

BROOKFIELD HOMES CORP

Form S-3/A

March 06, 2009

[Table of Contents](#)

As filed with the Securities and Exchange Commission on [March 6, 2009](#)

Registration No. 333-156416

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-3

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

BROOKFIELD HOMES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

8500 Executive Park Avenue
Suite 300, Fairfax, Virginia 22031
(703) 270-1700

(Address, including zip code, and telephone number)

37-1446709
(I.R.S. Employer
Identification No.)

Kim Mackmin
8500 Executive Park Avenue
Suite 300, Fairfax, Virginia 22031
Telephone: (703) 270-1700

Edgar Filing: BROOKFIELD HOMES CORP - Form S-3/A

including area code, of registrant's principal
executive offices)

(Name, address, including zip code, and telephone number including
area code, of agent for service)

with a copy to:

Daniel M. Miller

Dorsey & Whitney LLP

Suite 1605

777 Dunsmuir Street, Pacific Centre

Vancouver, British Columbia

Canada V7Y 1K4

(604) 687-5151

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Edgar Filing: BROOKFIELD HOMES CORP - Form S-3/A

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities To Be Registered | Amount to Be Registered | Proposed Maximum Aggregate Offering Price per Share | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee |
|---------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------|-------------------------------------------|----------------------------|
| Rights to purchase convertible preferred stock | (1) | | | (2) |
| Convertible preferred stock | 10,000,000 shares | \$ 25.00 | \$ 250,000,000 (3) | \$ 9,825 |
| Shares of common stock issuable upon conversion of convertible preferred stock | 35,714,286 shares (4) | | | (5) |
| Shares of common stock issuable as dividends on shares of convertible preferred stock | 110,000,000 shares (4) | | | (5) |
| Total Registration Fee | | | | \$ 9,825 |

(1) Evidencing the rights to subscribe for 10,000,000 shares of convertible preferred stock.

(2) The rights are being issued for no consideration. Pursuant to Rule 457(g) under the Securities Act of 1933, as amended, no separate registration fee is payable.

(3) Represents the gross proceeds from the assumed exercise of all rights issued.

(4) Pursuant to Rule 416 under the Securities Act of 1933, as amended, this registration statement also covers such indeterminate number of additional shares of common stock as may become issuable as a result of stock splits, stock dividends or similar transactions, or as a result of anti-dilution adjustments in accordance with the terms of the convertible preferred stock .

(5) Pursuant to Rule 457(i) under the Securities Act of 1933, as amended, no separate registration fee is payable.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 6, 2009

PROSPECTUS

BROOKFIELD HOMES CORPORATION

Rights to Purchase up to 10,000,000 Shares of 8% Convertible Preferred Stock, Series A, at \$25.00 per Share

We are distributing at no charge to holders of our common stock non-transferable subscription rights to purchase up to an aggregate of 10,000,000 shares of 8% Convertible Preferred Stock, Series A, par value \$0.01 per share. The shares of convertible preferred stock will be convertible into shares of common stock at a conversion rate of 3.571428571 shares of common stock per share of convertible preferred stock, which is equivalent to a conversion price of \$7.00 per share, subject to adjustment upon the occurrence of certain events.

You will receive 0.3735701 subscription rights for each share of common stock owned at 5:00 p.m., New York City time, on _____, 2009, subject to adjustments to eliminate fractional rights. The proceeds from this rights offering will be used for general corporate purposes, including repayment on the credit facility of an affiliate of our largest beneficial stockholder, Brookfield Asset Management Inc. We expect the total purchase price of convertible preferred stock in this rights offering to be \$250,000,000, assuming full participation.

Each whole subscription right will entitle holders of our common stock on the record date, to purchase one share of convertible preferred stock at a subscription price of \$25.00 per share. Subscribers who exercise their rights in full may over-subscribe for additional shares of convertible preferred stock, subject to certain limitations, to the extent shares of convertible preferred stock are available. The subscription rights will expire if they are not exercised by 5:00 p.m., New York City time, on _____, 2009, unless extended.

Dividends on the convertible preferred stock will be fully cumulative, will accumulate without interest from the date of original issuance of the convertible preferred stock and will be payable semi-annually in arrears in, at our election, cash, shares of common stock or a combination of cash and shares of common stock, on the last calendar day of each June and December, commencing on the last calendar day of the first June or December following the date of original issuance of the convertible preferred stock.

You should carefully consider whether to exercise your subscription rights before the expiration of the rights offering. Unless our board of directors cancels or terminates the rights offering, all exercises of subscription rights are irrevocable. Our board of directors is making no

Edgar Filing: BROOKFIELD HOMES CORP - Form S-3/A

recommendation regarding your exercise of the subscription rights. The subscription rights may not be sold or transferred.

We may cancel or terminate the rights offering at any time prior to its expiration upon determination of our board of directors. If we cancel or terminate this offering, we will return your subscription price, but without any payment of interest.

The shares of convertible preferred stock and shares of common stock issuable upon conversion of the convertible preferred stock are being offered directly by us without the services of an underwriter or selling agent.

Shares of our common stock are traded on the New York Stock Exchange under the symbol BHS. The shares of common stock issuable upon the conversion of the convertible preferred stock will also be listed on the New York Stock Exchange under the same symbol. Although the New York Stock Exchange has approved the listing of the convertible preferred stock subject to official notice of issuance, its approval is conditioned on there being at least 100 holders of the convertible preferred stock. Therefore, the listing of the convertible preferred stock on the New York Stock Exchange will depend upon the number of our stockholders that exercise their rights, and it will not be possible until after the rights offering has been completed to determine whether or not the convertible preferred stock will be listed on the New York Stock Exchange.

Exercising the rights and investing in our shares of convertible preferred stock and our common stock involves risks. We urge you to carefully read the section entitled Risk Factors beginning on page 13 of this prospectus, the section entitled Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2008, and all other information included or incorporated by reference in this prospectus in its entirety before you decide whether to exercise your rights.

| | Per Share | | Aggregate | |
|--------------------|-----------|-------|-----------|-------------|
| Subscription Price | \$ | 25.00 | \$ | 250,000,000 |
| Estimated Expenses | \$ | 0.04 | \$ | 424,725 |
| Net Proceeds to Us | \$ | 24.96 | \$ | 249,575,275 |

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense. The securities are not being offered in any jurisdiction where the offer is not permitted.

The date of this prospectus is .

Table of Contents

TABLE OF CONTENTS

| | |
|---------------------------------------------------------------|----|
| <u>ABOUT THIS PROSPECTUS</u> | 2 |
| <u>QUESTIONS AND ANSWERS RELATING TO THE RIGHTS OFFERING</u> | 3 |
| <u>PROSPECTUS SUMMARY</u> | 10 |
| <u>RISK FACTORS</u> | 13 |
| <u>FORWARD-LOOKING STATEMENTS</u> | 20 |
| <u>USE OF PROCEEDS</u> | 21 |
| <u>CAPITALIZATION</u> | 21 |
| <u>THE RIGHTS OFFERING</u> | 22 |
| <u>MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES</u> | 29 |
| <u>DESCRIPTION OF CAPITAL STOCK</u> | 32 |
| <u>PLAN OF DISTRIBUTION</u> | 36 |
| <u>WHERE YOU CAN FIND MORE INFORMATION</u> | 36 |
| <u>INCORPORATION OF CERTAIN INFORMATION BY REFERENCE</u> | 36 |
| <u>LEGAL MATTERS</u> | 37 |
| <u>EXPERTS</u> | 37 |

ABOUT THIS PROSPECTUS

Unless otherwise stated or the context otherwise requires, the terms Brookfield Homes Corporation, we, us, and our refer to Brookfield Homes Corporation and its subsidiaries.

