

# IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *1341242 B.C. Ltd. v. Century 21 Coastal Realty Ltd.*,  
2026 BCSC 1198

Date: 20260625  
Docket: S261278  
Registry: New Westminster

Between:

**1341242 B.C. Ltd. and Malkit Singh Jhand**

Plaintiffs

And

**Century 21 Coastal Realty Ltd., 1398830 B.C. Ltd., Devinder Singh,  
Gurmeet Singh Sumal, Sameer Sharma,  
Jas Arora Notary Corporation and Gurpreet Khurana Notary Corporation**

Defendants

And

**Century 21 Coastal Realty Ltd., 1398830 B.C. Ltd., Devinder Singh,  
Gurmeet Singh Sumal and Sameer Sharma**

Third Parties

Before: The Honourable Justice M. Taylor

## Reasons for Judgment

Counsel for the Plaintiffs:

J. Singh

Counsel for the Defendant, Jas Arora  
Notary Corporation:

No appearance

Counsel for the Defendant Century 21  
Coastal Realty Ltd.:

A.S. Mand

Counsel for the Defendant Gurpreet  
Khurana Notary Corporation:

No appearance

Representative for Defendants Devinder  
Singh, Gurmeet Singh Sumal and Sameer  
Sharma:

No appearance

Place and Date of Hearing:

New Westminster, B.C.  
May 8, 2026

Place and Date of Judgment:

New Westminster, B.C.  
June 25, 2026

**I. INTRODUCTION**

[1] This is an application by the plaintiffs for an order cancelling a mortgage under charge number CB2038536 (the “Disputed Mortgage”) registered against title to the property located at 11920 - 228 Street, Maple Ridge, British Columbia (the “Property”).

[2] The plaintiffs allege that the Disputed Mortgage was procured by fraud, does not constitute a valid or enforceable charge against title, and is void because it was granted by an individual lacking legal authority to encumber the Property.

**II. BACKGROUND**

[3] The plaintiff Malkit Singh Jhand is a director and shareholder of the plaintiff 1341242 B.C. Ltd. (the “134 Company”) and swore a supporting affidavit on this application.

[4] The 134 Company was incorporated on January 4, 2022. Mr. Jhand and the defendants Devinder Singh, Gurmeet Singh Sumal and Sameer Sharma (the “Individual Defendants”) were shareholders and directors of the 134 Company at that time.

[5] The defendant Century 21 Coastal Realty Ltd. (“Century 21”) is a real estate agency that acts as an intermediary between sellers, buyers, landlords or tenants of real estate properties. A representative of Century 21, Mr. Harpreet Purba, deposed in an affidavit that Century 21 is not regularly in the business of lending.

[6] On or about May 16, 2022, the 134 Company became the registered owner of the Property.

[7] The plaintiffs allege that, on or about March 17, 2023, without the knowledge, consent, or approval of Mr. Jhand, the Individual Defendants granted a mortgage against title to the Property in favour of Century 21 for a term of two months to secure a loan in the amount of \$220,000 (the “First Mortgage”). The proceeds of the First Mortgage were used by a separate company of which the Individual

Defendants were directors, 1398830 B.C. Ltd. (the “139 Company”), to purchase another property in Kelowna.

[8] On or about May 16, 2023, Mr. Singh ceased to be a director and shareholder of the 134 Company without, as deposed by Mr. Jhand, disclosing the existence of the First Mortgage to Mr. Jhand. On or about September 15, 2023, Mr. Sumal and Mr. Sharma ceased to be directors of the 134 Company, also without disclosing the First Mortgage.

[9] The plaintiffs allege that on or about March 26, 2024 (after he had ceased to be a director or shareholder of the 134 Company), Mr. Singh executed the Disputed Mortgage in favour of Century 21 against the title to the Property for a loan in the amount of \$200,000.

