



**Supplement to the Seventh Report to  
Court of KSV Restructuring Inc.  
as Receiver and Manager of  
Stateview Homes (Nao Towns II) Inc.**

February 23, 2024

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COURT FILE NUMBER: CV- 23-00698395-00CL

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

**B E T W E E N:**

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

**APPLICANT**

**- AND -**

**STATEVIEW HOMES (NAO TOWNS II) INC.**

**RESPONDENT**

**APPLICATION UNDER SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY*  
ACT R.S.C.1985 C. B-3, AS AMENDED, AND UNDER SECTION 101 OF THE *COURTS*  
*OF JUSTICE ACT*, R.S.O. 1990, C. C.43**

**SUPPLEMENT TO THE SEVENTH REPORT OF  
KSV RESTRUCTURING INC.  
AS RECEIVER AND MANAGER**

**FEBRUARY 23, 2024**

## **1.0 Introduction**

1. This report (the “Supplemental Report”) supplements the Receiver’s Seventh Report to Court dated February 7, 2024 (the “Seventh Report”). A copy of the Seventh Report is provided in Appendix “A”, without appendices.
2. Unless otherwise stated, capitalized terms used in this Supplemental Report have the meaning provided to them in the Seventh Report. This Supplemental Report is subject to the restrictions in the Seventh Report.
3. At the return of the motion on February 15, 2024 (the “February 15<sup>th</sup> Motion”), the Court granted (i) the AVO, which approved the Transaction; and (ii) the Ancillary Relief Order subject to a further holdback in the amount of \$1,523,000 (the “Holdback Amount”) from the proposed distribution to the Lenders from the proceeds of the Transaction (the “Distribution”). Copies of the AVO and the Ancillary Relief Order are provided in Appendices “B” and “C”, respectively.
4. The Court also issued an endorsement (the “Endorsement”) which addressed, in part, opposition to the Distribution by counsel to the proposed representative plaintiff in the Proposed Class Action, Sotos LLP (“Sotos”). A copy of the Endorsement is provided in Appendix “D”.

5. Sotos takes the position that the Holdback Amount, which represents 20% of the deposits paid by Pre-Sale Purchasers on NAO II Project, is in respect of common elements on the contemplated development and is therefore subject to a statutory trust in favor of the Pre-Sale Purchasers pursuant to sections 81 and 138(4) of the *Condominium Act, 1998*, S.O. 1998, C. 19 (the “Condominium Act”).
6. The Receiver disagrees with the positions taken by Sotos. Additionally, for the reasons set out below, the Receiver is of the view that the NAO II Pre-Sale Purchasers will be able to recover all but approximately \$37,161.95 of their deposits from Tarion under its deposit insurance coverage.
7. The relief sought by the Receiver to distribute the Holdback Amount was adjourned to March 5, 2024. This Supplemental Report is filed in the context of that motion.

## 1.1 Purposes of this Supplemental Report

1. The purposes of this Supplemental Report are to:
  - a) provide a summary of the correspondence between the Receiver’s counsel, Paliare, and Sotos since the February 15<sup>th</sup> Motion;
  - b) provide the Court with information concerning the deposit insurance coverage provided by Tarion in respect of the Pre-Sale Purchaser deposits and illustrate for the Court that the cumulative uninsured deposit coverage for NAO II Pre-Sale Purchasers is \$37,161.95, as referenced above; and
  - c) recommend that the Court dismiss the Proposed Class Action Motion (as defined below) with costs to the Receiver, or alternatively dismiss the motion subject to a maximum holdback of \$37,161.95, net of costs to be awarded to the Receiver.

## 2.0 Proposed Class Action

1. The Receiver’s communications and correspondence with Sotos prior to the February 15<sup>th</sup> Motion are summarized in Section 5 of the Seventh Report and are not repeated herein.
2. The Receiver notes that the relief sought in the Proposed Class Action includes the imposition of the same trusts and/or charges in respect of Homebuyer Deposits that were sought in the Tarion Motion, plus a trust claim under the Condominium Act that was not sought in the Tarion Motion (the “Condominium Act Claim”). As noted in the Seventh Report, the Court dismissed the Tarion Motion.
3. The Condominium Act Claim alleges, among other things, that a portion of the purchase price for the freehold units related to common elements in a condominium and, as such, ought to have been held in trust under the Condominium Act.
4. On February 8, 2024, the Receiver filed its motion materials in respect of the February 15<sup>th</sup> Motion. On February 9, 2024, Sotos provided the Receiver with a notice of cross-motion. On February 14, 2024, Sotos filed a cross-motion and factum with the Court (the “Proposed Class Action Motion”). A copy of the notice of cross-motion is available on the Receiver’s website [here](#).

5. The Proposed Class Action Motion requested, among other things, that the Receiver maintain the Holdback Amount. The Holdback Amount was based on the Proposed Class Action's estimate, as set out in its cross-motion, that "20% of those deposits were earmarked for the common elements of each project" and represents an estimate of the value of the common elements portion of the NAO II project.
6. The Proposed Class Action cross motion seeks "a declaration that the deposits paid by homebuyers to the Stateview companies corresponding to the percentage value of the parcel of tied land (the "Common Interest") for each of the projects is subject to a statutory trust in favour of the purchasers (the "Trust Portion") pursuant to sections 81 and 138(4)(a) of the Condominium Act, 1998, S.O. 1998, C. 19."
7. Pursuant to the Endorsement, the Receiver is to deliver any responding materials by February 23, 2024.
8. The Receiver is providing a partial response to the issues raised by Sotos at the February 15 Motion and in the Proposed Class Action Motion. Depending on the outcome of the March 5, 2024 motion, the Receiver may file additional evidence in response to the issues raised by Sotos including, in particular, evidence about the value of the common elements at the NAO II project and evidence about the feasibility of tracing any NAO II deposits. The Receiver will require further time to assemble that information. The Receiver believes, however, that the information provided in the Seventh Report and this Supplemental Report is a complete answer to the issues raised in the Proposed Class Action.

## **2.1 Common Elements**

1. As described in the Pre-Sale Purchase Agreement, the only common element is a roadway and a parking area on the development. Attached as Appendix "E" is a diagram taken from the Pre-Sale Purchase Agreement which illustrates the minor aspect of the common roadway/parking area relative to the townhomes themselves.<sup>1</sup>
2. The Receiver has not yet conducted a valuation of the common elements. However, at this point, the Proposed Class Action's estimate that 20% of the deposits relate to the common elements is arbitrary and unsupported.
3. The nominal value of the common elements is underscored in the Pre-Sale Purchase Agreements. As noted in the Seventh Report, the Pre-Sale Purchase Agreements specifically provide that: (i) only \$2 of the purchase price for each unit applies to the common interest in the condominium and (ii) in any case, none of the deposit relates to the common interest in the condominium.

## **2.2 Tarion Deposit Insurance Coverage**

1. The Stateview Group provided the Receiver with a summary of sales for the NAO II project, including a list of deposits paid by NAO II Pre-Sale Purchasers (the "Sales and Deposit Listing"). The Sales and Deposit Listing shows that \$7,616,950 of deposits were paid by NAO II Pre-Sale Purchasers.

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<sup>1</sup> See Seventh Report, Tab 2 of the Receiver's Motion Record dated February 8, 2024 at pg. 113.

