

BROOKFIELD HOMES CORP

Form DEF 14A

February 19, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement

- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

- Definitive Proxy Statement

- Definitive Additional Materials

- Soliciting Material Pursuant to §240.14a-12

BROOKFIELD HOMES CORPORATION
(Name of Registrant as Specified in Its Charter)
N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.

- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
 - 1) Title of each class of securities to which transaction applies:

 - 2) Aggregate number of securities to which transaction applies:

 - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

 - 4) Proposed maximum aggregate value of transaction:

 - 5) Total fee paid:

- Fee paid previously with preliminary materials.

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BROOKFIELD HOMES CORPORATION
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held On
March 24, 2009

Fellow Stockholders of Brookfield Homes Corporation:

You are invited to attend the 2009 Annual Meeting of Stockholders of Brookfield Homes Corporation. The Annual Meeting will be held at the Hilton Costa Mesa Hotel, 3050 Bristol Street, Costa Mesa, California on March 24, 2009 at 11:00 a.m., Pacific Time, for the following purposes:

to elect nine directors;

to approve an amendment to our Amended and Restated Certificate of Incorporation to increase the total number of shares of common stock that we are authorized to issue from 65,000,000 shares to 200,000,000 shares;

to approve the 2009 Stock Option Plan;

to ratify the appointment of Deloitte & Touche LLP as our independent auditors for 2009; and

to conduct other business properly brought before the meeting.

Only stockholders of record at the close of business on February 17, 2009, are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

While we would like to have each of you attend the meeting and vote your shares in person, we realize this may not be possible. Whether or not you plan to attend the meeting, your vote is very important. Proxies may be given either by telephone, electronically through the Internet, or by mail. A form of proxy on which to indicate your vote and an envelope, postage prepaid, in which to return your proxy are enclosed. **WE URGE YOU TO COMPLETE AND RETURN THE FORM OF PROXY SO THAT YOUR SHARES WILL BE REPRESENTED.** If you later decide to attend the Annual Meeting, you may revoke your proxy at that time and vote your shares in person.

If you desire any additional information concerning the Annual Meeting or the matters to be acted upon at the meeting, we would be glad to hear from you. Please contact the undersigned at 858-481-2965.

Yours very truly,

Shane D. Pearson

Secretary to the Board of Directors

Fairfax, Virginia

February 26, 2009

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BROOKFIELD HOMES CORPORATION
8500 Executive Park Avenue, Suite 300
Fairfax, Virginia 22031
PROXY STATEMENT
FOR
ANNUAL MEETING OF STOCKHOLDERS
To Be Held On March 24, 2009
GENERAL

Time, Place and Purposes of Meeting

The 2009 Annual Meeting of Stockholders of Brookfield Homes Corporation will be held on March 24, 2009 at 11:00 a.m., Pacific Time, at the Hilton Costa Mesa Hotel, 3050 Bristol Street, Costa Mesa, California (in this proxy statement, unless the context requires otherwise, references to we, our, us, and Company refer to Brookfield Homes Corporation). The purposes of the Annual Meeting are set forth in the Notice of Annual Meeting of Stockholders to which this proxy statement is attached.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
STOCKHOLDER MEETING TO BE HELD ON MARCH 24, 2009**

**The Proxy Statement and 2008 Annual Report to Stockholders are available at
<http://bnymellon.mobular.net/bnymellon/bhs>**

Solicitation of Proxies

This proxy statement is furnished in connection with the solicitation of proxies by our board of directors. We expect that this proxy statement and accompanying form of proxy will first be mailed and made available on the Internet on or about February 26, 2009 to stockholders of record on February 17, 2009 (the Record Date). We will bear the entire cost of this solicitation. The solicitation of proxies will be made primarily by use of the mail and pursuant to Rule 14a-16 under the Securities Exchange Act of 1934, as amended (the Exchange Act). In addition, our directors, officers and regular employees may make solicitations by telephone, telegraph, e-mail or personal interview, and may request banks, brokers, fiduciaries and other persons holding stock in their names, or in the names of their nominees, to forward proxies and proxy materials to their principals and obtain authorization for the execution and return of such proxies. We will reimburse such banks, brokers and fiduciaries for their reasonable out-of-pocket expenses in connection therewith.

Voting of Proxies

Stockholders of record may vote either by casting votes in person at the meeting, by marking, signing and dating the accompanying form of proxy received and returning it in the prepaid envelope, or by following the instructions to vote by telephone, or electronically through the Internet contained on the form of proxy. The telephone and Internet voting procedures to vote by proxy are designed to authenticate votes cast by use of a control number. The procedures, which are designed to comply with Delaware law, allow stockholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded. Stockholders who hold shares in street name through a broker or other nominee may be able to vote by telephone or electronically through the Internet in accordance with the voting instructions provided by that institution.

Revocation of Proxies

Any proxy given may be revoked by you at any time before it is exercised by filing with us a notice in writing revoking it or by duly executing a proxy at a later date. Proxies also may be revoked in person at the Annual Meeting if you desire to vote your shares in person. Subject to such revocation and except as otherwise stated herein or in the form of proxy, all proxies duly executed and received prior to, or at the time of, the Annual Meeting will be voted in accordance with the specifications of the proxies, or, absent a specification, as recommended by the board of directors.

