.	Flourish Developments Inc.
A & B Builders Ltd.	Francis Family Homes
A & S Construction Ltd.	Garth Knox Building Services Ltd.
Abrams Construction Inc.	Gino's Construction Ltd.
ADR Property Holdings Corporation	Glenberg Design Builders Ltd.
Alair Homes Brandon	Goodman Homes
Alia Custom Homes Inc.	Gronli Homes & Renovations
Ameson & Co Ltd.	Grzenda Construction Inc.
Arborg Home Hardware Building Centre	H. Albers Builders Ltd.
Artista Homes Ltd.	Harv Ginter Construction
ASR Homes of Manitoba Inc.	Harval Homes
AWA Real Estate Ltd.	Hearth Homes
B & R Custom Homes Ltd.	Hendren Homes Inc.
Best Level Construction Inc.	Hidden Gems Homes Inc.
Birch Construction Ltd.	Hillside Construction Inc.
Birnie Builders	Hilton Homes
BMD Construction Inc.	Hirst Construction Inc.
Broderco Development Inc.	Holz Constructors Inc.
Brownstone Estates	Ican Construction & Renovations Inc.
C & V Custom Homes Inc.	Irwin Homes Ltd.
C.B.B.S. General Contracting Ltd.	Ivaan Homes
C.H.B. Developments Inc.	J & N Holdings Ltd.
Canopy Projects Inc.	J A B E Homes Inc.
Central Homes	J. Lamoureux Construction Ltd.
Character Homes Ltd.	J.N. Developments Ltd.
CL van Veen Construction Ltd.	Jess-Mar Homes Ltd.
ConCor Homes Ltd.	John Penner Builders Inc.
Connection Homes	K. Streu Homes Ltd.
Conquest Manufacturing Ltd.	KayCee Builders
Content Builders Ltd.	KM Construction Ltd.
Countryside Homes	La Broquerie Lumber (2006)
Creative Spaces Ltd.	Leo's Home Decorating Ltd.
CRS Homes	Lisleford Holdings Ltd.
Daniel Simpson Contracting Ltd.	Livingston Construction Ltd.
Deneschuk Homes Ltd.	Lopes Construction Ltd.
Do-it-all Builders	Lux Custom Homes Ltd.
Dwell Design Homes Ltd.	Maric Homes
Ekam Development and Construction Ltd.	Mark's RTM's Inc.
Emjay Homes Ltd.	MBP Homes Ltd.
Evolution Home Builders Ltd.	McMunn & Yates Building Supplies Ltd.

# Builder Members (at December 31, 2023)

---

Meadowland Homes Ltd.	Timber Ridge Homes Inc.
Mellco Developments Ltd.	Titan Custom Homes
Mickey Friesen	Trademark Properties Inc.
Moonlight Construction Ltd.	Tri West Construction Inc.
Muys Construction	Tricor Alliance Inc.
Neepawa Home Hardware Building Centre	Truelove Design & Construction Ltd.
New Ventures Investments Inc.	Vanderveen Construction Ltd.
NKM Homes	Venicia Construction Inc.
OB Construction (2010) Ltd.	Vertex Construction Ltd.
O'Brien Built Ltd.	Vogt Building Construction 2012 Inc.
Pageantry Homes	Von Ast Construction (2014) Ltd.
Paragon Design + Build	W. Giesbrecht Homes Ltd.
Pembina Consumers Co-op (2000) Ltd.	Warkentin Homes Ltd.
Pic-A-Dilly Construction Ltd.	Waterer Carpentry Ltd.
Pine Creek Homes Inc.	Westar Homes Ltd.
Pine Spring Homes Inc.	Westman Premier Homes
Pinnaco Inc.	Wiebe Builder Brothers Inc.
Prairie Sky Properties	Wincor Construction Inc.
Prego Builders Ltd.	Wpg New Home Inc.
Quatro Homes Ltd.	Zacks RTM's Ltd.
R & M Homes Ltd.	
R. Banman Construction Ltd.	
Rolly Grenier Construction	
S.E.L. Housing Inc.	
Schulz Construction Inc	
Shymko Homes Ltd.	
Sigman Construction Ltd.	
souLdesign homes inc.	
Southwynn Homes Ltd.	
Splendid Homes Corp.	
Springs of Life Construction Inc.	
Springwood Homes Inc.	
Steendam Builders Ltd.	
Stefan Home Builders Ltd.	
Struth Construction Ltd.	
Summerview Homes Ltd.	
Sun Valley Co-op Ltd.	
Sunrex Homes Inc.	
Taylor Ridge Homes Ltd.	
Three Way Builders Ltd.	
Thuraisingham Satgunam	

# **New Home Warranty Program of Manitoba Inc.**

**Unit 340 - 530 Kenaston Boulevard  
Winnipeg, Manitoba R3N 1Z4**

**Phone: (204) 453-1155**

**Fax: (204) 287-8561**

**info@mbnhwp.com**

**www.mbnhwp.com**

