



Regulators shut down developer's bid to resell condo units

Firm reneged on contracts

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The provincial Superintendent of Real Estate has barred a Vancouver developer from reselling 32 units in a Coquitlam condominium project for which it cancelled contracts with original purchasers.

On Monday, Superintendent W. Alan Clark issued a cease-marketing order against CB Development 2000 Ltd. and company directors Grayden Hayward and Craig Lochhead in relation to units in the third phase of its 128-unit Riverbend development.

Acting under the authority of the Real Estate Development Marketing Act, Clark wrote that evidence presented to him "raises a serious concern and a likelihood that CB Development will attempt to remarket development units for which there are already purchase and sale agreements."

Six of the original purchasers, who signed pre-sale contracts in 2005, sued CB Development after it cancelled their contracts to buy homes in the development, citing financial difficulties. The company said its mortgage lender was forcing it to resell the units at current market prices.

Part of those lawsuits included filing certificates of pending litigation against the title of units purchasers had signed contracts to buy, which registered disputes over their ownership.

In his order, Clark wrote that CB Development "has not made adequate arrangements" ensuring that any new purchasers would receive clear title to the properties, and not become embroiled in the litigation over ownership of the units.

The act requires developers to disclose all important information about the development in a statement that has to be provided to buyers and filed with the provincial Superintendent.

Clark said he issued the cease-marketing order in part because CB Development had not amended its disclosure statement to include the certificates of pending litigation.

There were other important events that Clark said CB Development should have also reported in revisions to the disclosure statement for the Riverbend project.

Clark wrote that CB Development:

n Failed to explain changes in the ownership and legal description of the Riverbend property.

n Failed to explain changes in the directorship of CB Development.

n Failed to disclose that the Riverbend property was "encumbered by various mortgages" not included in the initial disclosure document.

Clark wrote that the last of those mortgages, submitted for registration on May 2, was by Riverbend Mortgage Investment Corp., a company for which Hayward and Lochhead are also directors.

The mortgage document filed with the New Westminster land title office indicates that CB Development has a \$2.4-million obligation to Riverbend Mortgage Investment.

Ken Fraser, executive director of investigative services at the B.C. Financial Institutions Commission, which conducts investigations related to the Real Estate Development Marketing Act, said his staff is continuing its investigation to determine if the company violated provisions of the Real Estate Development Marketing Act.

To have the order lifted, Fraser said "the developer is going to have to file a new disclosure statement, or amendment, which would satisfy the Superintendent of Real Estate that issues surrounding the order."

Fraser said that means correcting misstatements in the original disclosure, and assurances that CB Development can pass a clear title to buyers.

Hayward could not be reached for comment Monday. However, last week he told The Vancouver Sun that the Riverbend project had run into problems with inflation in construction costs outpacing the prices for which it was selling units.

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