

Advisory

New Consumer Disclosure Requirement for Pre-sales and Launch of Early Marketing Extension Pilot Program for Large Developments

Date: February 25, 2025
Distribution: Real Estate Developers, Real Estate Licensees
Advisory Number: 25-004

PURPOSE

BC Financial Services Authority ("BCFSA") is issuing this Advisory to notify the real estate development community and real estate licensees of a new pilot program that will provide development projects of 100 or more development units the option of an 18-month early marketing period rather than the current 12-month period. The pilot program under the *Real Estate Development Marketing Act's* ("REDMA") will come into effect on February 25, 2025.

In addition, to help purchasers understand their rights and obligations under REDMA, this Advisory provides notice of a new requirement for real estate developers to attach a completed Summary of Pre-sale Risks and Buyer Rights form to the front of disclosure statements, effective April 1, 2025.

In conjunction with these initiatives, BCFSA is also releasing a new Consumer Guide to help consumers considering purchasing a pre-sale development unit understand the risks involved.

PILOT PROGRAM TO EXTEND REDMA'S EARLY MARKETING PERIOD

Background

Under REDMA, developers must acquire local government approvals (e.g. a building permit) and a satisfactory financing commitment before they begin marketing a development unit. However, REDMA permits the Superintendent of Real Estate (the "Superintendent") to allow developers to market during an "early marketing period" prior to satisfying the preliminary development approval and financing requirements in REDMA if certain criteria are met. The Superintendent's criteria are outlined in Policy Statement 5 and 6, which currently allow for an "early marketing period" of 12 months.

Rising construction costs and economic uncertainty have resulted in a challenging environment for large development projects. Given their complexity and size, these projects often encounter increased obstacles in obtaining required development approvals and securing financing within the prescribed early marketing period.

In response to the challenges that larger development projects often encounter, BCFSA is launching a pilot program to give developers the option of an 18-month early marketing period for development projects with 100 or more development units. The pilot is set to come into effect on February 25, 2025. In order to participate in the pilot, developers will be required to share specific data on the development project with BCFSA. The data will be used to evaluate the impact of longer early marketing periods on consumer rights and development viability.

Information for Interested Developers

Classification: **Public**

600-750 West Pender Street
Vancouver, B.C. V6C 2T8

T 866 206 3030
F 604 660 3365

You're Protected
bcfsa.ca

The pilot is set to come into effect on February 25, 2025. Only development projects with 100 or more development units will be eligible to participate. BCFSa will use Section 20 of REDMA to grant an individual exemption to each participating developer, allowing them to engage in early marketing for 18 months. Developers accepted for the pilot will be required to pay a \$13,500 fee for the exemption per the requirements in REDMA, in addition to the \$13,500 for a disclosure statement.

In order to participate in the pilot, developers will be required to share data on the development project with BCFSa. Developers will submit data once a quarter, which will include both quantitative sales data and qualitative responses on market trends. Data on individual developments will be kept confidential and only reported in aggregate for the purposes of public reporting on the pilot. The data will be used to evaluate the impact of longer early marketing periods on consumer rights and development viability.

To apply, a developer will submit their exemption application by email to realestatedevelopment@bcfsa.ca. The developer will be required to include a completed [application form](#) and provide proof of payment of the \$13,500 exemption application fee.

Licensee Considerations

Real estate licensees representing a developer in the pilot program or buyer clients of these developments should inform purchasers that the early marketing period has been extended from 12 to 18 months. This extended early marketing period is intended to reduce the likelihood of developers failing to meet their REDMA requirements, thereby increasing the chances of the development being completed.

Purchasers may be impacted in the event that a developer is unable to obtain financing or building permits. This extension means that purchasers will have to wait until 18 months, rather than 12 months, after the disclosure statement is filed to cancel their purchase agreement and have their deposit returned in such an event. Purchasers' deposits will also be tied up for a longer period, and they may be at risk of re-entering the market under different conditions, potentially facing higher costs for alternative housing, if the developer is unable to obtain financing or building permits.

Additional Information

- Only residential developments with 100 or more development units are eligible to participate.
- Projects that have already commenced marketing and contain 100 or more development units are eligible to participate. See [FAQ](#) for details.
- Participating developers will be provided with an additional six months of early marketing, bringing the total early marketing period from 12 to 18 months.
- There will be a \$13,500 exemption fee per participating development.
- Participating developers will be required to provide data related to the development project to BCFSa once a quarter throughout the 18-month period.

Additional Resources

- [REDMA Extended Early Marketing Period Pilot webpage](#)
- [REDMA Extended Early Marketing Period Frequently Asked Questions](#)
- [REDMA Pilot Program Exemption Application Form](#)

NEW CONSUMER DISCLOSURE FORM REQUIREMENT FOR PRE-SALES

Background

Under REDMA, developers are required to provide purchasers with a disclosure statement. Disclosure statements are legal documents that describe material facts about the development. However, development projects can be complex and result in lengthy, complicated disclosure statements that are difficult for the average purchaser to understand.

To assist purchasers in understanding their rights and obligations under REDMA, BCFSa has developed the “Summary of Pre-sale Risks and Buyer Rights” form (the “summary form”). The summary form aims to:

- Highlight critical provisions of the disclosure statement and purchase agreement;
- Direct purchasers to relevant sections of the disclosure statement for review; and
- Encourage purchasers to seek professional advice and to read the entire disclosure statement.

To ensure the summary form addresses the needs of purchasers, BCFSa engaged in consultations between February and May 2024 with a technical working group and the broader public. Overall, the summary form was generally well received, and BCFSa has incorporated feedback received through the consultation into the summary form.

Additional Information

Effective April 1, 2025, developers will be required to attach a copy of the completed summary form to the front of their disclosure statement if REDMA Policy Statement 14 applies to a new disclosure statement being filed with the Superintendent. Disclosure statements with missing or incomplete summary forms will be considered deficient and must be corrected.

When providing the disclosure statement to prospective purchasers, developers and their representatives will be required to explain to purchasers which rights, outlined on the form, apply to them and acquire their initials on the summary form. If the developer distributes the disclosure statement to purchasers without the summary form, the developer will be required to file a disclosure statement amendment with the completed summary form attached on the front and pay the amendment fee of \$1,200.

Licensee Considerations

Licensees representing a developer client should familiarize themselves with the new summary form so they are able to explain its contents and the applicable contractual rights to purchasers. They should also ensure that the purchaser’s initials are acquired on the summary form when the disclosure statement is provided to the purchaser and their applicable contractual rights are explained.

Licensees representing buyer clients should ensure the summary form is attached to the front of the disclosure statement and that they understand its contents to effectively explain it to their clients.

New Consumer Guide

To help purchasers understand the risks involved in buying a pre-sale unit, BCFSa has published a new [pre-sale consumer guide](#). This guide aims to empower consumers with essential knowledge about pre-sale risks, enabling them to navigate the process with greater confidence. Follow the link below to view the new guide.

Additional Resources

- [Consumer Disclosure Pre-sale Summary Form webpage](#)
- [Summary of Pre-sale Risks and Buyer Rights form](#)
- [Consumer Disclosure Pre-sale Summary Form Frequently Asked Questions](#)
- [Consumer Guide to Pre-sale Real Estate Purchases](#)
- [REDMA Policy Statement 14](#)

- [Consultation Summary Report: Pre-sale Risks and Buyer Rights Summary Form](#)

QUESTIONS

Please contact advisor@bcfsa.ca for more information.