You should rely only on the information included or incorporated by reference in this prospectus. We have not authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are not making an offer to sell securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus is accurate only as of the date on the front cover of this prospectus, and any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference, in each case, regardless of the time of delivery of this prospectus or any exercise of the rights. Our business, financial condition, results of operations and prospects may have changed since that date.

Table of Contents

QUESTIONS AND ANSWERS RELATING TO THE RIGHTS OFFERING

The following are examples of what we anticipate will be common questions about the rights offering. The answers are based on selected information from this prospectus and the documents incorporated by reference in this prospectus. The following questions and answers do not contain all of the information that may be important to you and may not address all of the questions that you may have about the rights offering. This prospectus and the documents incorporated by reference in this prospectus contain more detailed descriptions of the terms and conditions of the rights offering and provide additional information about us and our business, including potential risks related to the rights offering, the shares of convertible preferred stock and the shares of common stock issuable upon conversion of the convertible preferred stock, and our business.

Exercising the rights and investing in our shares of convertible preferred stock and common stock involves risks. We urge you to carefully read the section entitled *Risk Factors* beginning on page 13 of this prospectus and the section entitled *Risk Factors* in our Annual Report on Form 10-K for the year ended December 31, 2008, and all other information included or incorporated in this prospectus by reference in its entirety before you decide whether to exercise your rights.

What is a rights offering?

We are distributing to holders of our common stock as of 5:00 p.m. New York City time on _____, 2009, which we refer to as the record date, at no charge, subscription rights to purchase up to an aggregate of 10,000,000 shares of convertible preferred stock. You will receive 0.3735701 subscription rights for each share of common stock you owned at 5:00 p.m. New York City time on the record date, subject to adjustments to eliminate fractional rights. The subscription rights will be evidenced by rights certificates.

What is a right?

Each whole right gives our stockholders the opportunity to purchase one share of convertible preferred stock at the subscription price of \$25.00 per share and carries with it a basic subscription privilege and an over-subscription privilege. The shares of convertible preferred stock will initially be convertible into shares of common stock at a conversion rate of 3.571428571 shares of common stock per share of convertible preferred stock, which is equivalent to a conversion price of \$7.00 per share.

What is the basic subscription privilege?

The basic subscription privilege of each whole right entitles you to purchase one share of convertible preferred stock at the subscription price of \$25.00 per share.

What is the over-subscription privilege?

The over-subscription privilege of each whole right entitles you, if you have fully exercised your basic subscription privilege, to subscribe for additional shares of convertible preferred stock (up to the number of shares of convertible preferred stock for which you subscribed under your basic subscription privilege) at the same subscription price per share on a pro rata basis if any shares of convertible preferred stock are not purchased as of the expiration date by other holders of subscription rights under their basic subscription privileges. Pro rata means in proportion to the number of shares of convertible preferred stock that all subscription rights holders who have fully exercised their basic subscription privileges on their common stock holdings have requested to purchase pursuant to the over-subscription privilege.

How many shares of convertible preferred stock may I purchase if I exercise my rights?

We are granting to you, as a stockholder of record on the record date, 0.3735701 subscription rights for each share of our common stock you owned at that time. Each right contains the basic subscription privilege and the over-subscription privilege. We determined the ratio of rights you will receive per share by dividing \$250,000,000 by the subscription price of \$25.00 to determine the maximum number of shares of convertible preferred stock to be issued in the rights offering and then dividing that number by the number of shares of common stock outstanding on the record date. For example, if you owned 1,000 shares of our common stock on the record date and you were granted 0.3735701 rights for each share of our common stock you owned at that time, then you would have the right to purchase 374 shares of convertible preferred stock at a price of \$25.00 per share, after rounding to eliminate

Table of Contents

fractional rights. You may exercise any number of your subscription rights, or you may choose not to exercise any subscription rights.

If you hold your shares in the name of a broker, dealer, or other nominee who uses the services of the Depository Trust Company, or DTC, then DTC will issue 0.3735701 rights to the nominee for each share of our common stock you own at the record date, subject to adjustments to eliminate fractional rights. Each whole right can then be used to purchase one share of convertible preferred stock at the subscription price of \$25.00 per share. As in the example above, if you owned 1,000 shares of our common stock on the record date, you have the right to purchase 374 shares of convertible preferred stock at a price of \$25.00 per share, after rounding to eliminate fractional rights.

We will not issue fractional subscription rights or cash in lieu of fractional rights. Fractional subscription rights will be rounded to the nearest whole number, with such adjustments as may be necessary to ensure that we offer 10,000,000 shares of convertible preferred stock in the rights offering. In the event that, because of the rounding of fractional subscription rights, the rights offering would have been subscribed in an amount in excess of 10,000,000 shares of convertible preferred stock, all holders' subscription rights will be reduced in an equitable manner. Any excess subscription funds will be returned, without interest or deduction.

How many shares of common stock will I receive if I convert my shares of convertible preferred stock?

Each share of preferred stock will initially be convertible into 3.571428571 shares of common stock, which is equivalent to a conversion price of \$7.00 per share, subject to adjustment upon the occurrence of certain events. If, upon conversion of the convertible preferred stock, a holder would be entitled to receive a fractional interest in a share of our common stock, we will, upon conversion, pay in lieu of such fractional interest, cash in an amount determined under the terms of the convertible preferred stock.

Will I receive dividends on shares of convertible preferred stock, and when will I receive them?

Yes. Holders of shares of convertible preferred stock will be entitled to receive, when, as and if declared by the board of directors out of funds legally available for such purpose, dividends per year at the per share rate of 8% of the \$25.00 stated value of each share of convertible preferred stock, or \$2.00 per year. The stated value of the shares is subject to adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the convertible preferred stock. Dividends on the convertible preferred stock will be fully cumulative, will accumulate without interest from the date of original issuance of the convertible preferred stock and will be payable semi-annually in arrears in, at our election, cash, shares of common stock or a combination of cash and shares of common stock, on the last calendar day of each June and December, commencing on the last calendar day of the first June or December following the date of original issuance of the convertible preferred stock.

If I convert my shares of convertible preferred stock, will I receive any payment for declared and unpaid dividends on the shares of convertible preferred stock?

Yes. Upon conversion of convertible preferred stock, we will pay to the holder of the convertible preferred stock being converted an amount equal to all declared and unpaid dividends on the shares of convertible preferred stock being converted. At our election, we may make those

payments in cash, shares of common stock or a combination of cash and shares of common stock.

Can I redeem the convertible preferred stock?

No. The convertible preferred stock will not be redeemable at the option of either you or our company.

What is the maturity of the preferred stock?

The convertible preferred stock is perpetual, and therefore does not have a maturity date. However, beginning June 30, 2014, if the 90-day volume weighted average closing price in trading of our common stock on the New York Stock Exchange (or any other national securities exchange or other market on which our common stock is then traded or quoted) immediately prior to the determination date exceeds \$14.00 per share (as adjusted to reflect any stock dividend, split, combination or other similar recapitalization of the our common stock), we may, at our option, require that all then outstanding shares of convertible preferred stock be automatically converted into shares of common stock.

Table of Contents

What if there is an insufficient number of shares of convertible preferred stock to satisfy the over-subscription requests?

If there is an insufficient number of shares of convertible preferred stock to fully satisfy the over-subscription requests of rights holders, subscription rights holders who exercised their over-subscription privilege will receive the available shares of convertible preferred stock pro rata based on the number of shares of convertible preferred stock each subscription rights holder has subscribed for under the over-subscription privilege. Any excess subscription payments will be returned, without interest or deduction, promptly after the expiration of the rights offering.

Why are we conducting the rights offering?