2. Tarion provides home buyer deposit coverage of 10% of the purchase price of the freehold unit up to a maximum of \$100,000 provided that the purchase price is greater than \$600,000. Based on an analysis prepared by the Receiver, Tarion is responsible to pay in full all but \$37,161.95 (the “Remaining Balance”) of the NAO II Pre-Sale Purchaser deposits. In other words, assuming that each of the NAO II Pre-Sale Purchasers recovers their entitlement from Tarion, the Proposed Class Action’s claims in respect of NAO II is only \$37,161.95.
3. The Receiver understands that Tarion recognizes its responsibility to reimburse the Pre-Sale Purchasers in accordance with its deposit insurance obligations. The Tarion Motion was argued on the basis that Tarion would be providing such reimbursements once the relevant claims had been filed.
4. On February 16, 2024, Paliare sent a letter (the “February 16 Letter”) to Sotos setting out the Receiver’s calculation of the Remaining Balance and the Receiver’s offer to the Proposed Class Action, on a “with prejudice” basis, which was open for acceptance until February 20, 2024 at 10:00 am. A copy of the February 16 Letter, which attaches the Sales and Deposit Listing and the Receiver’s calculation of the Remaining Balance, is attached as Appendix “F”.<sup>2</sup>
5. As set out in the February 16 Letter, the Receiver’s offer was as follows:
  - a) “payment to the sub-class of NAO II home buyers of \$5,000 subject to court approval; and
  - b) dismissal of the claims of the sub-class of NAO II home buyers on a without costs basis.”
6. Sotos did not respond by the Receiver’s February 20, 2024 deadline.
7. The Transaction is expected to close on February 26, 2024. Pursuant to the Ancillary Relief Order, the Receiver intends to terminate all Pre-Sale Purchase Agreements. Termination of the Pre-Sale Purchase Agreements will allow the Pre-Sale Purchasers to claim deposit refunds from Tarion. The Receiver and its counsel have been contacted by numerous Pre-Sale Purchasers, each of whom has expressed an interest in filing claims forthwith with Tarion so that they can receive a refund of their deposits.
8. The Receiver intends to distribute a termination notice to Pre-Sale Purchasers substantially in the form attached as Appendix “G”.
9. The Receiver has been in contact with Tarion’s counsel who is aware that the termination notices in respect of NAO II will be delivered imminently such that the reimbursement process can move forward.

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<sup>2</sup> Names of the Pre-Sale Purchasers have been removed for privacy purposes.

## 2.3 Additional Information

1. If the Court does not grant the relief sought by the Receiver in this Supplemental Report, the Receiver may be required to conduct additional investigations to respond to the Proposed Class Action's claims, including a tracing exercise to determine whether any of the NAO II Pre-Sale Purchasers' deposits were used to fund the purchase of the NAO II Real Property. The Receiver notes that this exercise would be extremely costly and time consuming, and there is no party prepared to fund the cost of this exercise. Accordingly, should the court order a tracing exercise, the Receiver submits that funding for this exercise should be imposed on the NAO II Pre-Sale Purchasers.
2. The Receiver is particularly concerned about the costliness of the proposed tracing exercise given that, for the reasons set out above, the maximum possible recovery for the members of the Proposed Class Action in respect of NAO II, even if their claims are successful after a tracing exercise, is limited to an aggregate amount of \$37,161.95 which is net of their anticipated recovery from Tarion.
3. As a further complication for any tracing exercise, the Receiver notes that its authority is limited to the receivership entities. The Receiver has not attempted to trace transactions from the single NAO bank account (for both NAO and NAO II) to other bank accounts of other entities in the Stateview Group over which the Receiver has no authority. A motion would likely be required to gain access to the books, records and bank accounts of the non-Stateview receivership entities, which may be opposed. The Receiver has no funding for that motion either.

## 2.4 Recommendation

1. The Receiver submits that the Proposed Class Action's cross motion should be dismissed and the Holdback Amount should be released immediately for distribution to the first secured creditor as described in the Seventh Report and in its Factum.
2. Alternatively, the Receiver submits that the maximum holdback imposed should be \$37,161.95 less costs of the Receiver if the Proposed Class Action's cross motion is not disposed of entirely on its merits at this time.
3. As the Receiver has made attempts to address this matter with Sotos, and in light of the disproportionate costs of these proceedings relative to the \$37,165.95 at issue, the Receiver believes it is appropriate that it be awarded costs of this motion.

## 3.0 Conclusion

1. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court dispose of the Proposed Class Action's cross motion as set out in Section 2.4 of this Supplemental Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
SOLELY IN ITS CAPACITY AS RECEIVER AND MANAGER OF  
STATEVIEW HOMES (NAO TOWNS II)  
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY**

## **Appendix “A”**





**Seventh Report to Court of  
KSV Restructuring Inc.  
as Receiver and Manager of  
Stateview Homes (Nao Towns II) Inc.**

February 7, 2024

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COURT FILE NUMBER: CV- 23-00698395-00CL

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

**B E T W E E N:**

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

**APPLICANT**

**- AND -**

**STATEVIEW HOMES (NAO TOWNS II) INC.**

**RESPONDENT**

**APPLICATION UNDER SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY*  
ACT R.S.C.1985 C. B-3, AS AMENDED, AND UNDER SECTION 101 OF THE *COURTS*  
*OF JUSTICE ACT*, R.S.O. 1990, C. C.43**

**SEVENTH REPORT OF  
KSV RESTRUCTURING INC.  
AS RECEIVER AND MANAGER**

**FEBRUARY 7, 2024**

## **1.0 Introduction**

1. On May 2, 2023, the Ontario Superior Court of Justice (the “Court”) issued separate receivership orders appointing KSV Restructuring Inc. (“KSV”) as the receiver and manager (the “Receiver”) of the property, assets and undertaking owned by the following entities in the Stateview Group of Companies (the “Stateview Group”), including their real property:
  - a) Stateview Homes (Nao Towns II) Inc. (“Nao II”), pursuant to an action commenced by Atrium Mortgage Corporation (“Atrium”) and Dorr Capital Corporation (“Dorr” and together with Atrium, the “Lenders”);
  - b) Highview Building Corp Inc. (“Highview”), pursuant to an application commenced by Dorr;
  - c) Stateview Homes (BEA Towns) Inc., pursuant to an application commenced by Dorr; and

- d) Stateview Homes (Nao Towns) Inc. (“NAO-I”), Stateview Homes (Minu Towns) Inc. (“Minu Towns”), Stateview Homes (High Crown Estates) Inc. (“High Crown”), Stateview Homes (On the Mark) Inc. (“On the Mark”) and TLSFD Taurasi Holdings Corp. (“Taurasi Holdings”), pursuant to an application commenced by Kingsett Mortgage Corporation and Dorr.
2. On May 18, 2023, the Court issued an order appointing KSV as receiver of the property, assets and undertaking of Stateview Homes (Elm&Co) Inc., including its real property, pursuant to an application by Meridian Credit Union Limited.
  3. Each of the Stateview receivership entities referenced above (the “Receivership Companies”) is a single-purpose real estate development company that owns a specific real property and a project<sup>1</sup>.
  4. Pursuant to an order of the Court dated June 5, 2023 (the “Sale Process Order”), the Court approved a sale process (the “Sale Process”) for the property owned by each of the Receivership Companies, except for On the Mark, for which the Court approved a sale process on July 19, 2023.
  5. Pursuant to various orders of the Court issued in the Stateview Group receivership proceedings, the Court has approved sale transactions (the “Approved Transactions”) in respect of the following properties:
    - a) Highview;
    - b) NAO-I ;
    - c) Minu Towns;
    - d) High Crown; and
    - e) certain properties owned by Taurasi Holdings.
  6. This report (the “Seventh Report”) is filed by KSV, as the receiver and manager of Nao II, in connection with the Receiver’s recommendation that the Court approve a sale of Nao II’s real property (the “Nao II Real Property”) and certain other property associated with the Nao II Real Property (the “Purchased Assets”). A copy of the Nao II receivership order (the “Nao II Receivership Order”) is provided as Appendix “A”.

## 1.1 Purposes of this Report.

1. The purposes of this Seventh Report are to:
  - a) provide background information concerning the Stateview Group receivership proceedings, the Sale Process and the Purchased Assets;
  - b) summarize the results of the sale process for the Purchased Assets (the “Nao II Sale Process”);

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<sup>1</sup> TLSFD Taurasi Holdings Corp. owns four industrial properties.

- c) summarize a proposed transaction (the “Transaction”) between the Receiver and 1000707996 Ontario Inc. (the “Purchaser”) for the sale of the Purchased Assets pursuant to an agreement of purchase and sale dated November 29, 2023, as amended on January 17, 2024 (the “APS”);
- d) recommend that this Court issue an approval and vesting order (the “AVO”):
  - i. approving the APS and the Transaction; and
  - ii. transferring and vesting all of Nao II’s right, title and interest in and to the Purchased Assets in the Purchaser, free and clear of all liens, charges, security interests and encumbrances, other than the Permitted Encumbrances (as defined in the APS), following the Receiver’s delivery of the Receiver’s certificate (the “Receiver’s Certificate”) substantially in the form attached as Schedule “A” to the proposed AVO;
- e) recommend that this Court issue an order (the “Ancillary Relief Order”):
  - i. approving the Receiver’s termination of the Pre-Sale Purchase Agreements (as defined below);
  - ii. authorizing and directing the Receiver to make certain payments and distributions, including one or more distributions to the Lenders, being Nao II’s mortgagees with the earliest registration on title to the Nao II Real Property;
  - iii. maintaining certain reserves from the proceeds of the sale of the Purchased Assets;
  - iv. approving the fees and disbursements of the Receiver and Paliare Roland Rosenberg Rothstein LLP (“Paliare”), the Receiver’s counsel in respect of Nao II, as summarized below;
  - v. sealing the Confidential Appendices to this Seventh Report; and
  - vi. approving the Seventh Report and the Receiver’s activities described therein.