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Outstanding Shares and Voting Rights

February 17, 2009 has been set as the Record Date for the purpose of determining stockholders entitled to notice of, and to vote at, the Annual Meeting. There were 26,768,732 shares of our common stock, \$0.01 par value per share, issued and outstanding on February 17, 2009. On any matter submitted to a stockholder vote, each holder of our common stock will be entitled to one vote, in person or by proxy, for each share of common stock registered in his, her or its name on the books of our Company as of the Record Date. In accordance with our By-laws, a list of such stockholders will be available for examination by any stockholder at our Costa Mesa office, 3090 Bristol Street, Suite 200, Costa Mesa, California, for at least ten days before the Annual Meeting.

Quorum Requirement

Our By-laws provide that at any meeting of stockholders, there must be present, either in person or by proxy, in order to constitute a quorum, stockholders owning a majority of our issued and outstanding capital stock entitled to vote at said meeting.

Vote Required

If a broker holds your shares, this Proxy Statement and accompanying form of proxy have been sent to the broker. You may have received the Proxy Statement directly from your broker, together with instructions as to how to direct the broker to vote your shares. If you do not give your broker instructions or discretionary authority to vote your shares on the proposals and your broker indicates to us such lack of authority, your shares will be broker non-votes with respect to the proposals for which the broker does not have authority to vote. Broker non-votes will be counted as present for purposes of determining a quorum, but will not be counted as shares entitled to vote.

If you abstain from voting on the proposals, your shares will be counted as present at the meeting for purposes of determining a quorum, and entitled to vote. As a result, abstentions will have no effect on the election of directors but will have the effect of a vote against the other proposals being considered at the meeting. If you submit a proxy without specifying a vote, your proxy will be voted as recommended by our board of directors.

In the election for directors, the nine persons receiving the highest number of for votes will be elected.

The proposed increase in the number of authorized shares of common stock, the proposed approval of the 2009 Stock Option Plan and the ratification of the appointment of Deloitte & Touche LLP as our independent auditors for 2009 each require approval by a majority of shares of common stock entitled to vote and present in person or represented by proxy at the Annual Meeting.

If any other proposals are properly presented to the stockholders at the meeting, the number of votes required for approval will depend upon the nature of the proposal. Generally, under Delaware law the number of votes required to approve a proposal is a majority of the shares of common stock entitled to vote and present in person or by proxy represented at the Annual Meeting. The form of proxy gives discretionary authority to the proxy holders to vote on any matter not included in this Proxy Statement that is properly presented to the stockholders at the meeting.

Stockholders Sharing Same Address

In some cases, only one copy of the Proxy Statement, accompanying form of proxy and our 2008 Annual Report is being delivered to multiple stockholders sharing an address, unless we have received contrary instructions from one or more of the stockholders. Upon written or oral request, we will promptly deliver a separate copy of the Proxy Statement, accompanying form of proxy and our 2008 Annual Report to a stockholder at a shared address to which a single copy was delivered. You can notify us that you wish to receive a separate copy of our proxy statements, forms of proxy and annual reports in the future, or alternatively, that you wish to receive a single copy instead of multiple copies. Contact information for these purposes is: Brookfield Homes Corporation, Attention: Investor Relations, 8500 Executive Park Avenue, Suite 300, Fairfax, VA, 22031, telephone number: 858-481-2567, or email: lnorthwood@brookfieldhomes.com.

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Our board of directors has nominated the nine persons set forth below for election as our directors at the Annual Meeting, a majority of whom are independent. All of the nominees are currently serving as our directors. Unless otherwise specified in the form of proxy, the shares voted pursuant thereto will be voted for each of the persons named below as nominees for election as directors. All directors are elected to serve until the next annual meeting of stockholders and their successors have been elected and qualified. If any nominee is unable to serve, the proxies will be voted by the proxy holders in their discretion for another person. The board of directors has no reason to believe that any nominee will not be able to serve as a director for his or her prescribed term.

Name	Age	Director Since	Principal Occupation and Business Experience
Ian G. Cockwell	61	2002	Ian Cockwell was appointed President and Chief Executive Officer in October 2002. From 1994 to 2002, Mr. Cockwell served in various senior executive positions with Brookfield Residential Group, a division of Brookfield Properties Corporation, a commercial real estate company and an affiliate of our company. From 1998 until 2002, Mr. Cockwell was Chairman and Chief Executive Officer responsible for Brookfield Properties' master-planned communities business.
Robert A. Ferchat	74	2002	Robert Ferchat became a director in December 2002. Mr. Ferchat was Chairman and Chief Executive Officer of BCE Mobile Communications, Inc., a telecommunications company, from 1994 until 1999. Mr. Ferchat served as a director of Brookfield Properties from 1997 until 2002.
J. Bruce Flatt	43	2002	Bruce Flatt became a director in October 2002 and served as Chairman of Brookfield Homes from October 2002 to May 2007. Since February 2002, Mr. Flatt has served as Managing Partner and Chief Executive Officer of Brookfield Asset Management Inc., our largest stockholder, prior to which he served as the President and Chief Executive Officer of Brookfield Properties beginning in April 2000. Between August 1995 and April 2000, Mr. Flatt served as President and Chief Operating Officer of Brookfield Properties.
Bruce T. Lehman	56	2002	Bruce Lehman became a director in December 2002. Mr. Lehman is a principal in Summit LLC, an investor and principal in residential real estate. Prior to this, Mr. Lehman was an independent consultant, providing strategic advice to clients in the homebuilding industry from 2000 to 2002. Mr. Lehman was President-Merchant Housing Division, of Catellus Residential Group, a wholly-owned subsidiary of Catellus Development Corp. from 1996 until 2000. Mr. Lehman also held this position with Catellus Residential Group's predecessor company Akins Real Estate Group, from 1989 until 2000.
Alan Norris	52	2003	Alan Norris became a director in February 2003. Mr. Norris is President and Chief Executive Officer of Carma Group, a developer of master-planned communities wholly-owned by Brookfield Properties. Mr. Norris joined Carma in 1983 and assumed increasingly senior positions over the next 11 years when he was promoted to his current

position.