We are making the rights offering with the intention of raising up to \$250,000,000, before deducting estimated offering expenses of \$424,725. We currently intend to use the net proceeds received from purchases of convertible preferred stock for general corporate purposes, including repayment on the credit facility of an affiliate of our largest beneficial stockholder, Brookfield Asset Management Inc. We believe that a rights offering provides our stockholders the opportunity to participate in this transaction and therefore significantly reduces the potential dilution of their ownership interest in our company.

How were the subscription price of \$25.00 per share of convertible preferred stock and the terms of the convertible preferred stock, including the conversion price, determined?

A special committee of independent directors of our board of directors recommended to the board, and our board of directors determined, that the subscription price for the shares of convertible preferred stock and the terms of the convertible preferred stock, including the conversion price, should be designed to provide an incentive to our current stockholders to exercise their rights. Factors considered in setting the subscription price, the conversion price and the terms of the convertible preferred stock included general conditions in the securities and real estate markets, alternatives available to us for raising equity capital, the current trading price of our common stock and the amount of proceeds desired. The subscription price for shares of convertible preferred stock is \$25.00 per share and the initial conversion price is \$7.00 per share. The subscription price and the conversion price do not necessarily bear any relationship to the book value of our assets or our past operations, cash flows, losses, financial condition, net worth or any other established criteria used to value securities. We did not seek or obtain any opinion of financial advisors or investment bankers in establishing the subscription price or the conversion price. You should not consider the subscription price or the conversion price to be an indication of the fair value of the convertible preferred stock or the common stock issuable upon conversion of the convertible preferred stock.

Our shares of convertible preferred stock and common stock may trade at prices above or below the subscription price and conversion price, respectively.

Am I required to exercise any or all of the rights I receive in the rights offering?

No. You may exercise any number of your whole rights, or you may choose not to exercise any rights. If you do not exercise any rights, or you exercise your rights but do not convert your shares of convertible preferred stock into shares of common stock, the number of shares of our

Edgar Filing: BROOKFIELD HOMES CORP - Form S-3/A

common stock you own will not change. However, your percentage ownership interest in our company will be diluted to the extent that participating stockholders convert their shares of convertible preferred stock into shares of common stock and to the extent that we pay dividends on the convertible preferred stock in shares of common stock. Your percentage ownership interest in our company will also be diluted to the extent that you convert convertible preferred stock into common stock and we elect to pay dividends on the convertible preferred stock by issuing shares of common stock.

How soon must I act to exercise my rights?

The rights may be exercised beginning on the date of this prospectus through the expiration date, which is _____, 2009, at 5:00 p.m., New York City time, unless extended by us. If you elect to exercise any rights, the subscription agent must actually receive all required documents and payments from you or your broker or nominee at or before the expiration date. Although we have the option of extending the expiration date of the subscription period, we currently do not intend to do so.

Table of Contents

When will I receive my subscription rights certificate?

Promptly after the date of this prospectus, the subscription agent will send a subscription rights certificate to each registered holder of our common stock as of 5:00 p.m., New York City time, on the record date, based on our stockholder registry maintained at the transfer agent for our common stock. If you hold your shares of common stock through a brokerage account, bank or other nominee, you will not receive an actual subscription rights certificate. Instead, as described in this prospectus, you must instruct your broker, bank or nominee whether or not to exercise rights on your behalf. If you wish to obtain a separate subscription rights certificate, you should promptly contact your broker, bank or other nominee and request a separate subscription rights certificate. It is not necessary to have a physical subscription rights certificate to elect to exercise your rights.

May I transfer my rights?

No. Should you choose not to exercise your subscription rights, you may not sell, give away or otherwise transfer your subscription rights. Subscription rights will, however, be transferable by operation of law (for example, upon the death of the recipient).

Are we requiring a minimum subscription to complete the rights offering?

No.

Can the board of directors cancel, terminate, amend or extend the rights offering?

Yes. Our board of directors may decide to cancel or terminate the rights offering at any time before the expiration of the rights offering and for any reason. If our board of directors cancels or terminates the rights offering, we will issue a press release notifying stockholders of the cancellation or termination, and any money received from subscribing stockholders will be promptly returned, without interest or deduction.

We may amend the terms of the rights offering or extend the subscription period of the rights offering. The period for exercising your subscription rights may be extended by our board of directors, although it does not presently intend to do so. We also reserve the right to amend the terms of the rights offering.

Has our board of directors made a recommendation to our stockholders regarding the exercise of rights in the rights offering?

No. Our board of directors has not, and will not, make any recommendation to stockholders regarding the exercise of rights in the rights offering. You should make an independent investment decision about whether or not to exercise your rights. Stockholders who exercise rights risk investment loss on new money invested. There is currently no market for the convertible preferred stock. Although the New York Stock Exchange has approved the listing of the convertible preferred stock subject to official notice of issuance, its approval is conditioned on there being at least 100 holders of the convertible preferred stock. Therefore, the listing of the convertible preferred stock on the New York Stock Exchange will depend upon the number of our stockholders that exercise their rights, and it will not be possible until after the rights offering has been completed to determine whether or not the convertible preferred stock will be listed on the New York Stock Exchange. In addition, if listed, the continued listing of the convertible preferred stock on the New York Stock Exchange will depend upon the convertible preferred stock continuing to meet the New York Stock Exchange's continued listing standards. Furthermore, if listed, we cannot assure you that a liquid market for the convertible preferred stock will develop or, if developed, be maintained. As a result, we cannot provide you with any assurance about the price at which you will be able to sell the convertible preferred stock, or about whether you will be able to sell the convertible preferred stock at all, and you might be unable to sell your convertible preferred stock at a price equal to, or higher than, the subscription price, if at all. If you do not exercise your rights, you will lose any value represented by your rights and your percentage ownership interest in our company will be diluted to the extent that participating stockholders convert their shares of convertible preferred stock into shares of common stock. Your percentage ownership interest in our company may also be diluted to the extent that we elect to pay dividends on the convertible preferred stock by issuing shares of common stock. If you convert your convertible preferred stock, you may be unable to sell the shares of common stock issuable upon such conversion at a price equal to or greater than the conversion price. For more information on the risks of participating in the rights offering, see the section of this prospectus entitled "Risk Factors".

How do I exercise my rights? What forms and payment are required to purchase the shares of convertible preferred stock?

If you wish to participate in the rights offering, you must take the following steps, unless your shares are held by a broker, dealer or other nominee:

Table of Contents

- deliver payment to the subscription agent using the methods outlined in this prospectus; and
- deliver a properly completed rights certificate to the subscription agent before 5:00 p.m., New York City time, on _____, 2009, unless extended.

If you send a payment that is insufficient to purchase the number of shares of convertible preferred stock you requested, or if the number of shares of convertible preferred stock you requested is not specified in the forms, the payment received will be applied to exercise your basic subscription privilege. Unless you have specified the number of shares of convertible preferred stock you wish to purchase upon exercise of your over-subscription privilege, any payment in excess of that required to exercise your basic subscription privilege will be refunded. If the payment exceeds the subscription price for the full exercise of the basic and over-subscription privileges (to the extent specified by you), the excess will be refunded. You will not receive interest on any payments refunded to you under the rights offering.

What should I do if I want to participate in the rights offering, but my shares are held in the name of my broker, dealer, or other nominee?

If you hold your shares of our common stock in the name of a broker, dealer or other nominee, then your broker, dealer or other nominee is the record holder of the shares you own. The record holder must exercise the rights on your behalf for the shares of convertible preferred stock you wish to purchase.

If you wish to participate in the rights offering and purchase shares of convertible preferred stock, please promptly contact the record holder of your shares. We will ask your broker, dealer, or other nominee to notify you of the rights offering. You should complete and return to your record holder the form entitled Beneficial Owner Election Form. You should receive this form from your record holder with the other rights offering materials.