## 1.2 Restrictions

1. In preparing this Seventh Report, the Receiver has relied upon: (i) Nao II’s unaudited financial information; (ii) information provided by the Lenders; (iii) discussions with various stakeholders in these proceedings (including their legal representatives); and (iv) the receivership application materials (collectively, the “Information”).
2. The Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that complies with Canadian Auditing Standards (“CAS”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance as contemplated under the CAS in respect of the Information. Any party wishing to place reliance on the Information should perform its own diligence and the Receiver accepts no responsibility for any reliance placed on the Information in this Seventh Report by any party.

## 2.0 Background

1. The Stateview Group is a real estate developer with its head office in Vaughan, Ontario. The Stateview Group had been in business since 2010 and primarily developed low-rise residential projects in Southern Ontario.
2. Nao II is a single-purpose real estate development company that owns the Nao II Real Property, which is comprised of properties having municipal addresses at 7810, 7822, 7834, 7846, McCowan Road, Markham, Ontario. As of the date of the Receivership Order, Nao II was advancing the development of a project that contemplated 84 townhomes. Construction on the Nao II project (the “Project”) had not commenced as of the date of the Nao II Receivership Order.
3. The Project was marketed as a pre-construction residential developmental project wherein purchasers (the “Pre-Sale Purchasers”) entered into pre-sale purchase agreements (the “Pre-Sale Purchase Agreements”).
4. As a general condition to entering into a Pre-Sale Purchase Agreement, a Pre-Sale Purchaser was required to pay one or more deposits to Nao II (each a “Homebuyer Deposit” and collectively, the “Homebuyer Deposits”). Based on the Stateview Group’s records, the Receiver understands that 76 Pre-Sale Purchasers made Homebuyer Deposits on the Project totalling approximately \$7.617 million.
5. Additional background information regarding Nao II and the reasons for the appointment of the Receiver are provided in the receivership application materials filed by the Lenders. Copies of the Court materials filed to-date in these proceedings are available on the Receiver’s case website at: <https://www.ksvadvisory.com/experience/case/stateview-homes>.

## 3.0 Secured Creditors

1. As of the date of the Receivership Order, the Lenders were owed approximately \$24.4 million, plus interest and costs which have accrued since that date (the “Lenders’ Indebtedness”).
2. The Lenders’ security consists of, among other things, (i) a general security agreement dated April 19, 2022 (the “GSA”); and (ii) the lenders’ mortgage, being a mortgage/charge (the “Lenders’ Mortgage”) which was registered on title on May 20, 2022 (jointly with the GSA, the “Lenders’ Security”).
3. Paliare has provided the Receiver with an opinion that, subject to the standard assumptions and qualifications contained therein, the Lenders’ Security, as registered on title to the Nao II Real Property (by way of the Lenders’ Mortgage) and under the Ontario *Personal Property Security Act*, create valid and enforceable charges on the Nao II Real Property and Nao II’s personal property.<sup>2</sup>

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<sup>2</sup> A copy of the opinion can be provided to the Court upon request.

4. As reflected on the title search for the Nao II Real Property: (i) Bergo Investment Limited, MCO Management Inc. and Tony Karamitsos (“the Bergo Parties”) registered a \$28.5 million charge against the Nao II Real Property on December 16, 2022; and (ii) The Toronto-Dominion Bank (“TD”) registered a charge against the Nao II Real Property on April 6, 2023 in the amount of \$37,134,091. As the purchase price under the Transaction is not sufficient to make any distributions to the Bergo Parties or TD as a result of the Transaction, the Receiver has not reviewed their respective charges or sought an opinion with respect to the validity or priority of such charges.

#### **4.0 Lien Claimant**

1. GEI Consultants Ltd. (“GEI”) registered a lien in the amount of \$68,368 against the Real Property on May 5, 2023 (the “GEI Lien”) and a certificate of action on June 30, 2023.
2. GEI issued a Statement of Claim on June 28, 2023. On August 6, 2023, Paliare confirmed to counsel for GEI that the Receiver would accept service of the Statement of Claim on the condition and understanding that the claim is otherwise stayed and that no steps will be taken to advance the claim.
3. On May 10, 2023, Paliare wrote to GEI’s counsel to ask for general information about the GEI Lien, including details of the alleged contract and amounts claimed. No response has been provided by GEI or its counsel.
4. Counsel for GEI will be served with a copy of this motion.
5. The GEI Lien alleges that services or materials were supplied to Nao II from April 6, 2022 to March 29, 2023. According to the Statement of Claim, the first invoice relating to the GEI Lien was rendered to Nao II on May 12, 2022 in the amount of \$7,673.69, inclusive of HST.

#### **5.0 Tarion and Class Action Claims**

1. Tarion Warranty Corporation (“Tarion”) provides deposit insurance coverage to homebuyers. Tarion brought a motion in these receivership proceedings to secure the Homebuyer Deposits seeking the imposition of certain trusts and priority charges over the property of certain of the Stateview Receivership Companies, including Nao II (the “Tarion Motion”).
2. The Tarion Motion was opposed by the Receiver along with various secured creditors and claimants of the Stateview Receivership Companies. The Tarion Motion was heard by the Honourable Madam Justice Steele on November 2, 2023. Pursuant to reasons dated December 22, 2023, Justice Steele dismissed the Tarion Motion (the “December 22 Decision”). A copy of the December 22 Decision is attached as Appendix “B”.



3. In addition, on September 29, 2023, the Receiver received a copy of a Statement of Claim issued on September 28, 2023 by Dharmi Mehta (as proposed representative plaintiff on behalf of a proposed class of Pre-Sale Purchasers) commencing a proposed class action against certain of the Stateview Receivership Companies, including Nao II, and other individuals (including Dino and Carlo Taurasi) (the “Proposed Class Action”). A copy of the Proposed Class Action is attached at Appendix “C”.
4. The Proposed Class Action was issued in breach of the stay of proceedings pursuant to the Receivership Order and counsel to the Receiver has been in communication with counsel to the Proposed Class Action plaintiff in this regard.
5. The Receiver notes that the relief proposed to be sought in the Proposed Class Action includes the imposition of the same trusts and/or charges in respect of Homebuyer Deposits that were sought in the Tarion Motion, plus a trust claim under the *Condominium Act* that was not sought in the Tarion Motion (the “Condominium Act Claim”).
6. The Condominium Act Claim alleges, among other things, that a portion of the purchase price for the freehold units related to common elements in a condominium and, as such, ought to have been held in trust under the *Condominium Act*.
7. The Receiver notes that the Pre-Sale Purchase Agreements (as defined below) provide that: (i) only \$2 of the purchase price for each unit applies to the common interest in the condominium and (ii) in any case, *none* of the deposit relates to the common interest in the condominium. A sample redacted copy of a Pre-Sale Purchase Agreement is attached as Appendix “D”. For privacy purposes, the Pre-Sale Purchaser’s personal information is redacted.
8. In its Sixth Report to the Court dated November 8, 2023, the Receiver noted that depending on the outcome of the Tarion Motion, it may be necessary to seek a determination of the Condominium Act Claim on a further motion before the Court.
9. The Receiver is of the view that the reasons and analysis in the December 22 Decision apply fully to the Condominium Act Claim and dispose of any argument that the Condominium Act Claim could have priority over the Lenders to the proceeds of sale of the Purchased Assets (even to the extent of the \$2 per unit contemplated in the Pre-Sale Purchase Agreements).
10. On January 23, 2024, counsel to the Receiver wrote to counsel for the Proposed Class Action and advised of the Receiver’s position. The Receiver’s counsel further advised that the Receiver intended to proceed with the distribution of proceeds of realization as they arise, including those now existing, and without regard to claims in the Proposed Class Action. A copy of the Receiver’s counsel’s correspondence is provided in Appendix “E”.
11. Counsel in the Proposed Class Action responded to the Receiver’s counsel on January 29, 2024. Counsel in the Proposed Class Action takes the position that, among other things, the Condominium Act Claim was not before Justice Steele and that the December 22 Decision does not apply to that claim. A copy of counsel’s correspondence is provided in Appendix “F”.