Timothy R. Price	66	2009	Timothy Price became a director in February 2009. Mr. Price has served as Chairman of Brookfield Funds, Brookfield Asset Management Inc., since 1996 and was also Chairman, Brookfield Financial Corporation until December 31, 2004. Mr. Price was previously a director of our company from August 6, 2004 to October 4, 2006. Mr. Price was recommended to serve on our board of directors by Brookfield Asset Management Inc.
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Name	Age	Director Since	Principal Occupation and Business Experience
David M. Sherman	51	2003	David Sherman became a director in February 2003. Mr. Sherman is a Co-Managing Member of Metropolitan Real Estate Equity Management, LLC, a real estate fund-of-funds manager, a position he has held since the firm's inception in 2002. From 2002 to 2006, Mr. Sherman also served as an adjunct professor of real estate at Columbia University Graduate School of Business Administration. Mr. Sherman was the Managing Director, and head of REIT Equity Research at Salomon Smith Barney, Inc. from 1995 until 2000. Prior to this, Mr. Sherman held various positions in real estate investment banking and finance.
Robert L. Stelzl	63	2002	Robert Stelzl became a director in December 2002 and has served as Chairman since May 2007. Mr. Stelzl is President of Rivas Capital, a private real estate investor and fund manager. Mr. Stelzl is retired from Colony Capital LLC, a global real estate private equity investor where he was a Principal since 1995. Mr. Stelzl is currently a director of Brookfield Properties.
Michael D. Young	64	2007	Michael Young became a director in February 2007. Mr. Young is President of Quadrant Capital Partners, Inc., a private equity firm with offices in Dallas and Toronto. Mr. Young served as Managing Director of CIBC World Markets Inc., a financial services firm, from 1994 until 2003. Mr. Young has been a trustee of Calloway Real Estate Investment Trust since 2003.

THE BOARD OF DIRECTORS RECOMMENDS VOTING FOR EACH OF THE DIRECTOR NOMINEES.

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PROPOSAL TWO APPROVAL OF AMENDMENT TO BROOKFIELD HOMES CORPORATION S AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK

Stockholders are being asked to approve an amendment to our Amended and Restated Certificate of Incorporation (Certificate) to increase the total number of shares of common stock that we are authorized to issue from 65,000,000 shares to 200,000,000 shares (the Amendment). The additional common stock to be authorized by adoption of the amendment would have rights identical to our currently outstanding common stock. The number of authorized shares of our preferred stock will not be affected by this amendment and will be maintained at 10,000,000. On February 2, 2009, our board of directors approved the Amendment in substantially the form attached hereto as Appendix A, subject to stockholder approval, and directed that the Amendment be submitted to a vote of our stockholders.

Our Certificate currently authorizes the issuance of up to 65,000,000 shares of common stock. As of the Record Date, there were 32,073,781 shares of common stock issued and outstanding, including 5,305,049 treasury shares. After deducting 1,364,200 shares reserved for issuance pursuant to our current stock option plan and 35,714,286 shares reserved for issuance in connection with our publicly announced rights offering transaction described more fully below, we have 1,152,782 shares of common stock remaining authorized for future issuance.

On December 23, 2008, we filed a registration statement with the Securities and Exchange Commission in connection with a rights offering to our stockholders to purchase up to an aggregate 10,000,000 shares of 8% convertible preferred stock, Series A, par value \$0.01 per share (the convertible preferred stock). 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. Assuming that all 10,000,000 shares of convertible preferred stock in the rights offering are subscribed for, and are converted into shares of common stock, we will issue 35,714,286 shares of common stock pursuant to the conversion of preferred stock. This would leave only 1,152,782 shares of common stock authorized for future issuance under our Certificate.

Our board of directors believes that the number of shares of common stock presently available for future issuance under our Certificate is insufficient to provide us with flexibility in issuing shares for future corporate purposes and has therefore proposed to increase the number of authorized shares to ensure that we have such flexibility, without further stockholder approval, except as may be required by law, regulation or stock exchange rules. We may issue shares in the future in connection with, among other things, public or private stock offerings, acquisitions, equity incentives for employees, strategic investments, partnerships and similar transactions and payments of stock dividends, stock splits or other recapitalizations. In addition, pursuant to the terms of our convertible preferred stock, we may, at our option, make payment of dividends on shares of convertible preferred stock in the form of common stock. We do not have any current plans, intentions, commitments, arrangements, understanding or agreements, either oral or written, with respect to issuances of the additional authorized shares other than in connection with the issuance of common shares upon conversion of convertible preferred stock issued in the rights offering; or at our option, for the payment of dividends on shares of convertible preferred stock in the form of common stock; or under our employee stock option plans.

In addition to these corporate purposes, an increase in the number of authorized shares of our common stock could be used to make it more difficult to, or discourage an attempt to, obtain control of our company by means of a takeover bid that our board of directors determines is not in the best interests of us and our stockholders. However, our board of directors does not intend or view the proposed increase in authorized common stock as an anti-takeover measure and is not proposing the increase in response to any attempt or plan to obtain control of the Company.