[10] The defendant Jas Arora Notary Corporation (“Arora Notary”) was retained by Century 21 to finalize the First Mortgage by drafting mortgage documents, witnessing execution and facilitating the transaction with the legal representative of the borrowers, the defendant Gurpreet Khurana Notary Corporation (“Khurana Notary”). Arora Notary and Khurana Notary were later retained to perform a similar role with respect to the Disputed Mortgage.

[11] On or about March 27, 2024, Century 21 executed a Form C release for the discharge of the First Mortgage, which was witnessed and filed by Arora Notary on the same day. For reasons that were unclear on the evidence, the Disputed Mortgage was not submitted for registration at the Land Title Office upon execution but was instead registered on May 13, 2025.

[12] Mr. Jhand deposed that the plaintiffs did not receive any funds or benefits from the proceeds of the First Mortgage or the Disputed Mortgage.

[13] Mr. Jhand deposed that he and the 134 Company have suffered hardship and financial prejudice as a result of the Disputed Mortgage being registered against title to the Property. Specifically, Mr. Jhand deposed that Prospera Credit Union advised him on March 26, 2026 that an earlier mortgage could not be renewed because of

the Disputed Mortgage and that a renewal of an earlier loan would be difficult unless the Disputed Mortgage is discharged.

[14] On January 19, 2026 the plaintiffs filed a notice of civil claim (the “NOCC”) naming Century 21, the Individual Defendants, Arora Notary, Khurana Notary and the 139 Company as defendants. I note that orders one through three in Part 2 of the NOCC are identical to the remedies being sought on this application.

### III. ANALYSIS

#### Position of the Plaintiffs

[15] The plaintiffs argue that the Disputed Mortgage is void under sections 25, 25.1 and 44(2) of the *Land Title Act*, R.S.B.C. 1996, c. 250 [LTA] as it was executed by an individual who was not an authorized signatory and lacked authority to bind the 134 Company.

[16] Specifically, the plaintiffs argue that Mr. Singh had ceased to be a director and shareholder of the 134 Company as of May 16, 2023, yet executed the Disputed Mortgage on March 26, 2024 on behalf of the 134 Company, without the knowledge, consent, or approval of Mr. Jhand, the sole director and shareholder of the 134 Company at the material time. On these facts, the plaintiffs argue Mr. Singh possessed neither actual nor ostensible authority on behalf of the 134 Company to encumber the Property, and the instrument should be found to be a nullity as against the 134 Company. Further the plaintiffs argue that neither the 134 Company nor Mr. Jhand received any proceeds or benefit from the Disputed Mortgage, which absence of consideration to the mortgagor further vitiates the charge.

#### Legal Framework

[17] In *Reliable Mortgages Investment Corp. v. Chan*, 2011 BCSC 1080, Justice Smith described the applicable legal framework under the LTA:

[25] Section 23(2)(i) of the LTA reads:

23 (2) An indefeasible title, as long as it remains in force and uncanceled, is conclusive evidence at law and in equity, as

against the Crown and all other persons, that the person named in the title as registered owner is indefeasibly entitled to an estate in fee simple to the land described in the indefeasible title, subject to the following:

...

- (i) the right of a person deprived of land to show fraud, including forgery, in which the registered owner has participated in any degree;

[26] Section 25.1 of the *LTA* says that a void instrument, even if registered, does not create an interest in land, but protects the right of a subsequent innocent purchaser of property:

25.1 (1) Subject to this section, a person who purports to acquire land or an estate or interest in land by registration of a void instrument does not acquire any estate or interest in the land on registration of the instrument.

(2) Even though an instrument purporting to transfer a fee simple estate is void, a transferee who

- (a) is named in the instrument, and
- (b) in good faith and for valuable consideration, purports to acquire the estate,

is deemed to have acquired that estate on registration of that instrument.

(3) Even though a registered instrument purporting to transfer a fee simple estate is void, a transferee who

- (a) is named in the instrument,
- (b) is, on the date that this section comes into force, the registered owner of the estate, and
- (c) in good faith and for valuable consideration, purported to acquire the estate,

is deemed to have acquired that estate on registration of that instrument.

