

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE) THURSDAY, THE 15TH
JUSTICE BLACK) DAY OF FEBRUARY, 2024
)

B E T W E E N :

**ATRIUM MORTGAGE INVESTMENT CORPORATION AND DORR CAPITAL
CORPORATION**

Plaintiffs

- AND -

STATEVIEW HOMES (NAO TOWNS II) INC., DINO TAURASI, and CARLO TAURASI

Defendants

ANCILLARY RELIEF ORDER

THIS MOTION, made by KSV Restructuring Inc. (“KSV”) in its capacity as the Court-appointed receiver and manager (in such capacity, the “**Receiver**”) without security, of the property, assets and undertakings of Stateview Homes (NAO Towns II) Inc. (the “**Debtor**”), pursuant to the Order of this Court dated May 2, 2023 (the “**Receivership Order**”), for an order, among other things: (i) approving the Seventh Report of the Receiver dated February 7, 2024 (the “**Seventh Report**”) and the Receiver’s conduct and activities described therein; (ii) approving the fees and disbursements of the Receiver, as set out in the affidavit of Robert Kofman sworn February 7, 2024 and of the Receiver’s counsel, Paliare Roland Rosenberg Rothstein LLP (“**Paliare Roland**”), as set out in the Affidavit of Beatrice Loschiavo sworn February 5, 2024; and (iii) authorizing and directing the Receiver to make certain payments and distributions and

establish, hold and maintain certain reserves as recommended and described in the Seventh Report, was heard this day by judicial videoconference via Zoom in Toronto, Ontario.

ON READING the Notice of Motion of the Receiver, the Seventh Report and the Appendices thereto, and on hearing the submissions of counsel for the Receiver, and the other parties listed on the counsel slip, no one appearing for any other party although duly served as appears from the affidavit of service of Alexciya Blair sworn February 6, 2024.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Agreement of Purchase and Sale between the Receiver and 1000707996 Ontario Inc. (the “**Purchaser**”) dated November 29, 2023, and amended on January 17, 2024, attached at Appendix “I” to the Seventh Report (as amended, the “**APS**”), as applicable.

APPROVAL OF RECEIVER’S REPORTS, FEES AND COSTS

3. **THIS COURT ORDERS** that the Seventh Report, and the activities of the Receiver described therein are hereby approved provided that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

4. **THIS COURT ORDERS** that Confidential Appendices 1 and 2 to the Seventh Report be and are hereby sealed until the closing of the sale of the Purchased Assets (as defined in the Seventh Report).
5. **THIS COURT ORDERS** that the fees and disbursements of the Receiver from the commencement of the receivership to and including January 31, 2024, as set out in the Affidavit of Robert Kofman sworn February 7, 2024 and attached at Appendix “O” to the Seventh Report, be and are hereby approved.
6. **THIS COURT ORDERS** that the fees and disbursements of Paliare Roland from the commencement of the receivership proceeding to and including January 31, 2024, as set out in the Affidavit of Beatrice Loschiavo sworn February 5, 2024 and attached at Appendix “P” to the Seventh Report, be and are hereby approved.

TERMINATION AND DISCLAIMER OF PRE-SALE PURCHASE AGREEMENTS

7. **THIS COURT ORDERS** that the Receiver’s termination and disclaimer (or intended termination and disclaimer, as the case may be) of any or all agreements of purchase and sale entered into between the Debtor (or any other parties related to the Debtor) and any third parties in respect of residential homes built or to be built on the Real Property is hereby approved.

RESERVE

8. **THIS COURT ORDERS** that the Receiver is authorized and directed to establish, hold and maintain reserves from the proceeds of the Transaction (the “**Purchase Proceeds**”) in the amount of:

- (a) \$100,000 on account of additional fees, disbursements and costs of the Receiver and its counsel in connection with the Debtor (the “**Professional Fee Holdback**”);
- (b) \$6,836.84 on account of a *Construction Act* lien asserted by GEI Consultants Inc. (the “**Lien Holdback**”), to be distributed by the Receiver upon the resolution of GEI Consultants Inc.’s claim or upon further order of this Court; and
- (c) \$1,523,400 on account of claims asserted by Dharmi Mehta (the “**Mehta Claim**”) in their capacity as proposed representative plaintiff of a class proceeding (the “**Class Action Holdback**”), provided that the Class Action Holdback is without prejudice to any party’s position regarding the Mehta Claim.

INITIAL DISTRIBUTION

9. **THIS COURT ORDERS** that the Receiver is authorized and directed to distribute the Purchase Proceeds to Atrium Mortgage Investment Corporation and Dorr Capital Corporation (together, the “**Lenders**”) as partial payment of the balance owing by the Debtor to the Lenders less: (i) the unpaid professional fees described in the Seventh Report; (ii) the Professional Fee Holdback, (iii) the Lien Holdback, and (iv) the Class Action Holdback.

SUBSEQUENT DISTRIBUTIONS

10. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to make subsequent distributions to the Lenders out of the Professional Fee Holdback (to the extent not utilized to pay fees, disbursements and costs of the Receiver and its counsel in connection with the Debtor), the Lien Holdback (upon resolution of GEI Consultants Inc.’s claim or upon further order of this Court), the Class Action Holdback (upon further order of this Court) or from any other recoveries by the Receiver in respect of the Property up to the amount of indebtedness owing by the Debtor to the Lenders.

GENERAL

11. **THIS COURT ORDERS** that notwithstanding anything else contained in this Order, each of the payments and distributions provided for in this Order shall be made free and clear of all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Steele dated May 2, 2023; and (ii) all charges security interests, liens, trusts, or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property or real property registry system.
12. **THIS COURT ORDERS** that the Receiver or any other person facilitating payments and distributions pursuant to this Order shall be entitled to deduct and withhold from any such payment or distribution such amounts as may be required to be deducted or withheld under any applicable law and to remit such amounts to the appropriate governmental authority or other person entitled thereto as may be required by such law. To the extent that amounts are so withheld or deducted and remitted to the appropriate governmental authority or other person entitled thereto, such withheld or deducted amounts shall be treated for all purposes as having been paid pursuant to this Order.
13. **THIS COURT ORDERS** that, notwithstanding:
 - (a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such application; and

(c) any assignment in bankruptcy made in respect of the Debtor;

any payment or distributions made pursuant to this Order are final and irreversible and shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

14. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

15. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal and regulatory or administrative bodies, having jurisdiction in Canada or in any other foreign jurisdiction, to give effect to this Order and to assist the Receiver and its respective agents in carrying out the terms of this Order. All courts, tribunals and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its respective agents in carrying out the terms of this Order.

16. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Time) on the date of this Order without the need for entry or filing.

A handwritten signature in blue ink, appearing to read "W. Black", is written above a horizontal line.

Justice Black

ATRIUM MORTGAGE INVESTMENT CORP et al.
Plaintiffs

STATEVIEW HOMES (NAO II) INC. et al.
Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER

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