## 6.0 Sale Process

1. The Receiver carried out the Sale Process in accordance with the Sale Process Order. The Receiver's report to court dated May 30, 2023 (the "First Report") detailed the contemplated Sale Process. A copy of the First Report (without appendices) is provided in Appendix "G".
2. Pursuant to the Sale Process Order, the Receiver retained realtors to list for sale the real property owned by the Receivership Companies. Cushman & Wakefield ULC ("Cushman") was retained to list the Nao II Real Property.
3. Cushman launched the Sale Process on June 15, 2023, by, *inter alia*, distributing an investment summary (the "Teaser") and a form of non-disclosure agreement ("NDA") to its data base of approximately 8,500 buyer prospect contacts. Cushman directly solicited interest in the Nao II Real Property to parties it thought may have an interest in the Nao II Real Property. Interested parties were required to sign the NDA to access a virtual data room ("VDR").
4. The VDR includes information regarding the Nao II Real Property, such as contracts, permits, designs, drawings and other due diligence information that had been provided to the Receiver by third parties (such as a letter from KLM Planning Partners Inc., an urban planner) or the Lenders, as well as an offering memorandum (the "Offering Memorandum") prepared by Cushman, with the assistance of the Receiver.
5. The VDR also includes a form of agreement of purchase and sale (the "Template APS"). Prospective purchasers were encouraged to submit offers in the form of the Template APS, together with a blackline against the Template APS.
6. The listing was also advertised to co-operating brokers via the multiple listing service website.
7. The Receiver set an initial bid deadline of July 25, 2023 (the "First Bid Deadline") which was announced to Cushman's prospects database, as well as any buyer prospects that had engaged in discussions with Cushman regarding the opportunity.

## 6.1 Sale Results

1. Cushman's report dated February 1, 2024 summarizing its activities to market the Nao II Real Property for sale is provided as Appendix "H" (the "Cushman Report"). The Cushman Report includes a summary of initial and subsequent offers (the "Offer Summaries") received for the Nao II Real Property, which summary has been redacted for the names and amounts of each offer received in the Sale Process. An unredacted copy of the Cushman Report is attached as Confidential Appendix "1". The Receiver's recommendation regarding sealing this information is discussed in Section 7.5 below.
2. As discussed in the Cushman Report, Cushman widely canvassed the market and received 44 signed NDAs for the Nao II Real Property.

3. In consultation with Cushman and the Lenders, the Receiver reviewed the bids and the Receiver and/or Cushman engaged in direct discussions with the leading bidders to clarify their bids, including their conditionality, financial ability to close and any other due diligence that remained outstanding. After the First Bid Deadline, the Receiver requested that Cushman approach all bidders who submitted offers by the First Bid Deadline to submit improved offers by August 25, 2023 (the “Second Bid Deadline”). Seven parties submitted bids by the Second Bid Deadline including certain parties that did not submit bids by the First Bid Deadline.
4. After consultation with the Lenders and Cushman, the Receiver executed a conditional offer on August 24, 2023 (the “Initial Offer”) from a prospective purchaser. As the purchaser did not waive its conditions, the Initial Offer was terminated and Cushman thereafter had discussions with parties that had previously expressed an interest in the Nao II Real Property.
5. The Receiver advanced negotiations with another interested party; however, the parties were unable to reach an agreement. Cushman thereafter continued to market the Nao II Real Property for sale.
6. The Purchaser (cba as Regency Property) submitted an initial offer on November 2, 2023. The Receiver, in consultation with the Lenders, negotiated the terms of the APS, which was executed on November 29, 2023. Pursuant to the APS, the Purchaser had a deadline of January 10, 2024 to waive its conditions, which it did, subject to a reduction in its purchase price, to which the Lenders agreed. A final amendment to the APS (for the amount of the purchase price only) and a waiver of the Due Diligence Condition was signed on January 17, 2024 (the “Waiver and Amendment”). The only remaining condition at this time is Court approval.

## 7.0 The Transaction<sup>3</sup>

### 7.1 The APS

1. The following section summarizes the APS. A copy of the redacted APS, including the redacted Waiver and Amendment, is attached as Appendix “I”. A copy of the unredacted APS, including the unredacted Waiver and Amendment, is attached as Confidential Appendix “2”. Only the Purchase Price and the amount of the Deposit have been redacted.
2. The key terms and conditions of the APS are provided below.
  - **Purchased Assets**: substantially all of Nao II’s right, title and interest in:
    - a) the Nao II Real Property;
    - b) the Contracts; and

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<sup>3</sup> Capitalized terms in this section have the meaning provided to them in the APS unless otherwise defined herein.

- c) the Permits, the Re-Zoning Application and Consents and Approvals, but only to the extent transferable to the Purchaser or the Purchaser's permitted assignees including any fees and/or deposits paid in connection with the Re-Zoning Application.

The Purchaser acknowledges and agrees that it shall not call upon the Receiver to produce any title deed, abstract of title, survey or other evidence of title that is not within the Receiver's possession or control.

- **Excluded Assets:** all assets, undertaking and property other than the Purchased Assets, including:
  - a) all cash, cash equivalents, accounts receivable and prepaid expenses or deposits of Nao II;
  - b) tax records, books and records and minute books; and
  - c) refundable Taxes applicable to the period prior to the Closing Date.

- **Purchase Price:** For the reasons provided in Section 7.5 of this Report, the Receiver is seeking to have the purchase price sealed pending closing of the Transaction.

The Purchase Price is to be adjusted on closing for standard adjustments for a real estate transaction, including property taxes.

- **Deposit:** A deposit has been paid to the Receiver.
- **Excluded Liabilities:** All liabilities, other than the Permitted Encumbrances.
- **Representations and Warranties:** Consistent with the standard terms of an insolvency transaction, i.e. on an "as is, where is" basis, with limited representations and warranties.
- **Closing Date:** the date that is the later of (i) 10 days following the date on which the AVO is issued by the Court; and (ii) 10 days following the date on which any appeals or motions to set aside or vary the AVO have been finally determined; and (iii) other dates which have passed or will occur prior to the dates set out in (i) and (ii).
- **Material Conditions:** include, among other things:
  - a) there shall be no Claim, litigation or proceedings pending or threatened or order issued by a Governmental Authority against either of the Parties, or involving any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper; and
  - b) the Court shall have issued the AVO.

## 7.2 Purchase of Land from the York Region

1. The Regional Municipality of York (“York”) and Nao II entered into an agreement of purchase and sale dated December 14, 2022, which agreement has been amended three times as described below (the “York Region APS”).
2. Pursuant to the York Region APS, York agreed to sell to Nao II two parcels of land (the “York Property”) with closing to occur on March 31, 2023. The York Property was required to advance Nao II’s development application. A copy of the York Region APS is included as Appendix “J”.
3. On March 13, 2023, York and Nao II entered into an amending agreement (the “First York Region Amendment”) to extend the outside closing date to May 31, 2023, a copy of which amending agreement is included as Appendix “K”.
4. On May 31, 2023, the Receiver entered into a further amending agreement which extended the outside closing date to November 15, 2023 and provided Nao II the right to extend the closing date for up to a further 60 days, on at least 30 days notice to York (the “Second York Region Amendment”).
5. On October 11, 2023, the Receiver provided York with written notice that it was exercising its right to extend the closing date to January 15, 2024 (the “York Notice”). A copy of the Second York Region Amendment and York Notice is included as Appendix “L”.
6. On December 19, 2023, the Receiver and York entered into the Third Amendment to the Agreement of Purchase and Sale (the “Third York Region Amendment”) pursuant to which the closing date was extended to February 29, 2024. A copy of the Third York Region Amendment is included as Appendix “M”.
7. Pursuant to the APS, the Purchaser agreed to assume and take all steps as are necessary to take an assignment from the Receiver of the Receiver’s rights and obligations in connection with the York Region APS, including payment to York Region of the purchase price of \$445,000 for the York Property.