[27] However, section 26 of the *LTA* uses different language in relation to charges on the property:

26 (1) A registered owner of a charge is deemed to be entitled to the estate, interest or claim created or evidenced by the instrument in respect of which the charge is registered, subject to the exceptions, registered charges and endorsements that appear on or are deemed to be incorporated in the register.

(2) Registration of a charge does not constitute a determination by the registrar that the instrument in respect of which the charge is registered creates or evidences an estate or interest in the land or that the charge is enforceable.

[28] In *Gill v. Bucholtz*, 2009 BCCA 137 [*Gill*], the Court of Appeal pointed out, at para. 18, that the protection of indefeasible title contained in s. 23 is limited to the fee simple belonging to a registered owner and does not extend to lesser interests in land. Those lesser interests are subject to “considerably weaker” wording. At para. 19 the Court continues:

...Section 26(1) states only that the registered owner of a charge is “deemed to be entitled” to the estate or interest on the register, subject to appropriate exceptions; and s. 26(2) ... now warns that the registration of a charge does not constitute a determination by the registrar that the charge in fact creates an interest in land or that it is enforceable.

[29] *Gill* arose from a fraud in which the registered owner’s signature was forged on a transfer of land. The purported new owner then obtained and registered mortgages. The mortgagees advanced money without knowledge of the fraud. The true owner of the property sought orders that would restore title to him, free of the mortgages. On summary trial, the plaintiff succeeded in having the title restored to him, but his claim to cancel the mortgages was dismissed.

[30] The Court of Appeal found that was an error and ordered cancellation of the mortgages. At paras. 26-27, the Court said:

...On its plain meaning, the exception in s. 23(2)(i) to the indefeasibility of title applies and the phrase “void instrument” in s. 25.1(1) includes a mortgage taken from a person who obtained her title by fraud or forgery, as occurred in this case. The Act preserves the *nemo dat* rule with respect to charges – even where the holder has relied on the register and dealt *bona fide* with a non-fictitious registered owner. The mortgagees in this case did not acquire any estate or interest in Lot 4 on registration of their instruments because having been granted by a person who had no interest to give, those instruments were void, both at common law and under s. 25.1(1). ...

...The Legislature of British Columbia would appear to have adopted the policy that the cost of frauds perpetrated against mortgagees and other chargeholders should be borne not by the public (as the funders of the Assurance Fund) but by lenders and other chargeholders themselves. Whether this policy choice is a good one or not is not for us to decide. We must give effect to the language of the statute in its ordinary and grammatical meaning.

[18] Along similar lines, in *Le v. Chan (Trustee)*, 2023 BCSC 1654, Justice Gibb-Carsley explained that a mortgage obtained by fraud or granted without authority is a nullity and is unenforceable:

[33] The parties agree that it is settled law that a mortgage obtained by fraudulent means does not constitute a valid or enforceable charge on title to

land in British Columbia: *Credit Foncier Franco-Canadien v. Bennett* (1963), 43 W.W.R. 545, 1963 CanLII 839 (BCCA) and *Reliable Mortgages Investment Corp. v. Chan*, 2011 BCSC 1080 at para. 39. Further, a mortgage granted by a party who lacks the valid authority to grant the said mortgage is invalid which accords with the legal principle of *nemo dat quod non habet* – one cannot give what one does not have: *Reliable* at para. 31; see also *Land Title Act*, RSBC 1996, c 250, ss. 25.1, 26(1), 26(2).

[34] Courts have held that when a mortgage application is found to be a forgery, the mortgage registered against title is a nullity, and will be unenforceable and the court will direct the registrar to discharge the mortgage: *Homewood Mortgage Investments Ltd. v. Lee*, 2008 BCSC 512.

[35] Put simply, a mortgage acquired fraudulently or for which the supposed mortgagor lacked the authority to grant is invalid and unenforceable ...[Citation omitted.]