When will I receive my shares of convertible preferred stock?

If you purchase shares of convertible preferred stock in the rights offering, you or DTC on your behalf, as the case may be, will receive Direct Registration System book-entry statements representing the shares of convertible preferred stock that you have purchased promptly after the closing of the rights offering, and after all pro rata allocations and adjustments have been completed.

After I send in my payment and rights certificate, may I change or cancel my exercise of rights?

No. Unless our board of directors cancels or terminates the rights offering, all exercises of rights are irrevocable, even if you later learn information that you consider to be unfavorable to the exercise of your rights. You should not exercise your rights unless you are certain that

you wish to purchase shares of convertible preferred stock at a price of \$25.00 per share.

How much money will we receive from the rights offering?

While the rights offering has no minimum purchase requirement, if we sell all of the shares of convertible preferred stock being offered, we will receive proceeds of \$250,000,000, before deducting estimated offering expenses of \$424,725. See the section of this prospectus entitled "Use of Proceeds."

Are there risks in exercising my subscription rights?

Yes. The exercise of your subscription rights involves risks. Exercising your subscription rights means buying shares of our convertible preferred stock, and should be considered as carefully as you would consider any other equity investment. You should carefully read the section entitled "Risk Factors" beginning on page 13 of this prospectus and the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2008, and all other information included or incorporated in this prospectus by reference in its entirety before you decide whether to exercise your rights.

Table of Contents

How many shares of convertible preferred and common stock will be outstanding immediately after the rights offering?

As of March 3, 2009, we had 26,768,732 shares of common stock issued and outstanding. Assuming that the rights offering is fully subscribed, 10,000,000 shares of convertible preferred stock will be outstanding immediately after the rights offering. Based upon the maximum of 35,714,286 shares of common stock that may be issued pursuant to the conversion of the convertible preferred stock, we would have 62,483,018 shares of common stock outstanding immediately after the closing of the rights offering, assuming the full conversion of the convertible preferred shares and excluding any shares that may be issued pursuant to the exercise of stock options.

If the rights offering is not completed, will my subscription payment be refunded to me?

Yes. The subscription agent will hold all funds it receives in a segregated bank account until completion of the rights offering. If the rights offering is not completed, we will promptly instruct the subscription agent to return your payment in full. If you own shares in street name, it may take longer for you to receive payment because the subscription agent will send payments through the record holder of your shares. Any funds returned will be returned without interest or deduction.

Will the rights be listed on a stock exchange?

The rights themselves will not be listed on the New York Stock Exchange or any other stock exchange or market. Our common stock will continue to trade on the New York Stock Exchange under the symbol BHS, and the shares issuable upon the conversion of the convertible preferred stock issued in the rights offering will be eligible for trading on the New York Stock Exchange. The New York Stock Exchange has approved the listing of the convertible preferred stock subject to official notice of issuance, but its approval is conditioned on there being at least 100 holders of the convertible preferred stock. Therefore, the listing of the convertible preferred stock on the New York Stock Exchange will depend upon the number of our stockholders that exercise their rights, and it will not be possible until after the rights offering has been completed to determine whether or not the convertible preferred stock will be listed on the New York Stock Exchange.

May I sell my convertible preferred stock?

Yes. You may sell your convertible preferred stock on the New York Stock Exchange if the convertible preferred stock is listed on the New York Stock Exchange at the time of sale. You may also be able to sell your convertible preferred stock in private transactions. We cannot assure you that there will be a market to sell the convertible preferred stock, or as to the price at which you will be able to sell your convertible preferred stock. Since the convertible preferred stock is perpetual and will not mature, you could be required to hold your shares of convertible preferred stock indefinitely if you do not convert your convertible preferred stock into common stock.

Have any stockholders indicated they will exercise their rights?

Edgar Filing: BROOKFIELD HOMES CORP - Form S-3/A

Brookfield Asset Management Inc., which we sometimes refer to as BAM and which beneficially owns approximately 58.17% of our common stock, has indicated its intention to exercise all of its rights but has made no formal binding commitment to do so. If BAM exercises its basic and over-subscription rights in full and no other stockholders do so, BAM will beneficially own approximately 82% of our common stock assuming the full conversion of convertible preferred stock.

How do I exercise my rights if I live outside the United States?

If you are a rights holder whose address is outside the United States, and if it is not, in our sole judgment, unlawful to do so, the subscription agent will mail rights certificates to you. To exercise your rights, you must notify the subscription agent on or prior to the expiration date for the rights offering, and take all other steps which are necessary to exercise your rights, on or prior to that time. If you do not follow these procedures prior to the expiration of the rights offering, your rights will expire.

This rights offering is not being made in any state or other jurisdiction in which it would be unlawful to do so, nor are we selling to you, or accepting any offers from you to purchase, shares of convertible preferred stock if you are a resident of any such state or other jurisdiction. If necessary, we may delay commencement of the rights offering in certain states or other jurisdictions in order to comply with the securities law requirements of those states or other jurisdictions. In addition, in certain circumstances, in order to comply with applicable state securities laws, we may not be able to honor all over-subscription privileges even if we have shares of convertible preferred stock available. We do not anticipate that there will be any changes in the rights offering, and we may, in our sole discretion, decline to make modifications to the terms of the rights offering requested by regulators in states or other jurisdictions, in

Table of Contents

which case stockholders who live in those states or other jurisdictions will not be eligible to participate in the rights offering.

What fees or charges apply if I purchase shares of convertible preferred stock?

We are not charging any fee or sales commission to issue rights to you or to issue shares of convertible preferred stock to you if you exercise your rights. If you exercise your rights through the record holder of your shares, you are responsible for paying any fees your record holder may charge you.

What are the U.S. federal income tax consequences of receiving or exercising rights?

A holder should not recognize income or loss for United States federal income tax purposes in connection with the receipt or exercise of subscription rights in the rights offering. You should consult your tax advisor as to the particular consequences to you of the rights offering. For a detailed discussion, see Material United States Federal Income Tax Consequences.

To whom should I send my forms and payment?

If your shares are held in the name of a broker, dealer or other nominee, then you should send your subscription documents, rights certificate and payment to that record holder in accordance with the instructions you receive from that record holder. If you are the record holder, then you should send your subscription documents, rights certificate and payment by hand delivery, first class mail, or courier service to:

By Mail:

Attn:

By Overnight Courier or By Hand:

Attn:

You are solely responsible for completing delivery to the subscription agent of your subscription documents, rights certificate, and payment. We urge you to allow sufficient time for delivery of your subscription materials to the subscription agent.

Whom should I contact if I have other questions?

If you have other questions or need assistance, please contact the information agent, _____ at _____.

Edgar Filing: BROOKFIELD HOMES CORP - Form S-3/A

For a more complete description of the rights offering, see "The Rights Offering" beginning on page 22.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights important features of this offering and the information included or incorporated by reference in this prospectus. This summary does not contain all of the information that you should consider before investing in our shares of convertible preferred stock and common stock. You should read the entire prospectus and any documents incorporated by reference carefully.

Exercising the rights and investing in our shares of convertible preferred stock and common stock involves significant risks. We urge you to carefully read the section entitled **Risk Factors beginning on page 13 of this prospectus and the section entitled **Risk Factors** in our Annual Report on Form 10-K for the year ended December 31, 2008, and all other information included or incorporated in this prospectus by reference in its entirety before you decide whether to exercise your rights.**

Our Business

Brookfield Homes Corporation is a land developer and homebuilder. We entitle and develop land for our own communities and sell lots to third parties. We also design, construct and market single-family and multi-family homes primarily to move-up and luxury homebuyers. Our operations are currently focused primarily in the following markets: Northern California (San Francisco Bay Area and Sacramento); Southland / Los Angeles; San Diego / Riverside; and the Washington D.C. Area.

