

# Information Bulletin

## Additional Disclosure Requirements: Policy Statement 16 (Assignments of Purchase Agreements for Strata Lots in Stratified Buildings)

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### ADDITIONAL DISCLOSURE TO ASSIST CONSUMERS

The Superintendent of Real Estate has issued new Policy Statement 16 to assist purchasers in understanding new provisions of the *Real Estate Development Marketing Act* (the “Act”) and the Real Estate Development Marketing Regulation (the “Regulation”) that take effect next year regarding assignments of strata purchase agreements. An assignment is the transfer of some or all of the rights, obligations and benefits under a purchase agreement made in respect of a strata lot in a development, whether that assignment is by a purchaser or is a subsequent transfer.

Beginning on January 1, 2019, Policy Statement 16 requires that disclosure statements, which developers are required to provide to purchasers of strata lots in stratified buildings, include additional content regarding assignments of strata purchase agreements. The new disclosure requirements are summarized below. Links to the full Policy Statement 16 and to related Frequently Asked Questions (the “FAQs”) are provided at the end of this Information Bulletin.

### DISCLOSURE FOR STRATA LOTS IN STRATIFIED BUILDINGS

Policy Statement 16 sets out additional disclosure requirements for a developer who markets, for sale or for long- term lease, any of five or more strata lots in a proposed or existing stratified building located in British Columbia. The additional requirements do not displace existing disclosure requirements in the Act, the Regulation and the Superintendent’s other Policy Statements that may also apply depending on the specific circumstances of the developer and development.

Any new disclosure statement filed on or after January 1, 2019 for a development property that Policy Statement 16 applies to must include the additional disclosure explained in Policy Statement 16. Any existing disclosure statement filed before January 1, 2019 must be promptly amended as of January 1, 2019 to include the additional disclosure explained in Policy Statement 16.

Policy Statement 16 does not apply to the marketing of bare land strata lots in a bare land strata plan, non-strata developments or to developments located outside of British Columbia.

### DISCLOSURE IF A DEVELOPER ALLOWS ASSIGNMENTS

If a developer that markets strata lots in a stratified building permits an assignment of a purchase agreement by a purchaser or subsequent assignee, Policy Statement 16 requires additional disclosure. The developer must include terms and a notice in its disclosure statement that explain what an assignment is, and that the developer must not consent to an assignment unless it first collects certain information and records from each proposed party to the assignment agreement. The terms and notice also inform purchasers that the developer is required to disclose the information and records the developer collects to

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the administrator under the *Property Transfer Tax Act*, and that the administrator may share that information for tax purposes or other purposes allowed under the Act.

A developer that permits assignments must attach a copy of its form of purchase agreement as an exhibit to its disclosure statement.

### **DISCLOSURE IF A DEVELOPER DOES NOT ALLOW ASSIGNMENTS**

If a developer that markets strata lots in a stratified building does not permit an assignment of a purchase agreement, Policy Statement 16 requires that the developer disclose this in its disclosure statement.

A developer who does not permit assignments must attach a copy of its form of purchase agreement as an exhibit to its disclosure statement.

### **FURTHER INFORMATION ABOUT DISCLOSURE REQUIREMENTS**

The Act requires that a developer must file a disclosure statement with the Superintendent of Real Estate prior to marketing a development. Additionally, the developer must provide a copy of the filed disclosure statement and any filed amendments to each purchaser before entering into a purchase agreement with that purchaser.

Further information about disclosure requirements under the Act, the Regulation and Policy Statements is available on the Superintendent's website at [www.gov.bc.ca/osre](http://www.gov.bc.ca/osre).

Policy Statement 16 is available at <https://www2.gov.bc.ca/gov/content/housing-tenancy/real-estate-bc/real-estate-development-marketing/developers>.

Related FAQs are available at: <https://www2.gov.bc.ca/gov/content/housing-tenancy/real-estate-bc/guides>.

Staff at BC Financial Services Authority periodically 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