



BULLETIN NUMBER: REDMA-07-03

TITLE: **ADDITIONAL DISCLOSURE REQUIREMENTS:
POLICY STATEMENT 14 (“PRE-SALE” UNITS); and
POLICY STATEMENT 15 (DEVELOPER’S
BACKGROUND AND CONFLICTS OF INTEREST)**

LEGISLATION: ***REAL ESTATE DEVELOPMENT MARKETING
ACT***

DATE: **September 28, 2007**

Additional Disclosure to Assist Consumers

The Superintendent of Real Estate has introduced two new Policy Statements to further enhance consumer information and awareness and assist purchasers in understanding offerings of real estate developers. Beginning on November 1, 2007, Disclosure Statements filed under the *Real Estate Development Marketing Act* will require additional information regarding the terms of pre-sale agreements, the background of developers, and potential conflicts of interest.

These enhancements are summarized below; links to the full Policy Statements are provided at the end of this Information Bulletin.

Disclosure for Pre-Sale Units (Policy Statement 14)

Policy Statement 14 will require additional disclosure with respect to development property that has not yet been completed (i.e., units marketed on a “pre-sale” basis). The additional information will include a copy of the proposed form of purchase agreement, and disclosure of certain provisions in the purchase agreement that are important for pre-sale purchasers. For example, the provisions for terminating, extending or assigning the purchase agreement must be disclosed. The purchaser will also be required to initial the cover page of the Disclosure Statement to confirm that the provisions were been drawn to the purchaser’s attention.

Disclosure Requirements Regarding Developer's Background and Conflicts of Interest (Policy Statement 15)

Property marketed under the *Real Estate Development Marketing Act*, whether completed or not, will require additional disclosure with respect to the developer's background and any conflicts of interest. This includes:

- The developer and its directors and officers must disclose their experience in the development industry.
- The developer, directors, officers and principal shareholders must disclose whether they have been bankrupt within the past five years, or been disciplined within the past ten years for matters relating to real estate, mortgages of land, securities, theft or fraud.
- The developer, directors, officers, and principal shareholders, and the manager and any person providing goods or services to the developer, manager or purchasers, must also disclose any conflicts of interest that could reasonably be expected to affect a purchaser's purchase decision.

Further Information about Disclosure Requirements

Under the *Real Estate Development Marketing Act*, Disclosure Statements must be submitted to the Superintendent of Real Estate prior to marketing the development and Disclosure Statements must be provided to purchasers.

A Disclosure Statement or Amendment submitted prior to November 1, 2007, will still be acceptable for filing without the additional disclosure in Policy Statements 14 and 15. However, that additional disclosure would have to be included in the next Amendment that is filed on or after November 1, 2007.

Further information about disclosure requirements under the *Real Estate Development Marketing Act* is available on our website at www.fic.gov.bc.ca.

Policy Statements 14 and 15 are available on our website at www.fic.gov.bc.ca/responsibilities/realestate/bulletins.htm.

At the Financial Institutions Commission, we issue information bulletins to provide technical interpretations and positions regarding certain provisions contained in the *Real Estate Development Marketing Act* and Regulations. While the comments in a particular part of an information bulletin may relate to provisions of the law in force at the time they were made, these comments are not a substitute for the law. The reader should consider the comments in light of the relevant provisions of the law in force at the time, taking into account the effect of any relevant amendments to those provisions or relevant court decisions occurring after the date on which the comments were made. Subject to the above, an interpretation or position contained in an information bulletin generally applies as of the date on which it was published, unless otherwise specified.