## 7.3 Disclaimer of Pre-Sale Purchase Agreements

1. The APS contemplates that the Purchaser shall provide notice to the Receiver prior to the expiry of the Due Diligence Period (being January 10, 2024) of the Contracts it intends to assume. The Purchaser did not provide the Receiver notice of its intention to assume any Pre-Sale Purchase Agreements.
2. Pursuant to the proposed AVO, the Receiver is seeking the authority to terminate and disclaim all of Nao II’s Pre-Sale Purchase Agreements. The Receiver notes that the vendor on the Pre-Sale Purchase Agreements was Stateview Homes (Nao Towns) Inc. notwithstanding that the agreements were in respect of the Nao II development.
3. The Receiver recommends that the Court approve the Receiver’s authority to terminate and disclaim the Pre-Sale Purchase Agreements as the APS represents the best offer received for the Purchased Assets and the Purchaser is unprepared to assume the Pre-Sale Purchase Agreements.

4. The Receiver intends to serve each of the Pre-Sale Purchasers (or, if applicable, their counsel) with this motion by email. The Receiver will also post a notice on the Receiver's website informing the Pre-Sale Purchasers of the motion and the Receiver's intention to terminate the Pre-Sale Purchase Agreements.
5. Termination of the Pre-Sale Purchase Agreements will allow the Pre-Sale Purchasers to claim deposit refunds from Tarion. The Receiver and its counsel have been contacted by numerous Pre-Sale Purchasers, each of whom is anxious to move forward with their claims to Tarion and receive a refund of their deposits.
6. The Receiver intends to work with Tarion to assist with the deposit claim process for the Pre-Sale Purchasers.

#### **7.4 Transaction Recommendation**

1. The Receiver recommends the Court issue the proposed AVO approving the Transaction for the following reasons:
  - a) the process undertaken by the Receiver, with the assistance of Cushman, to market the Nao II Real Property was commercially reasonable and conducted in accordance with the terms of the Sale Process Order;
  - b) the process undertaken to sell the Nao II Real Property is substantially similar to the process used for the Approved Transactions;
  - c) Cushman has extensive experience selling development properties in and around the Greater Toronto Area and widely canvassed the market for prospective purchasers;
  - d) in Cushman's view, it is unlikely that exposing the Nao II Real Property to the market for additional time will result in a superior transaction;
  - e) the Receiver and Cushman are of the view that the Transaction provides for the greatest recovery available for the benefit of Nao II's stakeholders in the circumstances;
  - f) the Purchaser has paid a material non-refundable deposit and the transaction is unconditional, except for Court approval;
  - g) the Lenders consent to the Transaction;
  - h) approval of the Transaction and the termination of the Pre-Sale Purchase Agreements will allow the Pre-Sale Purchasers to file claims with Tarion to obtain a refund of their deposits; and
  - i) as at the date of this Seventh Report, the Receiver is not aware of any objections to the relief being sought pursuant to the proposed AVO.

## 7.5 Sealing

1. The Receiver recommends that the unredacted copy of the Cushman Report and APS (as amended) be filed with the Court on a confidential basis and remain sealed pending further order of the Court or closing of the Transaction, as making such information publicly available may negatively impact any future sale process for the Purchased Assets if the Transaction is not approved or does not close. In addition, the Cushman Report includes a discussion of the other offers received in the process, including the identity of the bidders and the value of other bids received for the Property, that similarly could adversely impact the future marketability of the Property should the Transaction not close.
2. Sealing this information until the corresponding transactions close or further Order of the Court is necessary to maximize recoveries in these proceedings and maintain the integrity and confidentiality of key information in the Sale Process.
3. In the circumstances, the Receiver believes that the proposed sealing of the Confidential Appendices is appropriate, as the salutary effects of sealing such information from the public record greatly outweigh the deleterious effects of doing so under the circumstances. The Receiver is therefore of the view that the proposed sealing is consistent with the decision in *Sherman Estate v. Donovan*, 2021 SCC 25.

## 8.0 Distributions

1. The Receiver is seeking the Court's authorization and direction to distribute (the "Initial Distribution") the net sale proceeds to the Lenders as partial payment of the balance owing by Nao II to the Lenders, less: (i) the unpaid professional fees described in section 10; and (ii) a holdback of \$100,000 for ongoing professional fees and costs to complete the administration of these proceedings (the "Holdback"), including approximately \$20,000 in respect of out-of-pocket disbursements related to the safeguarding and upkeep of the Nao II Real Property.
2. The Receiver is also seeking the Court's authority to make one or more subsequent distributions to the Lenders of any amounts from the Holdback (in the Receiver's discretion), up to the amount of Nao II's indebtedness to the Lenders.

## 9.0 Receiver's Activities

1. In addition to dealing with the matters addressed above, the Receiver's activities in respect of Nao II include:
  - a) reviewing information provided by the Lenders relating to the Nao II Real Property, including Nao II's development status;
  - b) corresponding with Paliare, the Lenders and Chaitons LLP, counsel to the Lenders, regarding all aspects of this mandate;
  - c) developing and carrying out the Sale Process;
  - d) reviewing and commenting on drafts of the Sale Process materials, including the Teaser, NDA and Offering Memorandum;
  - e) reviewing information uploaded to the VDR;

- f) dealing with Cushman regarding due diligence requests from prospective purchasers;
- g) attending update calls with Cushman and the Lenders regarding the status of the Sale Process;
- h) reviewing the motion materials and related orders;
- i) corresponding with Masters Insurance, Nao II's insurance broker;
- j) corresponding with Nao II's creditors;
- k) corresponding with Canada Revenue Agency regarding Nao II's HST accounts;
- l) dealing with the Tarion litigation;
- m) dealing with Pre-Sale Purchasers;
- n) filing HST returns; and
- o) drafting this Seventh Report and reviewing the motion materials in respect of same.

## 10.0 Professional Fees

1. Where possible, the Receiver and Paliare have allocated their fees to a specific Stateview Group receivership entity when their activities relate to a specific entity. A significant portion of the activities performed by the Receiver and Paliare are of a general nature, and are not specifically allocable to a specific entity, including drafting certain reports to Court and obtaining background information concerning the Stateview Group.
2. The methodology for allocating the general portion of the professional fees, disbursements and costs of the Receiver and its counsel was summarized in the Receiver's third report to Court dated September 7, 2023 and approved by the Court pursuant to an Order dated September 14, 2023, which is provided as Appendix "N" (without attachments). Accordingly, the Receiver and Paliare have allocated such fees, disbursements and costs evenly across each of the Stateview Group receivership entities.
3. The fees of the Receiver since the commencement of the receivership proceeding to January 31, 2024 for Nao II specifically, together with the general fees allocated to Nao II on the basis noted above, total \$97,834.74, excluding disbursements and HST.
4. Paliare's fees for the same period for Nao II specifically and the general fees allocated to Nao II on the basis noted above total \$63,888.50, excluding disbursements and HST.
5. Fee affidavits and accompanying invoices in respect of the fees and disbursements of the Receiver and Paliare for these periods are attached as Appendices "O" and "P", respectively, to this Seventh Report.



6. The average hourly rate for the Receiver for the referenced billing period was \$596.73. The average hourly rate for Paliare was \$828.64.
7. The Receiver is of the view that Paliare's hourly rates are consistent with or lower than the rates charged by other law firms practicing in the area of insolvency in the Toronto market, and that its fees are reasonable and appropriate in the circumstances.

## 11.0 Conclusion

1. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court make orders granting the relief detailed in Section 1.1(1) (d) and (e) of this Seventh Report.

\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
SOLELY IN ITS CAPACITY AS RECEIVER AND MANAGER OF  
STATEVIEW HOMES (NAO TOWNS II)  
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY**

## **Appendix “B”**

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

THE HONOURABLE ) THURSDAY, THE 15<sup>TH</sup>  
 )  
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

**APPROVAL AND VESTING ORDER**

**THIS MOTION**, made by KSV Restructuring Inc., in its capacity as the Court-appointed receiver and manager (in such capacity, the “**Receiver**”), without security, of the assets, undertakings and properties of Stateview Homes (NAO Towns II) Inc. (the “**Debtor**”), for an order, *inter alia*, approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale between the Receiver, as vendor, and 1000707996 Ontario Inc. (the “**Purchaser**”), as purchaser, dated November 29, 2023, and amended on January 17, 2024 (the “**Sale Agreement**”) and vesting in the Purchaser the Purchased Assets (as defined in the Sale Agreement), was heard this day.