[19] In *Le*, Justice Gibb-Carsley further explained that there is a presumption that registration of a mortgage evinces an interest and, for that reason, the burden of proof is on the applicant to establish the fraud on a balance of probabilities with “clear and cogent” evidence:

[35] ... However, to rebut the deemed presumption that the registration evinces an interest, the party alleging the fraud must adduce evidence to establish the fraud. Accordingly, in the case at bar, Ms. Chan bears the evidentiary burden to provide “clear and cogent” evidence to establish, on a balance of probabilities, that the Mortgage was obtained by fraud and registered on title fraudulently through forged documents. ...

[Citations omitted.]

#### Application of Legal Framework

[20] The plaintiffs argue that, at the time of registration of the Disputed Mortgage, Mr. Singh had ceased to be a director or shareholder of the 134 Company. Notwithstanding this, Century 21 proceeded to register the Disputed Mortgage granted by Mr. Singh without approval or knowledge of the plaintiffs. In doing so, the plaintiffs argue, Century 21 dealt with an individual who lacked both actual and ostensible authority to bind the 134 Company. The plaintiffs argue that Century 21’s conduct, in accepting and registering the Disputed Mortgage supports an inference of fraud or, at a minimum, constructive knowledge of the invalidity of the instrument.

[21] In my view this application is premature in the context of this proceeding, given that the NOCC was only filed in January 2026 and no discoveries have yet been conducted. The remedy sought on the application is one of the primary remedies sought in the NOCC and would be a central issue if the matter proceeds to trial. In the NOCC, the plaintiffs have made serious allegations against all the defendants relating to conspiracy, deceit and civil fraud, all of which have been denied in the responses to civil claim. Credibility of the witnesses will obviously be central at trial.

[22] The plaintiff Mr. Jhand has sworn an affidavit on this application but he has not been cross-examined on that affidavit nor has he been examined for discovery. In this respect, I emphasize that only counsel for the plaintiffs and Century 21 appeared on this application and there was no evidence adduced by any of the defendants other than Century 21 (including, most importantly, the Individual Defendants and the two notaries) to enable the court to resolve this matter in its full and proper context. In effect, the court is only being presented with one side of the story, particularly as it pertains to any relevant prior arrangements and discussions between Mr. Jhand and the Individual Defendants relating to governance of the 134 Company and the involvement of the two notaries in the two mortgage transactions. The facts relating to the Disputed Mortgage and Century 21 presented on this application are therefore merely one piece of a larger evidentiary puzzle in this proceeding. It may well be, for example, that when the other defendants have the opportunity to testify in this proceeding, they will give evidence that conflicts with some or all of the affidavit evidence filed on this application, raising the possibility of conflicting court decisions. As a result, this application raises the very real risk of “litigating in slices”, which the jurisprudence recognizes is to be avoided: *Quartet Forest Investments Corporation v. Mackenzie Fibre Management Corporation*, 2022 BCSC 1354 at para. 78.

[23] Further, and in any event, the plaintiffs in my view have failed to adduce sufficient “clear and cogent” evidence to justify granting the order at this time.

[24] With respect to the evidentiary deficiencies, I note at the outset that the circumstances in this case are clearly distinguishable from those in *Le*. In *Le*, the Court found that there was compelling evidence that the mortgage consent documents at issue were forgeries, rendering these documents fraudulent: *Le* at paras. 47–48. By contrast, there is no evidence on this application of actual forged documents, nor is there clear evidence of a fraudulent scheme or fraudulent intent on the part of any of the Individual Defendants. Rather, the plaintiffs’ argument rests entirely on an allegation of a lack of actual or ostensible authority to bind the 134 Company with respect to the Disputed Mortgage. Thus, unlike in *Le*, the plaintiffs are asking the court to infer fraud from a bare lack of corporate authority with respect to the Disputed Mortgage and not on the basis of independent evidence of actual fraud.

[25] In my view there are two fundamental problems with the plaintiffs’ argument in this latter respect.