Our common stock trades on the New York Stock Exchange under the symbol BHS. Our principal executive offices are located at 8500 Executive Park Avenue, Suite 300, Fairfax, Virginia, 22031. Our telephone number is (703) 270-1700.

Summary of the Rights Offering

The rights offering:

We are distributing to you, at no charge, 0.3735701 non-transferable subscription rights for every one share of our common stock that you owned on the record date, either as a holder of record or, in the case of shares held of record by brokers, banks or other nominees, on your behalf, as a beneficial owner of these shares, subject to adjustments to eliminate fractional rights.

Basic subscription privilege:

Each whole right entitles you to purchase one share of convertible preferred stock at the subscription price of \$25.00 per share of convertible preferred stock purchased. Each share of convertible preferred stock consists of one share of 8% Convertible Preferred Stock, Series A, with a par value of \$0.01 per share. Each share of convertible preferred stock will initially be convertible into shares of common stock at a conversion rate of 3.571428571 shares of common stock per share of convertible preferred stock, which is equivalent to a conversion price of \$7.00 per share.

Over-subscription privilege:

If you elect to exercise your basic subscription privilege in full, you may also subscribe for additional shares of convertible preferred stock (up to the number of shares of convertible preferred stock for which you subscribed under your basic subscription privilege) at the same subscription price per share. If an insufficient number of shares of convertible preferred stock are available to satisfy fully the over-subscription privilege requests, the available shares of convertible preferred stock will be distributed proportionately among rights holders who exercised their over-subscription privilege based on the number of shares of convertible preferred stock each rights holder subscribed for under the over-subscription privilege. The subscription agent will return any excess payments by mail without interest or deduction promptly after the expiration of the rights offering.

Record date:

5:00 p.m., New York City time, on _____, 2009.

Expiration date:

5:00 p.m., New York City time, on _____, 2009, unless extended by us, in our sole discretion. Any rights not exercised at or before that

Table of Contents

time will expire without any payment to the holders of those unexercised rights.

Subscription price:

\$25.00 per share of convertible preferred stock, payable in cash.

Use of proceeds:

Assuming full participation, the proceeds from the rights offering are expected to be \$250,000,000, before deducting estimated expenses of \$424,725 relating to the rights offering. The proceeds from the rights offering will be used for general corporate purposes, including repayment on the credit facility of an affiliate of our largest beneficial stockholder, Brookfield Asset Management Inc.

Non-transferability of rights:

The subscription rights may not be sold, transferred or assigned and will not be listed for trading on the New York Stock Exchange or on any other stock exchange or market.

No board recommendation:

Our board of directors makes no recommendation to you about whether you should exercise any rights. You are urged to make an independent investment decision about whether to exercise your rights based on your own assessment of our business and the rights offering. Please see the section of this prospectus entitled *Risk Factors* for a discussion of some of the risks involved in investing in our shares of convertible preferred stock and our common stock.

No revocation:

If you exercise any of your rights, you will not be permitted to revoke or change the exercise or request a refund of monies paid.

U.S. federal income tax considerations:

A holder should not recognize income or loss for United States federal income tax purposes in connection with the receipt or exercise of subscription rights in the rights offering. You should consult your tax advisor as to the particular consequences to you of the rights offering. For a detailed discussion, see *Material United States Federal Income Tax Consequences*.

Extension, cancellation, and amendment:

The period for exercising your subscription rights may be extended by our board of directors, although it does not presently intend to do so. Our board of directors may cancel or terminate the rights offering in its sole discretion at any time on or before the expiration of the rights offering for any reason (including, without limitation, a change in the market price of our common stock). In the event that the rights offering is cancelled or terminated, all funds received from subscriptions by stockholders will be returned. Interest will not be payable on any returned funds. We also reserve the right to amend the terms of the rights offering.

Procedure for exercising rights:

If you are the record holder of shares of our common stock, to exercise your rights you must complete the rights certificate and deliver it to the subscription agent, _____, together with full payment for all the subscription rights you elect to exercise. The subscription agent must receive the proper forms and payments on or before the expiration of the rights offering. You may deliver the documents and payments by mail or commercial courier. If regular mail is used for this purpose, we recommend using registered mail, properly insured, with return receipt requested. If you are a beneficial owner of shares of our common stock, you should instruct your broker, custodian bank or nominee in accordance with the procedures described in the section of this prospectus entitled *The Rights Offering Beneficial Owners*.

Subscription agent:

Information agent:

Table of Contents

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Questions: | Questions regarding the rights offering should be directed to _____, at _____. |
| Shares outstanding before the rights offering: | 26,768,732 shares of common stock as of March 3, 2009. |
| Shares outstanding after completion of the rights offering: | Assuming that the rights offering is fully subscribed, 10,000,000 shares of convertible preferred stock will be outstanding immediately after the rights offering. Based upon the maximum of 35,714,286 shares of common stock that may be issued pursuant to the conversion of the convertible preferred stock, we would have 62,483,018 shares of common stock outstanding immediately after the closing of the rights offering, assuming the full conversion of the convertible preferred shares and excluding any shares that may be issued pursuant to the exercise of stock options. |
| Issuance of convertible preferred stock: | If you purchase shares of convertible preferred stock through the rights offering, we will issue a Direct Registration System book-entry statement representing the shares of convertible preferred stock to you or DTC on your behalf, as the case may be, promptly after the completion of the rights offering and after all pro rata allocations and adjustments have been completed. |
| Risk factors: | Stockholders considering making an investment in the rights offering should consider the risk factors described in the section of this prospectus entitled Risk Factors. |
| Fees and expenses: | We will bear the fees and expenses relating to the rights offering. |
| New York Stock Exchange: | Shares of our common stock are currently listed for trading on the New York Stock Exchange under the symbol BHS, and the shares of common stock to be issued to you upon conversion of the convertible preferred stock will be eligible for trading on the New York Stock Exchange. The New York Stock Exchange has approved the listing of the convertible preferred stock subject to official notice of issuance, but its approval is conditioned on there being at least 100 holders of the convertible preferred stock. Therefore, the listing of the convertible preferred stock on the New York Stock Exchange will depend upon the number of our stockholders that exercise their rights, and it will not be possible until after the rights offering has been completed to determine whether or not the convertible preferred stock will be listed on the New York Stock Exchange. |
| Risk Factors: | |
| Exercising your rights and investing in our shares of convertible preferred stock and common stock involves various risks associated with your investment, including the risks described in the section of this prospectus entitled Risk Factors beginning on page 13 and the risks that we have highlighted in other sections of this prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2008, and all other information included or incorporated by reference in this prospectus. You should carefully read and consider these risk factors together with all of the other information included and incorporated by reference in this prospectus before you decide whether to exercise your rights to purchase shares of convertible preferred stock and whether to convert any such purchased shares into shares of common stock. | |

Table of Contents

RISK FACTORS

*Investing in our securities involves risks. You should carefully consider the specific risks described below, the risks described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, which are incorporated herein by reference, and any risk factors set forth in our other filings with the SEC, pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act of 1934, as amended, before making an investment decision. See the section of this prospectus entitled *Where You Can Find More Information*. Any of the risks we describe below or in the information incorporated herein by reference could cause our business, financial condition or operating results to suffer. The market price of our common and convertible preferred stock could decline if one or more of these risks and uncertainties develop into actual events. You could lose all or part of your investment. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results. Some of the statements in this section of the prospectus are forward-looking statements. For more information about forward-looking statements, please see *Forward-Looking Statements*.*

Risks Relating to Our Business

Our business and results of operations will be materially and adversely affected by weakness in general economic, real estate and other conditions.

