

Pre-sale condo buyers offered a choice

Receiver sorting out buyers and walkers of on-hold Sophia project

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Vancouver Sun

Tuesday, April 01, 2008

The Sophia condominium project's receiver has begun sorting out which pre-sale buyers are willing to pay higher prices for their units to get construction back on track.

That project has been on hold since late February, when developer Bill Eden handed it over to the court after running into \$4 million in cost overruns.

The purchasers' options are to either agree to pay a price that is 90 per cent of current market value for their units -- which in some cases is more than \$100,000 higher than initial pre-sale contract prices they signed in late 2005 and 2006 -- or take their deposits back and walk away.

"Instinct tells me that a reasonably healthy number of the pre-sale purchasers will want to buy at these prices," receiver David Bowra said in an interview, "because they [now] represent a significantly below-market value."

Last week, B.C. Supreme Court Judge Grant Burnyeat granted a foreclosure order to Bancorp Growth Mortgage Fund Ltd., one of the 81-unit Sophia's main secured creditors, and gave Bowra the power to cancel the pre-sale contracts, based on the recommendations of his March 20 report to the court.

Bowra is hoping about half the 79 pre-sale buyers, perhaps more, will accept the terms of new purchase agreements that would see them pay 90 per cent of current market value if they were original purchasers.

For the 19 buyers who purchased the assignments for contracts from initial purchasers, they will have the option of paying the lesser amount of either 90-per-cent of current market value or the initial purchase price, plus 15 per cent.

Bowra is sending a letter, with the Sophia project's amended disclosure statement, to pre-sale buyers. He is making all documents in the case available on his company's website, www.bowragroup.com

Bowra is working toward getting construction on the eight-storey building re-started by mid-April.

Kristin Gray, one of the purchasers who spearheaded organizing a group of fellow

buyers, said they are waiting to receive the new disclosure statement and work through what, for many, is going to be a complicated decision.

"Everyone that I've talked to wants to get [into the building]," Gray said. "We want to live there."

Most, she added, are like herself -- young professionals who want to live in a "cool, hip neighbourhood."

However, Gray said that for some, who may have to pay an additional \$70,000 or more, it might not be possible to come up with the additional financing. Others who could close, she added, might simply choose to walk away.

Gray bought an assignment from an initial purchaser.

"I would like to close on my unit," she added, but she is still working through her options before making a decision.

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