[26] First, the plaintiffs failed to adduce sufficient evidence on the application to prove that the Individual Defendants did not in fact have actual or ostensible authority to bind the 134 Company with respect to the Disputed Mortgage. The documentary evidence adduced by the plaintiffs on the application consisted solely of two Notice of Change of Directors Forms filed with BC Registry Services in 2023 and 2024, from which the plaintiffs ask the court to infer a lack of authority on the part of the Individual Defendants.

[27] Taken alone, this in my view is a very thin evidentiary basis for the remedy sought and far from the “clear and cogent” evidence required. For example, it is notable that the plaintiffs failed to adduce any additional evidence with respect to the internal governance of the 134 Company that would have been more probative of the specific power or authority of the Individual Defendants to bind the 134 Company, either before or after the Disputed Mortgage was registered. Specifically:

- The plaintiffs did not adduce in evidence any shareholders agreement relating to the governance of the 134 Company, nor any other agreements that may exist between the Individual Defendants and the plaintiffs.

- The plaintiffs did not adduce in evidence any resolutions or other internal documents relating to governance of the 134 Company.
- There were no affidavits sworn by any of the Individual Defendants in evidence with respect to their own understanding of their actual or ostensible authority to act on behalf of the 134 Company, nor have the plaintiffs at this stage in the proceeding examined any of the Individual Defendants for discovery.
- There were no affidavits sworn by representatives for either Arora Notary or Khurana Notary with respect to the steps they took to confirm the actual or ostensible authority of the Individual Defendants relating to the Disputed Mortgage. In this respect, a reasonable question arises as to how two separate law firms could have failed to identify a lack of actual or ostensible authority if such a lack of authority did in fact exist.
- Mr. Jhand's assertion in his affidavit that the Individual Defendants did not have actual or ostensible authority to agree to the Disputed Mortgage and that they failed to advise him about the Disputed Mortgage has not been tested under cross-examination and Mr. Jhand has not yet been examined for discovery. In this respect I note that there was a direct conflict in the affidavit evidence on the application because Mr. Jhand deposed that he was not aware of the Disputed Mortgage but Mr. Purba, the Century 21 representative, deposed that Mr. Jhand was in fact aware of the Disputed Mortgage. I do not see how this direct conflict in the evidence can be resolved without cross-examination on the affidavits, examinations for discovery or, potentially, a trial.

[28] Second, the plaintiffs' argument is inconsistent with the indoor management rule as codified in s. 146 of the *Business Corporations Act*, S.B.C. 2002, c. 57 [BCA], which provides that third parties are entitled to assume that corporate agents with whom they interact have authority to bind the corporation they represent. The relevant portions of s. 146 read as follows:

**Persons may rely on authority of companies and their directors, officers and agents**

146 (1) Subject to subsection (2), a company, a guarantor of an obligation of a company or a person claiming through a company may not assert against a person dealing with the company, or dealing with any person who has acquired rights from the company, that...

(c) a person held out by the company as a director, officer or agent

- (i) is not, in fact, a director, officer or agent of the company, as the case may be, or
- (ii) has no authority to exercise the powers and perform the duties that are customary in the business of the company or usual for such director, officer or agent...

(2) Subsection (1) of this section does not apply in respect of a person who has knowledge, or, by virtue of the person's relationship to the company, ought to have knowledge, of a situation described in paragraphs (a) to (e) of that subsection.

[29] The intention of the indoor management rule is to ensure that "parties dealing with a corporation are entitled to assume that a corporation's internal policies have been followed" to ensure protection of innocent third parties: *Accra Wood Products Ltd. (Bankruptcy of)*, 2014 BCSC 1259 at para. 18.

[30] In this case there was no evidence that Century 21 had any actual knowledge that Mr. Singh or the Individual Defendants did not have an interest or authority to grant the Disputed Mortgage on behalf of the 134 Company, nor was there evidence that Century 21 ought to have had that knowledge by virtue of a prior or existing relationship to the 134 Company.

