

Buyer's alleged "Family and Friends Deal" with builder ordered for new trial (*Curridor v. Millstone Homes Inc.*)

Buyer | Litigation & Dispute Resolution | Owner | Property

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Sometimes deals are too good to be true. In *Curridor v. Millstone Homes Inc.*, 2026 ONCA 571, a buyer claimed that he was entitled to buy a newly built property in Komoka, Ontario from a builder for the cost of construction under a special "friends and family deal." The builder's owner, however, claimed that the alleged agreement was unauthorized and that the written Agreement of Purchase and Sale (APS) which bore the owner's stamped signature was invalid. The dispute continued to be litigated following an August 2026 decision by the Court of Appeal for Ontario.

The buyer's father worked as the builder's general manager. Independently, the buyer and the owner had a friendly relationship. They talked about shared interests and worked out together in a home gym.

After the buyer expressed interest in a property to be built by the owner's company, he claimed that they discussed a "friends and family deal" under which he could purchase the property for the cost of construction, with any profits to be shared on a 50/50 basis when the property was re-sold. The buyer maintained that the builder's owner told him to use a figure of \$600,000 as the purchase price for the property in the APS, which was based upon estimated costs, prepared by the builder's design manager.

Construction began in late November 2020. In early January 2021, the builder's owner went on vacation. Before leaving, he made two stamps that bore his signature. He gave one stamp to his lawyer and the other to the builder's construction manager. He instructed both that before any APS was stamped with his signature, he had to be reached by phone for approval.

While the owner was away, the buyer's father provided him with a partially pre-filled APS, which showed a purchase price of \$600,000, a \$1,500 deposit, and a closing date of May 28, 2021. The buyer signed the APS and gave his father a cheque for the deposit payable to the builder, which was deposited. The buyer then received an email from the builder's office administrator, attaching the APS with the owner's signature stamped at the bottom of it.

When the builder's owner returned from vacation, he learned about the transaction and other alleged wrongdoing on the part of the buyer's father. He was fired based on those allegations. The builder told the buyer that it was unwilling to complete the sale because the APS had been fraudulently executed.

Litigation ensued. By the time of trial, the buyer did not seek to complete the transaction but claimed damages for the builder's alleged breach of the APS. The builder's position was that only the owner could approve "friends and family" deals and that the APS had been fraudulently created.

The trial judge found that the APS was valid and enforceable based upon the "indoor management rule," codified in [section 19](#) of the Ontario *Business Corporations Act* (OBCA), which provides that a party transacting with a corporation is generally entitled to assume that a corporation's internal policies and procedures have been followed.

Although the builder sought a finding that the buyer's father had fraudulently stamped his signature on the APS, the trial judge reasoned that it was unnecessary to make such a finding since the signature was applied in the owner's capacity as president of the company. In the trial judge's view, the builder was precluded from asserting the APS was unenforceable because it could not prove that the buyer knew or ought to have known the APS was executed fraudulently. As a result, the buyer was awarded damages of \$538,349.75, based upon the agreed-upon valuation of the property at \$1.2 million and the amount of that the buyer had allegedly agreed to pay, less upgrades.

On appeal, the Court of Appeal for Ontario found that the trial judge erred in concluding that the APS was valid and enforceable.

In the Court of Appeal's view, the trial judge failed to address the primary issue of whether the signature on the APS was the result of wrongdoing on the part of the builder's general manager. That issue was inextricably intertwined with the determination that the buyer was entitled to rely on the signature pursuant to the indoor management rule.

In that regard, [section 19](#) of the *OBCA* has an important exception. While a party transacting with a corporation is generally entitled to assume that any internal policies and procedures have been followed by the corporate representatives, this does not apply "where the person has or ought to have, by virtue of the person's position with or relationship to the corporation, knowledge to that effect."

A court examining the indoor management rule must look to the relationship, interaction, business, and dealings between the parties to determine whether a person had knowledge that the company processes were not followed or a signature not genuine: *1264777 BC Ltd. v. 0694813 BC Ltd.*, [2023 BCCA 410](#), at paragraphs 50-52.

In other words, a buyer must be acting in good faith and without any knowledge of any potential issues as to the corporation's authorization to enter the transaction. Depending on the buyer's relationship to the corporation, there may be reasons why they ought to know that the terms of an alleged agreement are not valid.

In the Court of Appeal's view, there was sufficient evidence in the record to suggest that the buyer had sufficient knowledge that the exception was triggered. The buyer knew that only the builder's owner decided who got the friends and family deal and that the terms of such a deal were outside the builder's usual business practices. He also knew that the terms had not been settled before the owner went on extended holiday. Yet he relied on his father – without checking with the owner – to finalize the terms of the deal and have the APS prepared and signed. It was an error for the trial judge to have failed to address this issue.

The Court of Appeal found other errors in the trial, including the exclusion of evidence concerning the reasons why the employment of the buyer's father was terminated by the builder and the calculation of interest. As a [result](#), the trial judgment was set aside, and a new trial was ordered to be heard by a different judge. Whether or not the APS was fraudulent or is saved by the indoor management rule remains to be determined. It is difficult to envisage a result, however, in which the buyer succeeds. A PDF version is available for download [here](#).

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