The additional shares of common stock being authorized by this amendment might be issued at times and under circumstances as to have a dilutive effect on earnings per share or the percentage ownership interest of the present holders of our common stock, none of whom have preemptive rights under our Certificate to subscribe for additional securities that we may issue.

Approval of the proposed Amendment to the Certificate requires the affirmative vote of the holders of a majority of the issued and outstanding shares of common stock. The Amendment to the Certificate will become effective on the date the Amendment is filed with the Secretary of State of the State of Delaware. It is anticipated that the appropriate filing to effect the share increase will be made as soon as practicable following approval of this proposal.

THE BOARD OF DIRECTORS RECOMMENDS VOTING FOR ADOPTION OF PROPOSAL TWO.

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The following table shows the beneficial ownership of shares of our outstanding common stock as of February 17, 2009 by:

each person known by us to be the beneficial owner of more than 5% of our common stock;

each of our directors and director nominees;

each of our executive officers named in the Summary Compensation Table on page 21 under EXECUTIVE COMPENSATION; and

all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, and generally includes voting or investment power with respect to securities (refer to footnote 1 to the table for additional information about how beneficial ownership is calculated). Unless stated otherwise, the shares are owned directly and the named beneficial owners possess sole voting and investment power with respect to the shares set forth in the table.

Name of Beneficial Owner	Amount and Nature of Common Stock Beneficially Owned	
	Number of Shares Beneficially Owned ^{(1) (2)}	Percentage of Class ⁽³⁾
Brookfield Asset Management Inc. ⁽⁴⁾ Suite 300, Brookfield Place 181 Bay Street, Toronto, Ontario M5J 2T3	15,570,866 ⁽⁵⁾	58.17
Ian G. Cockwell ⁽⁶⁾	17,062,352	63.30
Robert A. Ferchat	4,475	*
J. Bruce Flatt ⁽⁶⁾	15,606,898	58.30
Craig J. Laurie	90	*
Bruce T. Lehman		*
Alan Norris	3,000	*
Timothy R. Price	19,763	*
William B. Seith	43,000	*
David M. Sherman	8,500	*
Robert L. Stelzl	3,600	*
Michael D. Young	8,500	*
All directors and officers as a group (11 persons)	17,189,312	63.67

* Less than 1%.

(1) Under the rules of the Securities and Exchange Commission governing the determination of beneficial

ownership of securities, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which the person has no economic interest.

- (2) Beneficial ownership includes shares

held indirectly through Partners Limited, which is described in note 4 below.

Beneficial ownership also includes shares that the executive officers and directors could acquire by exercising stock options on, or within 60 days after,

February 17, 2009 as follows:

Mr. Cockwell 185,000; and

Mr. Seith 43,000. Refer to

the section of this proxy statement entitled

Executive Compensation for details of issued stock options. No shares are pledged as security by any of the named executive officers or directors.

- (3) The percentages are calculated based on the 26,768,732 shares of our common stock that are outstanding as of February 17, 2009. For each person,

separately, his
or her
percentage was
calculated by
including his or
her options as
set forth in
footnote (2) in
both the
numerator and
the
denominator,
and for the
group, the
percentage

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was calculated by including the aggregate number of options set forth in footnote (2) in both the numerator and the denominator.

- (4) Brookfield Asset Management Inc. (Brookfield) is an asset management company listed on the New York and Toronto stock exchanges. J. Bruce Flatt, a director of our company, is also a director and Managing Partner and Chief Executive Officer of Brookfield. We are advised by Brookfield that its major shareholder is Partners Limited (Partners). Partners and its shareholders, collectively own, directly or indirectly, exercise control or direction over, or have contractual arrangements, such as options to acquire or otherwise hold beneficial interests in approximately 100 million Class A Limited Voting Shares, representing approximately

17% of the outstanding Class A Limited Voting Shares of Brookfield on a fully diluted basis, and 85,120 Class B Limited Voting Shares, representing 100% of the Class B Limited Voting Shares of Brookfield. Messrs. Cockwell, Flatt, Norris and Price, who are directors and/or officers of our company, are also shareholders of Partners and may be deemed to share beneficial ownership of our common stock with Brookfield. There are approximately 40 shareholders of Partners, none of whom hold more than a 20% effective equity interest. To the extent any of such shareholders is deemed to be a beneficial owner of shares of our common stock held by Brookfield, such person disclaims beneficial ownership of those shares of our common stock.

(5) Based solely upon information

contained in the
Schedule 13D/A of
Brookfield filed
with the Securities
and Exchange
Commission (the
SEC) with respect
to common stock
owned as of
December 18,
2007.

- (6) Includes
15,570,866 shares
beneficially owned
by Brookfield.
Messrs. Cockwell
and Flatt disclaim
beneficial
ownership of the
shares of common
stock held by
Brookfield.

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INFORMATION REGARDING THE BOARD OF DIRECTORS

Corporate Governance Standards

The board of directors has adopted a Statement of Corporate Governance Practices which contains a number of corporate governance standards designed to comply with the New York Stock Exchange's Corporate Governance Rules (the "NYSE Rules") and the rules and regulations of the Securities and Exchange Commission (the "SEC Rules"). The significant corporate governance standards adopted by the board of directors are discussed below. The Statement of Corporate Governance Practices is posted on our website under the Investor Relations and Corporate Governance links and is available in print to any stockholder who so requests. Our website is www.brookfieldhomes.com.

Controlled Company

Brookfield Asset Management Inc. exercises voting power over approximately 58% of our outstanding common shares. As such, we are a "Controlled Company" under NYSE Rules. At present, we have not elected to utilize any of the controlled company corporate governance exemptions available to us under the NYSE Rules.

