



Receiver SEFC Properties Ltd. Technical Update

April 2011

Sale Process Occupancy Status

Occupancy Status as at November 17, 2010 (Date of Receivership)			
	Total Units	Sold or Rented Units	Percentage Sold or Rented
SEFC Properties			
Market "for sale" units	737	263	36%
Market rental units	119	87	73%
Sub-total	<u>856</u>	<u>350</u>	<u>41%</u>
City-Owned Properties	<u>252</u>	<u>Nil</u>	<u>Nil</u>
Total	<u><u>1,108</u></u>	<u><u>350</u></u>	<u><u>32%</u></u>

Status Update - March 31, 2011						
	Total Units	Estimated Mid-Summer 2011		Actual March 31, 2011		
		Sold or Rented Units	Percentage Sold or Rented	Sold or Rented Units	Percentage Sold or Rented	Percentage of Target
SEFC Properties						
Market "for sale" units	737	425	58%	403	55%	95%
Market rental units	119	115	97%	115	97%	100%
Sub-total	<u>856</u>	<u>540</u>	<u>63%</u>	<u>518</u>	<u>61%</u>	<u>96%</u>
City-Owned Properties	<u>252</u>	<u>227</u>	<u>90%</u>	<u>108</u>	<u>43%</u>	<u>48%</u>
Total	<u><u>1,108</u></u>	<u><u>767</u></u>	<u><u>69%</u></u>	<u><u>626</u></u>	<u><u>69%</u></u>	<u><u>82%</u></u>

Deficiency Remediation Overview

- ▶ Newly constructed developments experience labour and material deficiencies – The Village on False Creek is no different
- ▶ Receiver has committed to homeowners to address deficiencies
 - ▶ Proactively solicited in-suite deficiency lists – Nov 2010 to Jan 2011
 - ▶ Working with a dedicated team of architects, engineers, general contractors, qualified trades and others to achieve this objective
 - ▶ Currently 7 crews (5 dedicated full time) with more than 20 staff / dedicated call line (24 hour response time)
- ▶ Deficiency remediation is prioritized by the Receiver
- ▶ Current status:
 - ▶ 60% decline in number of outstanding deficiencies since Jan 2011 peak
 - ▶ 50% of original purchasers (263) have no outstanding deficiency issues
 - ▶ Goal to have remedied currently reported deficiencies by May 2011

Deficiency Remediation

Challenges to resolution

- ▶ Challenges to resolving deficiencies have existed:
 - ▶ Confirmation of deficiencies (solicitation process)
 - ▶ Scheduling to ensure minimal homeowner disruption
 - ▶ Flooring supplier – supply challenges
 - ▶ Unanticipated mechanical challenges (quality of life issues)
 - ▶ Heating / cooling system (resolved)
 - ▶ Rainwater harvesting system (testing program on-going)
 - ▶ Domestic hot water (temperature stability) (resolved)

Deficiency Remediation After Sales Service

- ▶ After sales service team arrange the following:
 - ▶ Team member introduction (not less than 5 days prior to closing)
 - ▶ Homeowner walkthrough – pre-delivery/closing inspection (5 to 7 days prior to closing)
 - ▶ Correction of pre-delivery noted deficiencies prior to closing, where possible
 - ▶ Correction of pre-delivery noted deficiencies after closing, with agreement
 - ▶ Day of closing orientation tour – common areas and homeowner conveniences
 - ▶ Post closing (5 to 7 days after closing) follow up call
 - ▶ Delivery of homeowner manual (contains user manuals, warranty info, maintenance guidelines, request for after sale service and other key documents)
 - ▶ Delivery of Warranty Commencement Certificate from National Home Warranty
- ▶ Dedicated telephone number and email address
- ▶ A drop box for after sales service forms

Deficiency Remediation Warranty

- ▶ New home warranty mandated by BC's *Homeowner Protection Act*:
 - ▶ Receiver has secured coverage through National Home Warranty Group
 - ▶ \$5 million cash collateral posted as performance bond
- ▶ 2 – 5 – 10 warranty:
 - ▶ 2 year labour and materials warranty
 - ▶ 1 year – all labour and material
 - ▶ 2 years – delivery systems (plumbing, air condition, ventilation systems)
 - ▶ 5 year building envelope warranty
 - ▶ 10 year building structural defects warranty
- ▶ Common Areas:
 - ▶ 15 months from first occupation of the building

Deficiency Remediation

Post Receiver – After Sales Service

- ▶ It is recognized that the role of the Receiver will end at or prior to the sale of the last remaining unsold unit
- ▶ Receiver is cognizant of a need to ensure purchasers are confident that after sales service will remain:
 - ▶ A robust after sales service program has been designed to facilitate transition to a third party
 - ▶ Strata corporation councils will assume responsibility for maintenance of common property
 - ▶ Established on-line access to homeowner manuals and in-suite product information for a period of 10 years
 - ▶ Performance bond (posting of cash collateral of \$5 million) with the National Home Warranty Group
 - ▶ Pre-paid Maintenance Operations Program (MOP) through National Home Warranty Group (assist strata corporations with maintenance obligations)

Deficiency Remediation Site program organization



Deficiency Remediation

Deficiency Crews and Key Contractors

UNSOLD SUITE DEFICIENCIES

ITC (3,4,6)
 Metrocan (2,5,9,10)
 KRK Contracting
 Skyline
 Hallmark
 Individual Trades

SOLD SUITE DEFICIENCIES

KRK Contracting
 Skyline
 Hallmark
 Allan Windows
 Done Right Flooring
 Individual Trades

COMMON AREA DEFICIENCIES

ITC
 Metrocan
 Skyline
 Hallmark
 Architects (GBL / Merrick)
 Morrison Hershfield

MECHANICAL ISSUES

Pitt Meadows Plumbing
 Wm. Kelly
 Jeda Mechanical
 Cobalt Engineering
 KD Engineering
 Hallmark
 Sentrax

TRADES

KRK Contracting – 7 ('Handyman' type repairs)
 Done Right and other trades - Flooring – 5
 Electrical – 1
 Allan Windows – 1 (doors); 2 (windows)
 Blinds – 3
 Tub Doctor - 2 (scratches, dents, other)
 Kitchen faucets – 2
 Inform – 2 (Kitchen cabinetry)

DEDICATED DEFICIENCY CREWS

ITC: 3-man crew plus supervisor
 Skyline: Two 3-man crews plus supervisor
 Metrocan: Two 5-man crews plus supervisor

ITC and Metrocan are also calling in sub trades as needed