The land development and homebuilding industry is cyclical and is significantly affected by changes in general and local economic and industry conditions, such as employment levels, availability of financing for homebuyers, interest rates, consumer confidence, levels of new and existing homes for sale, demographic trends and housing demand. In addition, an oversupply of alternatives to new homes, such as resale homes, including homes held for sale by investors and speculators, foreclosed homes and rental properties may reduce our ability to sell new homes, depress prices and reduce our margins from the sale of new homes.

2008 was another very challenging year for the housing industry, as the downturn in the housing market intensified. Home foreclosures and lack of financing for homebuyers resulted in continued high inventories of new and resale homes and sharp declines in new home deliveries. The supply of resale and new homes far exceeds demand and even though annual single-family new home production in the United States has dropped to 0.6 million units per year, we do not anticipate that an equilibrium between the supply and demand for housing will be reached in 2009. This continuing imbalance, as well as the disruption in credit markets, has led to continued weak consumer confidence, a critical factor for home sales.

Homebuilders are also subject to risks related to the availability and cost of materials and labor, and adverse weather conditions that can cause delays in construction schedules and cost overruns. Furthermore, the market value of undeveloped land, buildable lots and housing inventories held by us can fluctuate significantly as a result of changing economic and real estate market conditions and may result in inventory impairment charges or putting our deposits for lots controlled under option at risk. If there are significant adverse changes in economic or real estate market conditions, we may have to sell homes at a loss or hold land in inventory longer than planned. Inventory carrying costs can be significant and can result in losses in a poorly performing project or market. We may be particularly affected by changes in local market conditions in California, where we derive a large proportion of our revenue. As a result of the present challenging market conditions, we have sold homes and lots for lower profit margins than in the past and we have recorded inventory and joint venture impairments and lot option write-off charges that resulted in a loss during fiscal 2008. If market conditions continue to deteriorate, some of our assets may be subject to further impairments and option write-off charges further adversely affecting our operations and financial results.

Rising mortgage rates or decreases in the availability of mortgage financing will discourage people from buying new homes.

Virtually all of our customers finance their home acquisitions through lenders providing mortgage financing. Prior to the recent volatility in the financial markets, mortgage rates were at or near their lowest levels in many years and a variety of mortgage products were available. As a result, more homebuyers were able to qualify for mortgage financing. Increases in mortgage rates or decreases in the availability of mortgage financing could depress the market for new homes because of the increased monthly mortgage costs to potential homebuyers. Even if potential customers do not need financing, changes in interest rates and mortgage availability could make it harder for them to sell their homes to potential buyers who need financing, which would result in reduced demand for new homes. As a result, rising mortgage rates and reduced mortgage availability could adversely affect our ability to sell new homes and the price at which we can sell them.

During 2007, 2008 and through 2009 to date, there was a significant decrease in the type of mortgage products available and a general increase in the qualification requirements for mortgages. Fewer loan products and tighter loan

Table of Contents

qualifications made it more difficult for some borrowers to finance the purchase of our homes. This, coupled with higher mortgage interest rates for some mortgage products has reduced demand for new homes. These reductions in demand have adversely affected our operations and financial results, and the duration and severity of the effects are uncertain.

Laws and regulations related to property development and related to the environment subject us to additional costs and delays which adversely affect our business and results of operations.

We must comply with extensive and complex regulations affecting the homebuilding and land development process. These regulations impose on us additional costs and delays, which adversely affect our business and results of operations. In particular, we are required to obtain the approval of numerous governmental authorities regulating matters such as permitted land uses, levels of density, the installation of utility services, zoning and building standards. These regulations often provide broad discretion to the administering governmental authorities as to the conditions we must meet prior to being approved for a particular development or project, if approved at all. In addition, new development projects may be subject to various assessments for schools, parks, streets and highways and other public improvements, the costs of which can be substantial. When made, these assessments can have a negative impact on our sales by raising the price that homebuyers must pay for our homes. We must also comply with a variety of local, state and federal laws and regulations concerning the protection of health and the environment, including with respect to hazardous or toxic substances. These environmental laws sometimes result in delays, cause us to incur additional costs, or severely restrict land development and homebuilding activity in environmentally sensitive regions or areas.

If we are not able to develop and market our master-planned communities successfully, our business and results of operations will be adversely affected.

Before a master-planned community generates any revenues, material expenditures are incurred to acquire land, obtain development approvals and construct significant portions of project infrastructure, amenities, model homes and sales facilities. It generally takes several years for a master-planned community development to achieve cumulative positive cash flow. If we are unable to develop and market our master-planned communities successfully and to generate positive cash flows from these operations in a timely manner, it will have a material adverse effect on our business and results of operations.

Difficulty in retaining qualified trades workers, or obtaining required materials and supplies, will adversely affect our business and results of operations.

The homebuilding industry has from time to time experienced significant difficulties in the supply of materials and services, including with respect to: shortages of qualified trades people; labor disputes; shortages of building materials; unforeseen environmental and engineering problems; and increases in the cost of certain materials (particularly increases in the price of lumber, wall board and cement, which are significant components of home construction costs). When any of these difficulties occur, it causes delays and increases the cost of constructing our homes.

Homebuilding is subject to home warranty and construction defect claims in the ordinary course of business and furthermore we sometimes face liabilities when we act as a general contractor, and we are sometimes responsible for losses when we hire general contractors.

As a homebuilder, we are subject to construction defect and home warranty claims arising in the ordinary course of our business. These claims are common in the homebuilding industry and can be costly. Further, where we act as the general contractor, we are responsible for the performance of the entire contract, including work assigned to subcontractors. Claims may be asserted against us for construction defects, personal injury or property damage caused by the subcontractors, and if successful these claims give rise to liability. Where we hire general contractors, if there are unforeseen events like the bankruptcy of, or an uninsured or under-insured loss claimed against our general contractors, we sometimes become responsible for the losses or other obligations of the general contractors. The cost of insuring against construction defect and product liability claims are high, and the amount of coverage offered by insurance companies is currently limited. There can be no assurance that this coverage will not be further restricted and become more costly. If we are not able to obtain adequate insurance against these claims, our business and results of operations will be adversely affected.

If we are not able to raise capital on favorable terms, our business and results of operations will be adversely affected.

We operate in a capital intensive industry and require significant capital expenditures to maintain our competitive position. The failure to secure additional debt or equity financing or the failure to do so on favorable terms will limit our ability to grow our business, which in turn will adversely affect our business and results of operations. We

Table of Contents

expect to make significant capital expenditures in the future to enhance and maintain the operations of our properties and to expand and develop our real estate inventory. If our plans or assumptions change or prove to be inaccurate, or if our cash flow from operations proves to be insufficient due to unanticipated expenses or otherwise, we will likely seek to minimize cash expenditures and/or obtain additional financing in order to support our plan of operations. The availability of financing from banks and the public debt markets has declined significantly. Due to the deterioration of the credit markets and the uncertainties that exist in the economy and for home builders in general, we cannot be certain that we will be able to replace existing financing or find additional sources of financing. If sufficient funding, whether obtained through public or private debt, equity financing or from strategic alliances is not available when needed or is not available on acceptable terms, our business and results of operations will be adversely affected.

Our debt and leverage could adversely affect our financial condition.

Our total debt as of December 31, 2008 was \$749 million, of which a total of \$405 million of our project specific financings matures prior to the end of 2010. Our leverage could have important consequences, including the following: our ability to obtain additional financing for working capital, capital expenditures or acquisitions may be impaired in the future; a substantial portion of our cash flow from operations must be dedicated to the payment of principal and interest on our debt, thereby reducing the funds available to us for other purposes; some of our borrowings are and will continue to be at variable rates of interest, which will expose us to the risk of increased interest rates; and our substantial leverage may limit our flexibility to adjust to changing economic or market conditions, reduce our ability to withstand competitive pressures and make us more vulnerable to a general economic downturn.

