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**Canadian
Home Builders'
Association**



**Association canadienne
des constructeurs
d'habitations**

March 18, 2008

Scott Reid
Reid's Heritage Homes Ltd.
6783 Wellington Road 34,
RR# 22
Cambridge, ON N3C 2V4

Dear Scott,

Thank you for your response to the Red Alert on green liability issues sent out by the CHBA last week.

We want to assure you that, in providing this information to members, the CHBA is not seeking to undermine green building initiatives in our industry. Quite to the contrary, the Association's policy on the environment is substantial and progressive. The CHBA's active support for programs that assist builders in delivering more energy efficient and environmentally responsible new homes goes back more than two decades to the advent of the R-2000 Initiative.

In my letter to members I stated that, "while green building provides real opportunities for our industry, it also poses some new challenges in terms of builder risk and risk management. As builders we need to be aware of these risks."

This statement is both balanced and reasonable and, indeed, it applies to all green building initiatives.

As an Association, we have a duty to provide members with prudent business advice on emerging issues of national concern. Given the CHBA's strong endorsement of green building practices through both our policy and guidelines, it is also the responsibility of the Association to alert members to potential liability risks when building green.

These matters become even more serious as we see municipal governments begin to mandate green building initiatives through regulations and development agreements.

The information referenced in the Red Alert outlines a range of potential risks that may be involved when participating in green building initiatives. This is based on published professional opinions and litigation undertaken to date. In researching this topic, much

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of the information that was found referenced the LEED® initiative. If you are aware of similar material related to other green building initiatives, we would appreciate receiving it.

As stated in the Red Alert, the information was sent out to enable builders to take appropriate steps to manage this emerging set of risks. Our underlying assumption is that there will be an increasing number of builders who will be participating in green building initiatives. The Association's goal is to ensure that they have the information they need to proceed with confidence.

While you clearly feel confident in dealing with the issues raised in the Alert, I believe the information it contained will assist CHBA member builders as they become more involved with green building.

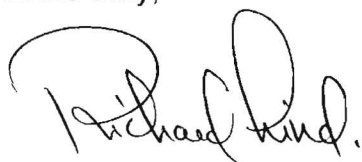
I agree with you that the Association needs to support innovation within our industry. I can assure you that this is exactly what CHBA's National Leadership is doing. In advising members of certain risks that can emerge when participating in a green building initiative, we hope to make this process more successful for builders. Innovation always involves some increment of risk. As you know, managing this risk effectively is at the core of our business today.

I also agree with your observation that no green building initiative is perfect. In a variety of ways, they are always "works in progress" as we continually assess how best to apply new technology and practices, while seeking to meet the needs of our customers and protecting the environment.

Within our industry, vigorous discussion is simply part of the process by which innovation happens. This is a good thing, and points to one of the real strengths of our industry, and our Association. This process of discussion should be encouraged in relation to every significant innovation, including green building initiatives. I disagree that it represents infighting or a lack of cohesiveness, I believe it represents a strong and vibrant industry moving forward.

Scott, I appreciate the time you took to send me your thoughts on the Alert, and I hope that we will have the opportunity to discuss these matters.

Yours truly,

A handwritten signature in black ink that reads "Richard Lind". The signature is written in a cursive, flowing style with a large initial "R".

Richard Lind
President