[31] To the contrary, Mr. Purba, the Director of Century 21, deposed in an affidavit that neither Mr. Singh nor any of the Individual Defendants told him that they had ceased to be directors or shareholders of the 134 Company prior to the registration of the Disputed Mortgage and that he acted on the assumption that everything was the same as when he dealt with them relating to the First Mortgage, when they were in fact directors and shareholders of the 134 Company.

[32] Given that the Individual Defendants had previously been directors and shareholders of the 134 Company and had held themselves out in that capacity with respect to the First Mortgage, and that they did not advise Mr. Purba of a change in

that regard relating to the Disputed Mortgage, it was not unreasonable in my view for Mr. Purba to take them at their word.

[33] Mr. Purba further deposed that he did not personally conduct any corporate searches prior to giving Arora Notary instructions to finalize the Disputed Mortgage and that he relied on Arora Notary to ensure that both the First Mortgage and Dispute Mortgage were properly finalized and signed. Reliance upon legal counsel was in my view also a reasonable step taken by Century 21. As noted above, there was no direct evidence on the application from the two notaries as to the steps they took to verify that Mr. Singh or the Individual Defendants had an interest or authority to grant the Disputed Mortgage on behalf of the 134 Company, which is another evidentiary gap on this application.

[34] Mr. Purba also specifically denied engaging in any fraudulent conduct or scheme and deposed that he was “under the assumption all parties had the authority and interest to enter into agreement and complete said transactions”. The plaintiffs did not take steps to cross-examine Mr. Purba with respect to the truthfulness of these statements in his affidavit nor did they adduce any evidence to specifically contradict his evidence. Thus, as noted in *Takhar v. Phoenix Homes Limited*, 2025 BCCA 152 at paras. 67–68, there was insufficient evidence on the application to conclude that Mr. Purba was on notice, either subjectively or objectively, that something was “off” about the transaction.

[35] Based on the limited evidence before the court on this application, it is therefore a reasonable conclusion in my view that Century 21 was in the position of an innocent third party with respect to the Disputed Mortgage and that the indoor management rule is properly applicable.

[36] In argument, counsel for the plaintiffs suggested that Century 21 should have taken proactive steps to conduct a corporate search with respect to the status of the Individual Defendants as directors and shareholders of the 134 Company and that a failure to do so should affix Century 21 with constructive notice that the Individual Defendants had no authority to bind the 134 Company. In my view this argument is

inconsistent with s. 421 of the *BCA*, which specifically precludes constructive notice in that context:

**No constructive notice**

421 No person is affected by or is deemed to have notice or knowledge of the contents of a record concerning a corporation or limited liability company merely because the record has been filed with the registrar or is available for examination at an office of the corporation or limited liability company.

[37] Further I note that Century 21 relied on Arora Notary for legal advice and there was no evidence that Arora Notary ever advised Mr. Purba that there was an issue with the actual or ostensible authority of the Individual Defendants.

[38] Finally, in my view, the evidence of financial prejudice caused by the Disputed Mortgage adduced by the plaintiffs is equivocal. The single email from Prospera Credit Union dated April 21, 2026 upon which the plaintiffs rely is not very detailed and states merely that, as a result of the Disputed Mortgage, a renewal of the 134 Company loan would be “difficult”, but not that it cannot be done. This email, taken alone, is not sufficient evidence that the Disputed Mortgage is causing irreparable harm or prejudice to the plaintiffs at this time.

[39] For all the above reasons, I conclude that the plaintiffs’ application is unsupported as there is insufficient “clear and cogent” evidence that establishes fraud or a lack of authority on a balance of probabilities. There are in my view triable issues with regard to these allegations at this time.

[40] As noted above, in my view this application is premature at this stage of the proceeding. At a later stage in the proceeding it may be that the evidentiary basis for such an application will be more fulsome, and this decision at an early stage should not be taken to preclude the plaintiffs from proceeding with such an application at a later stage with reference to a more complete evidentiary record.

[41] The application is therefore dismissed. The defendants, as the substantially successful parties, shall have their costs in the cause at ordinary difficulty.

“M. Taylor J.”