If any of these conditions occur, or should we be unable to repay these obligations as they become due, our financial condition will be adversely affected. In addition, our various debt instruments contain financial and other restrictive covenants that may limit our ability to, among other things, borrow additional funds that we might need in the future. We also guarantee shortfalls under some of our community bond debt, when the revenues, fees and assessments which are designed to cover principal and interest and other operating costs of the bonds are not paid.

We finance each of our projects individually. As a result, to the extent we increase the number of our projects and our related investment, our total debt obligations may increase. In general, we repay the principal of our debt from the proceeds of home closings

Based on our net debt levels as of December 31, 2008, a 1% change up or down in interest rates could have either a negative or positive effect of approximately \$5 million on our cash flows. Refer also to the section of our Form 10-K for the year ended December 31, 2008 entitled Management's Discussion and Analysis of Financial Condition and Results of Operations Quantitative and Qualitative Disclosures About Market Risks Interest Rates.

Our business and results of operations will be adversely affected if poor relations with the residents of our communities negatively impact our sales.

As a master-planned community developer, we are sometimes expected by community residents to resolve any issues or disputes that arise in connection with the development of our communities. Our sales may be negatively affected if any efforts made by us to resolve these issues or disputes are unsatisfactory to the affected residents, which in turn would adversely affect our results of operations. In addition, our business and results of operations would be adversely affected if we are required to make material expenditures related to the settlement of these issues or

disputes, or to modify our community development plans.

Our business is susceptible to adverse weather conditions and natural disasters.

Homebuilding in California and the Washington D.C. Area is susceptible to, and is significantly affected by, adverse weather conditions and natural disasters such as hurricanes, tornadoes, earthquakes, droughts, floods and fires. These adverse weather conditions and natural disasters can cause delays and increased costs in the construction of new homes and the development of new communities. If insurance is unavailable to us or is unavailable on acceptable terms, or if our insurance is not adequate to cover business interruption or losses resulting from adverse weather or natural disasters, our business and results of operations will be adversely affected. In addition, damage to new homes caused by adverse weather or a natural disaster can cause our insurance costs to increase.

Increased insurance risk adversely affects our business.

We are confronting reduced insurance capacity, and generally lower limits for insurance against some of the risks associated with our business. Some of the actions that have been or could be taken by insurance companies include: increasing insurance premiums; requiring higher self-insured retention and deductibles; requiring collateral on surety bonds; imposing additional exclusions, such as with respect to sabotage and terrorism; and refusing to underwrite certain risks and classes of business. The imposition of any of the preceding actions has and will continue to adversely affect our ability to obtain appropriate insurance coverage at reasonable costs.

Tax law changes could make home ownership more expensive or less attractive.

Tax law changes could make home ownership more expensive or less attractive. Significant expenses of owning a

Table of Contents

home, including mortgage interest expense and real estate taxes, generally are deductible expenses for an individual's federal and, in some cases, state income taxes subject to various limitations under current tax law and policy. If the federal government or a state government changes income tax laws to eliminate or substantially modify these income tax deductions, then the after-tax cost of owning a new home would increase substantially. This could adversely impact demand for, and/or sales prices of new homes.

Residential homebuilding is a competitive industry, and competitive conditions adversely affect our results of operations.

The residential homebuilding industry is highly competitive. Residential homebuilders compete not only for homebuyers, but also for desirable properties, building materials, labor and capital. We compete with other local, regional and national homebuilders, often within larger communities designed, planned and developed by such homebuilders. Any improvement in the cost structure or service of our competitors will increase the competition we face. We also compete with the resale of existing homes including foreclosed homes, sales by housing speculators and investors and rental housing. Competitive conditions in the homebuilding industry could result in: difficulty in acquiring suitable land at acceptable prices; increased selling incentives; lower sales volumes and prices; lower profit margins; impairments in the value of our inventory and other assets; increased construction costs; and delays in construction.

Risks Related to the Rights Offering

If the rights offering is consummated, your relative ownership interest may experience significant dilution.

To the extent that you do not exercise your rights, or that you exercise your rights but do not convert the convertible preferred stock into common stock, and the convertible preferred stock is converted into common stock by other stockholders that participate in the rights offering, your proportionate voting interest will be reduced, and the percentage that your original shares represent of our expanded equity after exercise of the rights and conversion of the convertible preferred stock will be diluted. Similarly, to the extent that you do not exercise your rights, or that you convert your shares of convertible preferred stock into shares of common stock, your percentage ownership interest in our company will be diluted to the extent that we elect to pay dividends on the convertible preferred stock in shares of common stock. Brookfield Asset Management Inc., which we sometimes refer to as "BAM" and which beneficially owns approximately 58.17% of our common stock, has indicated its intention to exercise all of its rights but has made no formal binding commitment to do so. If BAM exercises its basic and over-subscription rights in full and no other stockholders do so, BAM will beneficially own approximately 82% of our common stock assuming the full conversion of the convertible preferred stock.

The subscription rights are not transferable, and there is no market for the subscription rights.

You may not sell, give away or otherwise transfer your subscription rights. The subscription rights are only transferable by operation of law. Because the subscription rights are non-transferable, there is no market or other means for you to directly realize any value associated with the subscription rights. You must exercise the subscription rights and acquire the shares of convertible preferred stock to realize any value from your subscription rights.

There is currently no market for the convertible preferred stock.

There is currently no market for the convertible preferred stock. Although the New York Stock Exchange has approved the listing of the convertible preferred stock subject to official notice of issuance, its approval is conditioned on there being at least 100 holders of the convertible preferred stock. Therefore, the listing of the convertible preferred stock on the New York Stock Exchange will depend upon the number of our stockholders that exercise their rights, and it will not be possible until after the rights offering has been completed to determine whether or not the convertible preferred stock will be listed on the New York Stock Exchange. In addition, if listed, the continued listing of the convertible preferred stock on the New York Stock Exchange will depend upon the convertible preferred stock continuing to meet the New York Stock Exchange's continued listing standards. Furthermore, if listed, there is no assurance that an active trading market for the convertible preferred stock will develop or, if developed, be maintained. As a result, we cannot provide you with any assurance about the price at which you will be able to sell the convertible preferred stock, or about whether you will be able to sell the convertible preferred stock at all, and you might be unable to sell your convertible preferred stock at a price equal to, or higher than, the subscription price, if at all.

Furthermore, since the convertible preferred stock does not have a maturity date and is not redeemable at your option, you may, unless you convert your convertible preferred stock into common stock, be required to hold your convertible preferred stock indefinitely if you are unable to sell your convertible preferred stock on terms acceptable to you.

Table of Contents

If you convert your preferred stock into common stock, you may be unable to sell the shares of common stock issuable upon such conversion at a price equal to or greater than the conversion price.

The subscription price and the conversion price determined for the rights offering and the convertible preferred stock is not an indication of the fair value of our common stock.

A special committee of independent directors of our board of directors recommended to the board, and our board of directors determined, that the subscription price for the shares of convertible preferred stock and the terms of the convertible preferred stock, including the conversion price, should be designed to provide an incentive to our current stockholders to exercise their rights. Factors considered in setting the subscription price, exercise price, and terms of the convertible preferred stock included general conditions in the securities and real estate markets, alternatives available to us for raising equity capital, the current trading price of our common stock and the amount of proceeds desired. The subscription price for shares of convertible preferred stock is \$25.00 per share and the initial conversion price is \$7.00 per share. The subscription price and the conversion price do not necessarily bear any relationship to the book value of our assets or our past operations, cash flows, losses, financial condition, net worth or any other established criteria used to value securities. We did not seek or obtain any opinion of financial advisors or investment bankers in establishing the subscription price for the shares of convertible preferred stock or the conversion price. You should not consider the subscription price or the conversion price to be an indication of the fair value of the convertible preferred stock to be offered in the rights offering or the common stock issuable upon conversion of the convertible preferred stock.

