



Riverbend developer put in receivership

Lender for Coquitlam complex pulls plug after pre-sale contracts cancelled

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The mortgage lender for the Riverbend condominium complex in Coquitlam is foreclosing on the project and putting its developer into receivership.

In a controversial move that made headlines in early May, CB Development 2000 Ltd., cancelled 32 pre-sale contracts that buyers had signed to purchase strata-titled detached homes in Riverbend. The company blamed rising construction costs and a lender that wouldn't release its loan unless the units were resold at current market rates.

In the midst of a flurry of legal actions against CB Development, the construction lender, CareVest Capital Inc., has won a B.C. Supreme Court order putting the developer into receivership, and has begun foreclosure proceedings.

Alan Baumann, president of Calgary-based CareVest, said in an interview that his company stepped in because it had learned that the Riverbend project's property insurance was about to be cancelled.

This week, CareVest sought and received a court order appointing David Bowra of the Bowra Group as receiver. Baumann said Bowra now has control of the Riverbend project and will determine "what's the best course of action on a go-forward basis."

Shane Coblin, a lawyer representing six of 17 Riverbend buyers who are suing CB Development to have their contracts honoured, said CareVest's action gives them a glimmer of hope.

"The way they've chosen to do it was to at least try and see if there's a way they can complete these contracts," Coblin said.

Bowra, in an interview, said he is preparing a report for the court on the project's viability and is meeting with pre-sale purchasers to discuss their options.

However, after meeting with the developer and contractors, Bowra said he has determined it will take an additional \$2.6 million to finish building the 32 homes.

"It is not economic to complete the project at current costs based on the contract [prices]," Bowra said.

Baumann was also cautious not to raise hopes. He said that any future course would be up to the receiver.

"The project is a casualty of the hot B.C. economy," Baumann said.

CB Development pre-sold the 32 units two years ago, which Baumann said "effectively capped their revenue," then faced runaway cost increases and difficulty keeping trades workers.

Mortgage lenders typically allow for loan advances to a project "on a cost-to-complete" basis, as long as there is enough equity in the project to be completed. Riverbend, he added, no longer had enough equity to finish it.

"When lenders are being asked for \$4 only to get \$3 back, they usually say, 'I think it's time you look at it a different way.' "

On May 14, the provincial superintendent of real estate issued a stop-marketing order on the Riverbend project barring resale of the units in part because the lawsuits against CB Development impaired the company's ability to pass clear title on to new owners.

CB Development did not return Vancouver Sun phone calls Thursday. In previous interviews, the company has said the 128-unit Riverbend project was plagued by inflation of construction costs that outstripped sale prices.

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