**ON READING** the Receiver's Report to the Court and appendices thereto, and on hearing the submissions of counsel for the Receiver and such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Beatrice Loschiavo affirmed February 6, 2024, filed,

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as **Schedule A** hereto (the "**Receiver's Certificate**"), all of the Purchased Assets described in the Sale Agreement, including, without limitation, all of the Debtor's right, title and interest in and to the real property listed on **Schedule "B"** hereto (the "**Real Property**"), shall vest absolutely in the Purchaser, free and clear of and from any and 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 (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of The Honourable Justice Steele made on May 2, 2023; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property*

*Security Act* (Ontario) or any other personal property registry system; (iii) any legal, equitable or other claims that any person had, has, or may in the future have, against the Real Property in connection with or arising from any agreements of purchase and sale (“**Buyer Agreements**”) entered into by the Debtor including any right to compel the closing of the transactions contemplated in the Buyer Agreements or any of them, and (iv) those Claims listed on **Schedule “C”** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule “D”**) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the appropriate Land Titles Division of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject Real Property identified in **Schedule “B”** hereto in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in **Schedule “C”** hereto.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. **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 applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor,

the vesting of the Purchased Assets in the Purchaser pursuant to this Order 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 any 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 it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, 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 agents in carrying out the terms of this Order.

8. **THIS COURT ORDERS** that this Order is effective from today's date and is enforceable without the need for entry and filing.



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Justice Black

**Schedule “A” (AVO) – Form of Receiver’s Certificate**

Court File No. CV-23-00698395-00CL

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

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

**IN THE MATTER OF AN APPLICATION UNDER SUBSECTION 243(1) OF THE  
*BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND  
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

**RECEIVER’S CERTIFICATE**

**WHEREAS** pursuant to an Order of The Honourable Justice Steele of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made on May 2, 2023, KSV Restructuring Inc. was appointed as receiver and manager (in such capacity, the “**Receiver**”), without security, of the assets, undertakings and properties of Stateview Homes (NAO Towns II) Inc. (the “**Debtor**”).

**AND WHEREAS** pursuant to an Order of the Court dated February 15, 2024, the Court approved the agreement of purchase and sale between the Receiver, as vendor, and 1000707996 Ontario Inc. (the “**Purchaser**”), as purchaser, dated November 29, 2023, and amended on January 17, 2024 (the “**Sale Agreement**”), and provided for the vesting in the Purchaser of the Purchased Assets (as



defined in the Sale Agreement), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the purchase price for the Purchased Assets; (ii) that the conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

**AND WHEREAS** unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

**NOW THEREFORE THE RECEIVER CERTIFIES** the following:

1. The Purchaser has paid and the Receiver has received the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement;
2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser;
3. The Transaction has been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at \_\_\_\_\_[TIME] on \_\_\_\_\_[DATE].

**KSV RESTRUCTURING INC.**, solely in its capacity as the Court-appointed receiver and manager of the Debtor, and not in its personal capacity or in any other capacity

Per:

\_\_\_\_\_  
Name: Bobby Kofman

Title: Licensed Insolvency Trustee

**Schedule “B” (AVO) – Real Property**

Legal Description: PT LT 6, CON 6, AS IN R640261; MARKHAM

PIN: 02962 — 0270 LT

Municipal Address: 7810 MCCOWAN ROAD, MARKHAM, ONTARIO

Legal Description: PT LT 6, CON 6, AS IN MA69140; MARKHAM

PIN: 02962 — 0271 LT

Municipal Address: 7822 MCCOWAN ROAD, MARKHAM, ONTARIO

Legal Description: PT LT 6, CON 6, PART 1, 2, 65R17687

PIN: 02962 — 0272 LT

Municipal Address: 7834 MCCOWAN ROAD, MARKHAM, ONTARIO

Legal Description: PT LT 6, CON 6, AS IN R491185; T/W MA54373

PIN: 02962 — 0273 LT

Municipal Address: 7846 MCCOWAN ROAD, MARKHAM, ONTARIO

**Schedule “C” (AVO) – Instruments to Be Deleted from Title**

**PIN 02692-0270 (LT)**

<b>Reg. No.</b>	<b>Date</b>	<b>Instrument Type</b>	<b>Amount</b>	<b>Parties From</b>	<b>Parties To</b>
YR3428361	2022/05/20	Transfer	\$17,200,000	10616389 Canada Limited	Stateview Homes (NAO Towns II) Inc.
YR3428362	2022/05/20	Charge	\$23,240,000	Stateview Homes (NAO Towns II) Inc.	Dorr Capital Corporation, Atrium Mortgage Investment Corporation
YR3428363	2022/05/20	No Assgn Rent Gen		Stateview Homes (NAO Towns II) Inc.	Dorr Capital Corporation, Atrium Mortgage Investment Corporation
YR3509408	2022/12/16	Charge	\$20,850,000	Stateview Homes (NAO Towns II) Inc.	Bergo Investment Limited, MCO Management Inc., Karamitsos, Tony
YR3539464	2023/04/06	Charge	\$37,134,091	Stateview Homes (NAO Towns II) Inc.	The Toronto-Dominion Bank
YR3548858	2023/05/05	Construction Lien	\$68,368	GEI Consultants Ltd.	
YR3553305	2023/05/18	APL Court Order		Ontario Superior Court of Justice	KSV Restructuring Inc.
YR3568810	2023/06/30	Certificate		GEI Consultants Ltd.	

**PIN 02962-0271 (LT)**

<b>Reg. No.</b>	<b>Date</b>	<b>Instrument Type</b>	<b>Amount</b>	<b>Parties From</b>	<b>Parties To</b>
YR3428360	2022/05/20	Transfer	\$12,300,000	Weycliffe International Development Inc.	Stateview Homes (NAO Towns II) Inc.
YR3428362	2022/05/20	Charge	\$23,240,000	Stateview Homes (NAO Towns II) Inc.	Dorr Capital Corporation, Atrium Mortgage Investment Corporation
YR3428363	2022/05/20	No Assgn Rent Gen		Stateview Homes (NAO Towns II) Inc.	Dorr Capital Corporation, Atrium Mortgage Investment Corporation
YR3509408	2022/12/16	Charge	\$20,850,000	Stateview Homes (NAO Towns II) Inc.	Bergo Investment Limited, MCO Management Inc., Karamitsos, Tony
YR3539464	2023/04/06	Charge	\$37,134,091	Stateview Homes (NAO Towns II) Inc.	The Toronto-Dominion Bank
YR3548858	2023/05/05	Construction Lien	\$68,368	GEI Consultants Ltd.	
YR3553305	2023/05/18	APL Court Order		Ontario Superior Court of Justice	KSV Restructuring Inc.
YR3568810	2023/06/30	Certificate		GEI Consultants Ltd.	

**PIN 02962-0272 (LT)**

<b>Reg. No.</b>	<b>Date</b>	<b>Instrument Type</b>	<b>Amount</b>	<b>Parties From</b>	<b>Parties To</b>
YR3428360	2022/05/20	Transfer	\$12,300,000	Weycliffe International Development Inc.	Stateview Homes (NAO Towns II) Inc.
YR3428362	2022/05/20	Charge	\$23,240,000	Stateview Homes (NAO Towns II) Inc.	Dorr Capital Corporation, Atrium Mortgage Investment Corporation
YR3428363	2022/05/20	No Assgn Rent Gen		Stateview Homes (NAO Towns II) Inc.	Dorr Capital Corporation, Atrium Mortgage Investment Corporation
YR3509408	2022/12/16	Charge	\$20,850,000	Stateview Homes (NAO Towns II) Inc.	Bergo Investment Limited, MCO Management Inc., Karamitsos, Tony
YR3539464	2023/04/06	Charge	\$37,134,091	Stateview Homes (NAO Towns II) Inc.	The Toronto-Dominion Bank
YR3548858	2023/05/05	Construction Lien	\$68,368	GEI Consultants Ltd.	
YR3553305	2023/05/18	APL Court Order		Ontario Superior Court of Justice	KSV Restructuring Inc.
YR3568810	2023/06/30	Certificate		GEI Consultants Ltd.	