Our shares of convertible preferred stock and common stock may trade at prices above or below the subscription price and the conversion price, respectively.

You may not revoke your subscription rights.

Once you exercise your subscription rights, you may not revoke the exercise. The public trading market price of our common stock may decline before you convert your convertible preferred stock. If you exercise your subscription rights and, afterwards, the public trading market price of our common stock decreases below the conversion price, you will be unable to profitably convert your convertible preferred stock. Our common stock is traded on the New York Stock Exchange under the symbol BHS .

We may terminate the rights offering and return your subscription payments without interest.

We may in our sole discretion decide not to continue with the rights offering or to terminate the rights offering at any time. This decision could be based on many factors, including market conditions. We currently have no intention to terminate the rights offering, but are reserving the right to do so.

If we elect to cancel or terminate the rights offering, neither we nor the subscription agent will have any obligation with respect to the subscription rights except to return, without interest, any subscription payments the subscription agent received from you.

This offering may cause the price of our common stock to decrease.

The conversion price, together with the number of shares of common stock we propose to issue and ultimately will issue if this offering is completed and all shares of convertible preferred stock are converted, together with any shares of common stock that we may elect to issue as dividends to holders of the convertible preferred stock, may result in an immediate decrease in the market value of our common stock. This decrease may continue after the completion of this offering. If that occurs, you may be unable to profitably convert your convertible preferred stock. Further, if a substantial number of rights are exercised and shares of convertible preferred stock are converted, and if the holders of the common stock received upon conversion of the convertible preferred stock choose to sell some or all of those shares, the resulting sales could depress the market price of our common stock. There is no assurance that following the conversion of the convertible preferred stock received pursuant to the rights offering you will be able to sell your common stock at a price equal to or greater than the conversion price.

If you do not act promptly and follow the subscription instructions, your exercise of subscription rights may be rejected.

Stockholders who desire to purchase shares of convertible preferred stock in the rights offering must act promptly to ensure that all required forms and payments are actually received by the subscription agent before _____, 2009, the expiration date of the rights offering, unless extended. If you are a beneficial owner of shares of common stock, you must act promptly to ensure that your broker, custodian bank or other nominee acts for you and that all required forms and payments are actually received by the subscription agent before the expiration date of the rights offering. We will not be responsible if your broker, custodian or nominee fails to ensure that all required forms and payments are actually received by the subscription agent before the expiration date of the rights offering. If you fail

Table of Contents

to complete and sign the required subscription forms, send an incorrect payment amount or otherwise fail to follow the subscription procedures that apply to your exercise in the rights offering, the subscription agent may, depending on the circumstances, reject your subscription or accept it only to the extent of the payment received. Neither we nor our subscription agent undertakes to contact you concerning an incomplete or incorrect subscription form or payment, nor are we under any obligation to correct such forms or payment. We have the sole discretion to determine whether a subscription exercise properly follows the subscription procedures.

Dividends on convertible preferred stock may be paid in shares of our common stock.

Dividends on the convertible preferred stock may be paid, at the election of our board of directors, in shares of our common stock. Dividends paid in shares of common stock will be issued on the basis of the market price of our common stock, based on the five-day volume weighted average closing price in trading of our common stock on the New York Stock Exchange (or any other national securities exchange or other market on which our common stock is then listed or quoted) immediately prior to the applicable declaration date. The value of the shares received in payment of those dividends and payments could decline if the market price for shares of our common stock declines. In addition, if our common stock is not listed or quoted on a national stock exchange or other market at the time you wish to sell shares received in payment of dividends, or if there is not a liquid market for our common stock, you may be unable to sell the shares of common stock received in payment of the dividends payable on the convertible preferred stock.

We might be permitted to require you to convert your shares of convertible preferred stock.

Beginning June 30, 2014, if the 90-day volume weighted average closing price in trading of our common stock on the New York Stock Exchange (or any other national securities exchange or other market on which our common stock is then listed or quoted) immediately prior to the applicable determination date exceeds \$14.00 per share (as adjusted to reflect any stock dividend, split, combination or other similar recapitalization of the our common stock), we may, at our option, require that all then outstanding shares of convertible preferred stock be automatically converted into shares of common stock. In connection with such automatic conversion you would receive a payment in an amount equal to all declared and unpaid dividends on your shares of convertible preferred stock to the date of conversion, but after conversion you would no longer be entitled to the dividends, liquidation preference or other rights attributable to holders of the convertible preferred stock.

Risks Related to Our Securities

Provisions in our charter documents and Delaware law may make it difficult for a third party to acquire us, which could depress the price of our securities.

Provisions in our certificate of incorporation, our by-laws and Delaware law could delay, defer or prevent a change of control of our company. These provisions, which include authorizing the board of directors to issue preferred stock and limiting the persons who may call special meetings of stockholders, could also discourage proxy contests and make it more difficult for stockholders to elect directors and take other corporate actions.

We are also subject to provisions of Delaware law that could delay, deter or prevent us from entering into an acquisition, including Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in a business combination with an interested stockholder unless specific conditions are met. The existence of any of the above factors could adversely affect the market price of the convertible preferred stock and our common stock.

The trading price of our securities could fluctuate significantly and could be adversely affected because Brookfield Asset Management Inc. beneficially owns approximately 58.17% of our common stock.

The trading prices of shares of our common stock and the shares of convertible preferred stock in the open market cannot be predicted. The trading prices could fluctuate significantly in response to factors such as: variations in our quarterly or annual operating results and financial condition; changes in government regulations affecting our business; the announcement of significant events by us or our competitors; market conditions specific to the homebuilding industry; changes in general economic conditions; differences between our actual financial and operating results and those expected by investors and analysts; changes in analysts' recommendations or projections; the depth and liquidity of the market for shares of our preferred stock and common stock; investor perception of the homebuilding industry; events in the homebuilding industry; investment restrictions; and our dividend policy. In addition, securities markets have experienced significant price and volume fluctuations in recent years that have often been unrelated or disproportionate to the operating performance of particular companies. These broad fluctuations may adversely affect the trading price of our common stock and our convertible preferred stock.

Table of Contents

Also, Brookfield Asset Management Inc. beneficially owns approximately 58.17% of the outstanding shares of our common stock and has indicated its intent to exercise all of its rights to be received in the rights offering. If Brookfield Asset Management Inc. should decide in the future to sell any of our securities owned beneficially by it, the sale (or the perception of the market that a sale may occur) could adversely affect the trading price of those securities.

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated herein by reference contain forward-looking statements within the meaning of the United States federal securities laws. The words may, believe, will, anticipate, expect, planned, estimate, project, future, and other expressions predictions of or indicate future events and trends and which do not relate to historical matters identify forward-looking statements. The forward-looking statements in this prospectus and the documents incorporated herein by reference include, among others, statements with respect to:

- planned home closings, deliveries and land and lot sales (and the timing thereof);
- sources of strategies and foundations for future growth;

- supply and demand equilibrium;
- visibility of cash flow;
- financing sources;
- sufficiency of our access to capital resources;
- tax recoveries;
- ability to create shareholder value;
- expectations of future cash flow;
- ability to generate sufficient cash flow from our assets in 2009 and 2010 to repay maturing project specific debt and other financings;
- valuation allowances;
- the effect of interest rate changes;