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The cheque's in the mail, Urbancorp tells buyers

But unexpected bank hold means payouts are delayed again



ANDREW FRANCIS WALLACE / TORONTO STAR

Piotr (Peter) Bogucki and his wife Elizabeth pose on the balcony of their condo, June 2, 2015. Andrew Francis Wallace/Toronto Star

By: **Susan Pigg** Business Reporter, Published on Tue Jun 23 2015

Last Saturday the cheques were finally ready for pickup. Then on Monday came the unsettling phone call: Don't cash them or they might bounce.

Some 20 buyers in Urbancorp's troubled Val Homes project in Etobicoke are facing a whole new level of frustration in their dealings with the major condo developer which maintains it is not having financial difficulties.

So far, just one deposit refund for a cancelled purchase has actually bounced because of a misunderstanding with the bank, which put a hold on money Urbancorp had put in the account to cover the cheques, said a spokesperson for Urbancorp.

The bank has since released the funds, they added, noting that the buyer will get a replacement cheque "immediately," topped up to cover any NSF bank charges.

But other buyers in the 98-home project on Valermo Dr. are growing increasingly concerned after having waited weeks, with almost no communication from Urbancorp, to get refunds for houses they bought up to two years ago, but **found months ago** have been drastically downsized and won't even be built for two more years.

Most were shocked to discover, when they went to cancel their deals, that condominium unit deposits have to be kept in trust by developers under the Condominium Act, but not deposits on freehold houses.

Most are owed deposits of about \$100,000, but were also surprised to find out that Ontario's new home warranty program Tarion insures just \$40,000 in cases where buyers are out deposits on pre-construction houses.

Peter Bogucki and his wife Elizabeth got the call last Friday — June 19, the day Urbancorp had promised to deliver the refunds — to come pick up his cheque for \$94,991 the next day, three months after he first cancelled his deal.

He arrived to find two other buyers getting their refunds, all of them back dated to April.

"I even asked if there was coverage on the cheque," since it was so outdated," says Bogucki. "Then I literally ran to the bank — I was sprinting like I was running a marathon."

On Monday, an Urbancorp employee called, he said, and warned that the company was concerned some cheques might bounce and to please not cash it until the following Wednesday.

At least two other buyers who've talked to the Star, on condition their names not be used, got the same call. The Boguckis will find out Wednesday from their bank if theirs was the cheque that bounced.

"Funds deposited in the account were on hold as of Monday morning," said Urbancorp in a statement through a spokesperson. "Urbancorp did not want purchasers to have any cheques bounce, so we contacted them and ask(ed) they wait 24 hours before depositing."

"All refund cheques will clear," it said, adding that "anyone who has signed a mutual release (making clear their desire to get out of their deal) can pick up their cheque."

There has been growing concern about Urbancorp's finances at other projects as well, such as its Howie Ave. townhouse project in Leslieville.

About 20 of those homes, which were finished back in 2013, have had major roof leaks that have resulted in the removal of the third floor ceiling and major reinsulation work that began months ago but abruptly stopped last May.

Homeowners said they've also had a hard time getting answers from Urbancorp.

Contractors, who did not return calls from the Star, told homeowners they were stopping because they had not been paid by Urbancorp.

"Repairs are scheduled to resume on Wednesday," Urbancorp said in its statement.