Director Independence

The board has adopted a set of "Independence Standards" consistent with the NYSE Rules, to assist it in determining whether a member of the board is independent under the NYSE Rules. The Independence Standards are contained in our Statement of Corporate Governance Practices, which is available on our website under the Investor Relations and Corporate Governance links. In order to be determined to be independent in accordance with these Independence Standards, a director must have no material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company), other than as a director of the Company. The Independence Standards specify the criteria by which the independence of our directors will be determined, including guidelines for directors and their immediate families with respect to past employment or affiliation with the Company, its management or its independent auditor. To assist it in determining director independence, a director is not independent if:

the director is or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer of the Company;

the director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

the director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor; (b) the director is a current employee of such a firm; (c) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (d) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time;

the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee; or

the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

Based on the Independence Standards, the board has determined that Robert A. Ferchat, Bruce T. Lehman, David M. Sherman, Robert L. Stelzl and Michael D. Young are independent, for purposes of serving as independent members of the board of directors, the Management Resources and Compensation Committee and the Governance and Nominating Committee. None of our independent directors have any relationship with the Company or its affiliates except for

serving as a director of the Company, other than Robert L. Stelzl, who is an independent director of Brookfield Properties Corporation, an affiliate of the Company.

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Audit Committee Independence, Financial Literacy and Audit Committee Financial Expert

In addition to being independent based on the Independence Standards, the NYSE Rules and related SEC Rules require that each member of an audit committee satisfy additional independence and financial literacy requirements, and at least one of these members must satisfy the additional requirement of having accounting or related financial management expertise. This additional requirement can be satisfied by the board determining that at least one Audit Committee member is an audit committee financial expert within the meaning of the SEC Rules. Accordingly, the Audit Committee Charter contains a set of standards that relate to audit committee independence, financial literacy and audit committee accounting and financial management expertise. See *Committees of the Board* *Audit Committee* for further information about the independence of the Audit Committee.

Regular Meetings of Non-Management and Independent Directors

Consistent with our present practice and in accordance with the NYSE Rules, at the time of each regularly scheduled board meeting, the non-management directors as well as the independent directors ordinarily will each meet separately for a period of time. The independent non-executive chairman of the board of directors presides over both non-management and independent director sessions. The non-management and the independent directors may also meet at such other times as determined by the Chairman or at the request of any non-management or independent director.

Shareholder Communications

Stockholders may send communications to the board of directors by writing to the Company's Corporate Secretary, 8500 Executive Park Avenue, Suite 300, Fairfax, VA, 22031. Communications will be reviewed and investigated and referred to the board of directors for appropriate action. Interested parties with a good faith concern about the Company's conduct and who wish to contact the independent non-executive Chairman of the board of directors directly may do so by writing to: Chairman of the Board of Directors, Brookfield Homes Corporation, 8500 Executive Park Avenue, Suite 300, Fairfax, VA, 22031. The status of all outstanding concerns addressed to the Chairman will be reported to the directors as appropriate, on at least a quarterly basis.

Code of Ethics

We have adopted a code of ethics that applies to our employees, officers and directors, including our principal executive officer and principal financial and accounting officer. The code of ethics is available on our website at www.brookfieldhomes.com and is available in print to any shareholder who requests it. Any amendments to, or waivers from, our code of ethics, as they relate to any executive officer or director, including our principal executive officer and principal financial and accounting officer must be approved by the board of directors or a committee thereof and be promptly disclosed to shareholders. We plan to disclose such waivers and amendments on our website, as well as to comply with other applicable requirements.

Complaint Procedures Regarding Accounting, Internal Control, Auditing and Financial Matters

In accordance with SEC Rules, the Audit Committee has established the following procedures for (i) the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters and (ii) the confidential, anonymous submission by employees concerning questionable accounting or auditing matters. Interested parties may report complaints regarding accounting, internal accounting controls, or auditing matters involving Brookfield Homes by writing to the Chairman of the Audit Committee, Brookfield Homes Corporation, 8500 Executive Park Avenue, Suite 300, Fairfax, VA, 22031. Complaints will be reviewed and investigated as appropriate. Employees who wish to submit concerns regarding questionable accounting or auditing matters and who wish to do so confidentially and anonymously, may follow the procedures described above, omitting any return address or other identifying feature.

Procedures Regarding Director Candidates Recommended by Stockholders

The Governance and Nominating Committee will consider a candidate recommended for the board of directors by stockholders owning at least 10% of the outstanding shares of the Company if such recommending stockholder or stockholders follow the procedures set forth below. In order to recommend a nominee for a director position, a stockholder must be a stockholder of record at the time it gives its notice of recommendation and must be entitled to vote for the election of directors at the meeting at which such nominee will be considered. Stockholder recommendations must be made pursuant to written notice delivered to or mailed and received at the principal

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executive offices of the Company (i) in the case of a nomination for election at an annual meeting, not less than 120 days nor more than 150 days prior to the first anniversary of the date of the Company's notice of annual meeting for the preceding year's annual meeting; and (ii) in the case of a special meeting at which directors are to be elected, not later than the close of business on the tenth day following the earlier of the day on which notice of the date of the meeting was mailed or public disclosure of the date was made. In the event that the date of the annual meeting is changed by more than 30 days from the anniversary date of the preceding year's annual meeting, the stockholder notice described above will be deemed timely if it is received not later than the close of business on the tenth day following the earlier of the date on which notice of the date of the meeting was mailed or public disclosure was made of the date. The stockholder notice must set forth the following: as to the person the stockholder recommends for nomination for election as a director, all information relating to such person that is required to be disclosed or is otherwise required pursuant to Regulation 14(a) under the Securities Exchange Act of 1934, as amended (the Exchange Act), which must include the written consent of the nominee to serve as a director if elected; as to the nominating stockholder, such stockholder's name and address as they appear on the Company's books, the class and number of shares of the Company's common stock which are beneficially owned by such stockholder and which are owned of record by such stockholder; and as to any other beneficial owner of the stock on whose behalf the nomination is made, the name and address of such person and the class and number of shares of the Company's common stock they beneficially own. In addition to complying with the foregoing procedures, any stockholder nominating a director must also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder.