**PIN 02962-0273 (LT)**

<b>Reg. No.</b>	<b>Date</b>	<b>Instrument Type</b>	<b>Amount</b>	<b>Parties From</b>	<b>Parties To</b>
YR3428360	2022/05/20	Transfer	\$12,300,000	Weycliffe International Development Inc.	Stateview Homes (NAO Towns II) Inc.
YR3428362	2022/05/20	Charge	\$23,240,000	Stateview Homes (NAO Towns II) Inc.	Dorr Capital Corporation, Atrium Mortgage Investment Corporation
YR3428363	2022/05/20	No Assgn Rent Gen		Stateview Homes (NAO Towns II) Inc.	Dorr Capital Corporation, Atrium Mortgage Investment Corporation
YR3509408	2022/12/16	Charge	\$20,850,000	Stateview Homes (NAO Towns II) Inc.	Bergo Investment Limited, MCO Management Inc., Karamitsos, Tony
YR3539464	2023/04/06	Charge	\$37,134,091	Stateview Homes (NAO Towns II) Inc.	The Toronto-Dominion Bank
YR3548858	2023/05/05	Construction Lien	\$68,368	GEI Consultants Ltd.	
YR3553305	2023/05/18	APL Court Order		Ontario Superior Court of Justice	KSV Restructuring Inc.
YR3568810	2023/06/30	Certificate		GEI Consultants Ltd.	

**Schedule "D" (AVO) – Permitted Encumbrances**

**PIN 02962-0270 (LT)**

<b>Reg. No.</b>	<b>Date</b>	<b>Instrument Type</b>	<b>Amount</b>	<b>Parties From</b>	<b>Parties To</b>
YR686377	2005/08/18	Notice		Her Majesty The Queen in Right of Canada as represented by The Minister of Transport	

**PIN 02962-0271 (LT)**

<b>Reg. No.</b>	<b>Date</b>	<b>Instrument Type</b>	<b>Amount</b>	<b>Parties From</b>	<b>Parties To</b>
YR686377	2005/08/18	Notice		Her Majesty The Queen in Right of Canada as represented by The Minister of Transport	

**PIN 02962-0272 (LT)**

<b>Reg. No.</b>	<b>Date</b>	<b>Instrument Type</b>	<b>Amount</b>	<b>Parties From</b>	<b>Parties To</b>
YR686377	2005/08/18	Notice		Her Majesty The Queen in Right of Canada as represented by The Minister of Transport	

**PIN 02962-0273 (LT)**

<b>Reg. No.</b>	<b>Date</b>	<b>Instrument Type</b>	<b>Amount</b>	<b>Parties From</b>	<b>Parties To</b>
YR686377	2005/08/18	Notice		Her Majesty The Queen in Right of Canada as represented by The Minister of Transport	

**ATRIUM MORTGAGE INVESTMENT CORP. et al.**

**STATEVIEW HOMES (NAO TOWNS II) INC. et al.**

-and-

Plaintiffs

Defendants

Court File No. CV-23-00698395-00CL

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

**Proceedings commenced at Toronto**

**APPROVAL AND VESTING ORDER**

**PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**  
155 Wellington Street West, 35<sup>th</sup> Floor  
Toronto, ON M5V 3H1

**Jeffrey Larry (LSO #44608D)**  
Tel: 416.646.4330  
jeff.larry@paliareroland.com

**Daniel Rosenbluth (LSO #71044U)**  
Tel: 416.646.6307  
daniel.rosenbluth@paliareroland.com

*Lawyers for the Receiver*





## **Appendix “C”**

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

THE HONOURABLE ) THURSDAY, THE 15<sup>TH</sup>  
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 -and-  
al.**  
Plaintiffs

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

Defendants

**ONTARIO**

**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

**ORDER**

**PALIARE ROLAND ROSENBERG ROTHSTEIN LLP**

155 Wellington Street West  
35th Floor  
Toronto, ON M5V 3H1  
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daniel.rosenbluth@paliareroland.com

Lawyers for the Receiver

## **Appendix “D”**



SUPERIOR COURT OF JUSTICE

**COUNSEL SLIP**

COURT FILE NO.: CV-23-00698395-00CL

DATE: Thurs. Feb. 15<sup>th</sup>, 2024

REGISTRAR: Debbie DaCosta

NO. ON LIST: 1@10am

TITLE OF PROCEEDING: **ATRIUM MORTGAGE INVESTMENT  
CORPORATION ET. AL. v STATEVIEW HOMES (NAO TOWNS  
II) INC. ET. AL.**

BEFORE Justice: **Black**

**PARTICIPANT INFORMATION**

**For Plaintiff, Applicant, Moving Party, Crown:**

Name of Person Appearing	Name of Party	Contact Info
David Sterns	For Class Action Plaintiff's	dsterns@sotos.ca
Denna Jalili	For Class Action Plaintiff's	Djalili@sotos.ca
George Benchetrit	For Atrium (Plaintiff's)	george@chaitons.com

**For Defendant, Respondent, Responding Party, Defence:**

Name of Person Appearing	Name of Party	Contact Info
Bobby Kofman	KSV	bkofman@ksvadvisory.com
Jordan Wong	KSV	jwong@ksvadvisory.com
Charles Haworth	CSL for GEI Consultants Lien Claimant	chaworth@rhlawoffices.com

**For Other, Self-Represented:**

Name of Person Appearing	Name of Party	Contact Info
Daniel Rosenbluth	Counsel For Receiver	daniel.rosenbluth@paliareroland.com
Jeff Larry	Counsel for Receiver	jeff.larry@paliareroland.com

Adam Slavens for Tarion Warranty	Counsel for Tarion Warranty	aslavens@torys.com
Wojtek Jaskiewicz		
Tony Ciccone	Purchaser NAO II	tciccone@rogers.com

---

**ENDORSEMENT OF JUSTICE:**

- [1] This matter was scheduled before me for consideration and approval of the Receiver’s Seventh Report, for an Approval and Vesting Order relative to an agreement of purchase and sale between the Receiver, as vendor, and 1000707996 Ontario Inc. as purchaser (the “Agreement”), and for various related relief, including a sealing Order with respect to confidential appendices to the Receiver’s Seventh Report, and approval of the Receiver’s fees and that of its counsel.
- [2] Late in the afternoon of the day before the motion was heard, I received materials from counsel on behalf of a putative class of homebuyers (the “Class”) in a class action against the directors and officers of the Stateview corporations.
- [3] The materials consisted of the Class’ cross-motion record, and a factum in support of that motion. In simple terms, the Class claims a trust-based priority over certain funds advanced by homebuyers by way of deposits.
- [4] In its materials in support of the relief sought before me today, the Receiver had referred to and described the Class and its position, and had advised that, in the Receiver’s view, the claims asserted by the Class are materially identical to claims asserted by Tarion Warranty Corporation (“Tarion”), which claims were dismissed by Steele J. on December 22, 2023 (the “Tarion Decision”). As a result, the Receiver in its factum described the purported trust claims by the Class as “meritless”, and that therefore there is “no basis to delay the proposed distributions on account of the trust claims asserted in the Proposed Class Action.”
- [5] In fairness, the Receiver in its factum does not fully engage with all of the arguments set out in the factum on behalf of the Class, including for example arguments about trusts arising under the *Condominium Act*, and about the appropriate treatment of deposits relative to common areas.
- [6] That is presumably because the Receiver, like the Court, did not receive the Class’ materials until the afternoon before the motion.
- [7] In the result, the arguments advanced by the Class go beyond, and more in depth, than what the Receiver anticipated (or could have anticipated) in its factum.
- [8] In the circumstances, in my view, a fuller record or at least fulsome arguments on both sides is required, and so we discussed a way of dealing with the Class’ cross-motion on an expedited basis.
- [9] There was some passing debate about whether or not the issues raised in the Class’ factum, and in particular the question of whether or not its positions on the issues are foreclosed by the Tarion Decision, is properly described as a “threshold issue”. In my view the nomenclature is not significant, and I confirm that there is no intent to formally bifurcate. The idea is to address the Class’ positions, and the result will have an impact on next steps in the receivership.