The Governance and Nominating Committee is directed to determine the appropriate characteristics, skills and experience for each director position and for the board as a whole. Directors should possess the highest personal, professional and ethical standards, integrity and values, and be committed to representing the long-term interests of the stockholders. If a director candidate is recommended by a stockholder, the Governance and Nominating Committee expects that it would evaluate such candidate in the same manner it evaluates director candidates identified by the Committee.

Meetings of the Board

The board of directors meets at least once in each quarter, with additional meetings held when appropriate. The board also annually reviews and approves our business plan and long-term strategy. In addition, directors are expected to attend the annual meeting of stockholders. During the 2008 fiscal year, the board met eight times, including four regularly scheduled quarterly meetings and four special meetings, and acted four times by written consent. Each director attended 100 percent of the board and committee meetings for which they were a member during the 2008 fiscal year, with the exception of two directors who were each unable to attend one special meeting out of eight board meetings. Each director attended the annual meeting of stockholders held in May 2008. Four regular meetings are scheduled for 2009. Meeting frequency and agenda items may change depending on the opportunities or risks that we are facing.

At the time of each regularly scheduled board meeting, the non-management directors as well as the independent directors ordinarily will each meet separately for a period of time. The independent non-executive Chairman will preside over both non-management and independent director sessions.

Committees of the Board

The board of directors believes that committees assist in the effective functioning of the board and that the composition of board committees should ensure that the views of independent directors are effectively represented. The board has three committees: the Audit Committee, the Governance and Nominating Committee and the Management Resources and Compensation Committee. Each committee operates pursuant to a written charter. Each charter is posted on our website, www.brookfieldhomes.com, under the Corporate Governance link and is available in print to any stockholder who so requests. Special committees may be formed from time to time as required to review particular matters or transactions. While the board retains overall responsibility for corporate governance matters, the Audit Committee, the Governance and Nominating Committee and the Management Resources and Compensation Committee each have specific responsibilities for certain aspects of corporate governance as described below.

Audit Committee

We have a separately designated Audit Committee established in accordance with the Exchange Act. The Audit Committee is appointed by the board of directors to assist it in monitoring: (1) the integrity of our financial statements, including audits thereof; (2) our accounting and financial reporting processes and system of internal controls and procedures for financial reporting and accounting compliance; (3) the independent auditor s

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qualifications and independence; (4) the performance of our internal audit function and independent auditors; (5) our compliance with legal and regulatory requirements; (6) our relationship with the independent auditors; and (7) our principal financial risks and the processes employed to manage such risks. The Audit Committee of the board is currently comprised of three directors: Robert A. Ferchat (Chairman), Bruce T. Lehman and Robert L. Stelzl. Each member of the Audit Committee has been determined by the board to be independent and financially literate within the meaning of the NYSE Rules and SEC Rules. The board has determined that the Audit Committee Chairman, Mr. Ferchat, is an audit committee financial expert within the meaning of such rules. The Audit Committee met four times during the 2008 fiscal year.

Governance and Nominating Committee

The Governance and Nominating Committee is appointed by the board of directors to assist the board in carrying out its responsibilities by reviewing corporate governance and board nominee matters and making recommendations to the board as appropriate. In particular, the Committee is responsible for identifying individuals qualified to become board members consistent with criteria approved by the board, recommending to the board proposed nominees for election to the board at the annual meeting of stockholders, developing and recommending to the board corporate governance principles, and overseeing the evaluation and effectiveness of the board. The Governance and Nominating Committee is comprised of three directors: David M. Sherman (Chairman), Robert A. Ferchat and Michael D. Young. Each member of the Governance and Nominating Committee has been determined by the board to be independent within the meaning of the NYSE Rules. The Governance and Nominating Committee met twice during the 2008 fiscal year.

Management Resources and Compensation Committee

The Management Resources and Compensation Committee is appointed by the board of directors to assist the board in carrying out its responsibilities by reviewing management resources and compensation matters and making recommendations to the board as appropriate. In particular, the Management Resources and Compensation Committee is responsible for discharging the Board's responsibilities relating to compensation of the Company's named executive officers, including responsibility to:

- review the adequacy and form of, and approve the compensation of the Company's Chief Executive Officer, Chief Financial Officer and any other named executive officers;

- review and make recommendations to the Board with respect to the Company's stock option and deferred share unit plans, and approve any proposed awards under such plans;

- ensure that all equity-compensation plans and material revisions to such plans are approved by the Company's stockholders;

- review and make recommendations to the Board with respect to any change to the Company's compensation plans involving a material annual change in cost to the Company;

- review corporate goals and objectives relevant to the compensation of the Chief Executive Officer of the Company; and

- evaluate the performance of the Chief Executive Officer in light of such goals and objectives.

The role of the Management Resources and Compensation Committee is described in greater detail under the section entitled Compensation Discussion and Analysis, together with a description of the Company's procedures for the consideration and determination of executive compensation. The Management Resources and Compensation Committee upon majority approval of its members, may delegate its duties and responsibilities to sub-committees of the Committee. No such authority has been delegated. The Management Resources and Compensation Committee is comprised of the following three directors: Bruce T. Lehman (Chairman), David M. Sherman and Michael D. Young. Each member of the Management Resources and Compensation Committee has been determined by the board to be independent within the meaning of the NYSE Rules. The Management Resources and Compensation Committee met

twice during the 2008 fiscal year.

Compensation Committee Interlocks and Insider Participation

Bruce T. Lehman, David M. Sherman, Robert L. Stelzl and Michael D. Young served as members of the Management Resources and Compensation Committee in respect of the 2008 fiscal year, none of whom has served Brookfield Homes in any capacity other than as a member of the board or a member of a committee thereof. There are no other relationships requiring disclosure under this item.

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COMPENSATION DISCUSSION AND ANALYSIS

Overview

Our Compensation Discussion and Analysis explains the material elements of the Company's compensation arrangements for the Company's Chief Executive Officer, present and former Chief Financial Officers and the other executive officer named in the Summary Compensation Table (the "named executive officers"). It should be read in connection with the Summary Compensation Table and related tables and narrative disclosures under "Executive Compensation" beginning on page 21 of this proxy statement. Additional disclosure is provided on page 19 regarding the material compensation arrangements for the senior operating employees of our business units, none of whom are executive officers of the Company (the "Senior Operating Management").

Our Compensation Discussion and Analysis addresses the following topics relating to the compensation of our named executive officers:

an overview of our compensation objectives and related policies;

our compensation-setting process;

each element of our compensation program and how we determine the amounts payable under each element; and

our compensation decisions and analysis for fiscal year 2008.

Executive Summary

The Management Resources and Compensation Committee (the "Compensation Committee" or "Committee") of the Board of Directors of Brookfield Homes is responsible for discharging the Board's responsibilities relating to compensation of the Company's named executive officers. For more information on the Committee, its members and its processes, see "Information Regarding the Board of Directors - Committees of the Board - Management Resources and Compensation Committee" on page 11 of this proxy statement.

The Company's objective in setting compensation is to create stockholder value over the long term, represented by the total return on our common stockholders' equity. Accordingly, the Company's compensation policies for its named executive officers are designed to align their interests with those of our stockholders by providing an overall competitive compensation package with a higher proportion of total compensation derived from the opportunity to participate in the long term ownership participation plans. The principal elements of our executive compensation program for 2008 were:

short-term compensation (base salary and annual bonus award); and

direct and indirect long-term ownership participation (stock options and deferred share units).

The Company considers that the total compensation for our named executive officers in respect of the 2008 fiscal year is focused on aligning their interests with those of our stockholders, and is consistent with the Company's overall compensation objectives and the specific policies that are outlined in the Company's Compensation Discussion and Analysis that follow.

Compensation Objectives and Policies

Overview

The Company's objective in setting compensation is to create stockholder value over the long term, represented by the total return on our common stockholders' equity. The Company also considers the performance of the named executive officers collectively in meeting corporate performance objectives, the relative roles and responsibilities of each named executive officer as compared to the other named executive officers and the performance of the Company relative to the industry. A specific objective of the Company is to attract and retain highly qualified and motivated individuals and to encourage a strong team approach.

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Compensation Policies

In order to achieve its compensation objectives, the Company believes that:

short-term cash compensation (base salaries and annual bonus awards) for its named executive officers should be set below the median level of total cash compensation for comparable companies within the homebuilding industry, in return for the opportunity to participate in the total return on our common stockholders' equity over the long term. For the named executive officers, this results in direct and indirect long term ownership participation (stock options and deferred share units) being targeted at the upper quartile level for comparable companies within the homebuilding industry;

in order to foster a team-based approach, which the Company believes is fundamental to meeting its objective of maximizing the total return on our common stockholders' equity over the long term, the difference between the base salaries and annual bonus awards of the Chief Executive Officer and the other named executive officers is significantly less than in comparable companies; and

compensation arrangements for its named executive officers are related to the achievement of the Company's corporate performance objectives reviewed by the Compensation Committee at the beginning of each fiscal year. The Company's pay-for-performance philosophy is reflected in our compensation practices, which link a portion of executive compensation to the achievement of short-term and long-term objectives. Furthering the Company's pay-for-performance objectives:

a significant portion of compensation for the named executive officers is contingent on, and variable with, the total return on our common stockholders' equity;

compensation of the named executive officers is at the discretion of the Compensation Committee; and

other than a Management Services Agreement effective as of February 2, 2009, relating to the employment of Craig Laurie as our Chief Financial Officer, we do not have any employment, severance or change-in-control agreements with any of our current named executive officers except for a stock option plan and a deferred share unit plan that provide for accelerated vesting on a change-in-control for all participants in such plans. An estimate of the compensation that would have been payable had such change-in-control provisions been triggered as of the fiscal year-end are detailed under Executive Compensation Potential Payments upon Termination or a Change-in-Control on page 26 of this proxy statement.

Benchmarking

In furtherance of our compensation objectives outlined above, we compare our compensation levels with those of other companies within the homebuilding industry. This benchmarking is done with respect to each of the key elements of our compensation program (base salary, annual bonus and direct and indirect long-term ownership participation), as well as the compensation of individual named executive officers where job descriptions are sufficiently similar. As outlined in our compensation objectives, we target base salary and annual bonus awards below the median level of total cash compensation for comparable companies within the homebuilding industry in return for an opportunity to participate in the Company's long term ownership participation plans at the upper quartile level for these companies.

The group of comparable companies used for fiscal year 2008 was comprised of the 43 homebuilding companies surveyed in the 2006-2007 Residential Builders Compensation Survey, a national compensation survey for the single-family and multi-family housing industry prepared by Lee Stephens & Associates, a California-based executive compensation and advisory services firm. There were no increases in 2009 base salary and for 2008 no annual bonus awards were paid to any of our named executive officers.

Individual Compensation Summaries - Total Compensation

To assist it in its review of executive compensation decisions, the Compensation Committee reviews for each named executive officer a compensation summary (or tally sheet), that sets forth the total dollar value of the named executive

officer's annual compensation, including base salary, annual bonus award, long-term ownership participation (stock option and deferred share unit grants) and any other compensation. The Committee uses tally sheets to estimate total annual compensation to the named executive officers and to utilize in its benchmarking exercise. While the Committee considers from time-to-time compensation previously paid to the named executive officers, the primary focus of the Committee's compensation actions is on motivating the future performance of the named executive officers.

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The Compensation Process

Compensation decisions are made in the first quarter of the fiscal year, at the time of the approval of the previous year's financial statements. At this first quarter Compensation Committee meeting, the performance of the named executive officers for the previous fiscal year is evaluated and annual bonus, stock option and deferred share unit awards are granted with respect to performance during that year. Also at this meeting, base salaries are set for the upcoming fiscal year. Compensation decisions are approved by the Compensation Committee in an executive session, without management present.

Management's Role in the Compensation Process

The Chief Executive Officer plays a role in the compensation review process. The most significant aspects of his role are:

- recommending base salary levels, annual bonus awards and long-term ownership participation levels for executive officers (other than for himself) and senior operating management; and

- outlining performance and progress in meeting corporate objectives.

The Chief Executive Officer prepares meeting information for each Compensation Committee meeting and is expected to be available to attend meetings or portions thereof upon request of the Committee to answer questions arising out of the materials presented.

Compensation Committee Advisors

The Compensation Committee Charter grants the Committee the sole authority to retain and terminate any consultant to be used to assist in the evaluation of named executive officer compensation, including sole authority to approve any consultant's fees and other retention terms. The Compensation Committee did not retain an advisor with respect to the compensation arrangements of the Company's named executive officers in 2008, 2007 or 2006. However, the Committee did engage an advisor during 2006 to assist the Company in amending the terms of the Senior Operating Management Long-Term Participation Plan (see Senior Operating Management Long-Term Participation Plan for details). This engagement has been completed.

Elements of Compensation

The compensation arrangements of the Company for its named executive officers are focused on aligning their interests with those of our stockholders and are comprised of two components:

- short-term compensation (base salary and annual bonus award); and

- direct and indirect long-term ownership participation (stock options and deferred share units).

For Craig Laurie, who was appointed Chief Financial Officer on November 28, 2008, no base salary or bonus was paid by the Company in 2008. Details of the Management Services Agreement effective February 2, 2009, relating to the Company's employment of Mr. Laurie as its Chief Financial Officer are provided under the heading Other 2008 and 2009 Compensation Matters below.

(i) Short-Term Compensation

Short-term compensation arrangements for the named executive officers consist of a base salary and an annual bonus award. Base salaries are intended to provide the executive with a base level of annual income that is not contingent on Brookfield Homes' performance. Annual bonus awards are intended to compensate the named executive officers for annual performance as described below. Base salary and annual bonus award recommendations are submitted to the Compensation Committee for its consideration by the Chief Executive Officer (other than for himself) in the first quarter of the fiscal year, at the time of the approval of the previous year's financial statements. Base salary and annual bonus awards are approved by the Compensation Committee in an executive session without management present. The Company believes that: base salaries and annual bonus awards for the named executive officers should be set below the median level for comparable companies within the homebuilding industry, in return for the opportunity for these individuals to participate at the upper quartile level in the long-term ownership participation plans; and in order to foster a team-based approach, which the Company believes is fundamental to meeting its long-term objectives, the difference between the base salaries and annual bonus awards of the Chief Executive Officer and the other named executive officers is significantly less than in these comparable companies.

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Base salaries are also reviewed annually to ensure that they reflect the relative contribution of each individual and the principles set forth above. The determination of relative contribution is a subjective evaluation based on an individual's contribution to creating stockholder value, experience and level of responsibility. No quantitative relative weights are assigned to these factors when setting base salaries.

Bonus awards are reviewed annually and on average will range between 50% and 100% of base salary, determined primarily on the named executive officer's performance in meeting the Company's corporate performance objectives (outlined below under *2008 and 2009 Short-Term Compensation Decisions and Analysis*), the Company's performance relative to the industry and the principles set forth above. The performance of the Company is measured by the achievement of financial and other objectives reviewed at the beginning of the fiscal year. No quantitative relative weights are assigned to these factors when setting annual bonus awards.

In order to further the Company's overall compensation objective of aligning our named executives' interests with those of our stockholders, our Chief Executive Officer may elect to receive all or a portion of his annual bonus award, if any, in deferred share units of the Company, as described below under *Long-Term Ownership Participation*.

2008 and 2009 Short-Term Compensation Decisions and Analysis

The follo