- [10] In terms of the schedule, we have agreed on a date for the return of the (cross)motion for half a day on March 5, 2024. The hearing will be in person.
- [11] In the meantime, the Receiver's counsel will advise by Tuesday February 20, 2024, whether or not the Receiver will file any responding materials (to the Class' cross-motion) and, if so, will deliver any such materials by Friday, February 23, 2024. If the Class wishes to file reply materials, it is to do so by February 28, 2024. The Receiver will file its factum by March 1, 2024. If there are any procedural concerns arising, I may be reached via my judicial assistant (lorie.waltenbury@ontario.ca) or, since Ms. Waltenbury will be away in the near term, via Roxanne.johnson@ontario.ca). If there are any such concerns, we can convene a conference (via Zoom) early in a day.
- [12] I am also granting the approval and vesting Order sought by the Receiver relative to the agreement of purchase and sale referred to above, the sealing Order, and the Ancillary Orders, with the proviso that, to account for the value of the claim that the putative class asserts should be held back from the proceeds of sale pursuant to the Agreement, an additional hold-back of \$1,523,000.00 should be included.
- [13] Subject to that additional hold-back there is no opposition to the relief sought by the Receiver, and no basis not to grant that Relief.
- [14] Accordingly, subject to the minor revisions discussed (and now incorporated by the Receiver within the Orders), Orders are to issue as sought by the Receiver.

A handwritten signature in blue ink, appearing to read 'W.D. Black J.', enclosed within a thin black rectangular border.

W.D. Black J.

## **Appendix “E”**

# STATEVIEW HOMES

*Don't just buy a house. Buy a lifestyle.*



DocuSign Envelope ID: 8B2A4097-0646-45CA-8CED-83D431CD38B1

- 2 CAR TOWNS (20')
- 3 CAR TOWNS (25')
- SINGLE CAR TOWNS (20')
- SINGLE CAR TOWNS (25')
- PHASE



SITE PLAN

# N/A/O

PHASE II  
MIXED TOWNS

SCHEDULE 'S' II

PURCHASER INITIALS:



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## **Appendix “F”**

# Paliare Roland

Jeffrey Larry  
Paliare Roland Rosenberg Rothstein LLP  
155 Wellington St. West, 35<sup>th</sup> Floor  
Toronto, ON M5V 3H1

jeff.larry@paliareroland.com  
T. 416.646.4330 / F. 416.646.4301

File #

February 16, 2024

**VIA EMAIL**

## **Sotos LLP**

180 Dundas St. West, Suite 1200  
Toronto, ON  
M5G 1Z8

**Attn: David Sterns and Denna Jalili**

Dear Mr. Sterns and Mr. Jalili:

**Re: Stateview Homes (NAO Towns II) Inc. (“NAO II”) – Dharmi Meta**

In anticipation of delivering a response to your client’s motion record, the Receiver has made further inquiry into the details of the NAO II deposits.

In this regard, we attach on a confidential basis a spreadsheet with full particulars of the home buyers’ deposits on NAO II. The Receiver intends to include this spreadsheet (and, likely, additional evidence) in a further report.

You will see at column G of the spreadsheet that the Receiver calculates that the aggregate exposure to the home buyers in excess of the Tarion coverage is only \$37,161.95.<sup>1</sup> In other words, on the expectation that each class member will recover their full entitlement from Tarion, the total maximum claim of the proposed class members in respect of NAO II is \$37,161.95.

In the circumstances, the Receiver believes that there is no basis whatsoever to continue to incur time and expense on this motion. Therefore, the Receiver makes the following offer on a with prejudice basis:

1. payment to the sub-class of NAO II home buyers of \$5,000 subject to court approval; and
2. dismissal of the claims of the sub-class of NAO II home buyers on a without costs basis.

---

<sup>1</sup> In calculating this amount, the Receiver notes that Tarion’s coverage is 10% of the value of the freehold unit up to a maximum of \$100,000. Accordingly, the only potential claims beyond the Tarion coverage are for: (i) homebuyers who made deposits of greater than \$100,000 (of which Jennifer Sitt is the only one); and (ii) homebuyers who made a deposit in excess of 10% of the price of their homes. As an example of this latter category, if the purchase price was \$950,000, a homebuyer would have coverage of \$95,000 (\$950,000 x 10%) from Tarion; if that purchaser made a deposit of \$100,000, there would be \$5,000 of exposure for the homebuyer beyond the Tarion coverage (\$100,000 - \$95,000).

# Paliare Roland

This offer is open for acceptance until Tuesday February 20, 2024 at 10 am, after which the Receiver will be seeking its costs of this motion.

We look forward to hearing from you promptly.

Yours very truly,  
PALIARE ROLAND ROSENBERG ROTHSTEIN LLP

A handwritten signature in blue ink, appearing to read "JL", is positioned above the typed name of Jeffrey Larry.

Jeffrey Larry  
JL:bl

- c. B. Kofman/J. Wong  
D. Rosenbluth

PROJECT	LOT	MODEL	AGREEMENT ACCEPTED	CLOSING DATE (UNAVOIDABLE DELAY)	ACTUAL PURCHASE PRICE WITH PREMIUM	Purchaser Deposit Exposure (In Excess of Taron's Coverage)	DEPOSIT REQUIRED	EXTRA DEPOSITS PAID	TOTAL DEPOSIT RECEIVED
NAO Towns (Phase 2)	97	Vela	February 10, 2021	March 11, 2024	\$998,490.50	(\$150.95)	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	98	Orion	February 5, 2021	March 11, 2024	\$1,034,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	99	Orion	February 7, 2021	March 11, 2024	\$1,039,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	100	Orion	February 5, 2021	March 11, 2024	\$1,029,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	101	Orion	February 7, 2021	March 11, 2024	\$1,029,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	102	Pavo	February 6, 2021	March 11, 2024	\$1,120,000.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	103	Pavo	February 5, 2021	March 11, 2024	\$1,029,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	104	Orion	February 7, 2021	March 11, 2024	\$1,060,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	105	Orion	February 5, 2021	March 11, 2024	\$1,019,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	106	Orion	February 4, 2021	March 11, 2024	\$1,019,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	107	Orion	February 7, 2021	March 11, 2024	\$1,041,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	108	Orion	February 5, 2021	March 11, 2024	\$1,009,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	109	Pavo	February 5, 2021	March 11, 2024	\$1,029,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	110	Pavo	February 7, 2021	March 11, 2024	\$1,130,000.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	111	Orion	February 7, 2021	March 11, 2024	\$1,074,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	112	Orion	February 5, 2021	March 11, 2024	\$1,019,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	113	Orion	February 6, 2021	March 11, 2024	\$1,009,000.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	114	Orion	February 7, 2021	March 11, 2024	\$1,009,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	115	Vela	March 16, 2021	March 11, 2024	\$978,990.00	(\$2,101.00)	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	116	Dorado	February 5, 2021	March 11, 2024	\$1,039,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	117	Aquila	February 6, 2021	March 11, 2024	\$1,019,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	118	Aquila	February 6, 2021	March 11, 2024	\$1,019,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	119	Aquila	February 7, 2021	March 11, 2024	\$1,039,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	120	Dorado	February 7, 2021	March 11, 2024	\$1,069,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	121	Dorado	February 6, 2021	March 11, 2024	\$1,049,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	122	Aquila	February 7, 2021	March 11, 2024	\$1,039,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	123	Aquila	February 4, 2021	March 11, 2024	\$1,049,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	124	Aquila	February 4, 2021	March 11, 2024	\$1,049,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	125	Dorado	February 19, 2021	March 11, 2024	\$1,039,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	126	Dorado	February 7, 2021	March 11, 2024	\$1,125,000.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	127	Aquila	February 8, 2021	March 11, 2024	\$1,039,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	128	Aquila	February 6, 2021	March 11, 2024	\$1,074,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	129	Aquila	February 5, 2021	March 11, 2024	\$1,099,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	130	Dorado	February 8, 2021	March 11, 2024	\$1,119,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	131	Dorado	February 6, 2021	March 11, 2024	\$1,069,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	132	Aquila	February 5, 2021	March 11, 2024	\$1,059,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	133	Aquila	February 4, 2021	March 11, 2024	\$1,039,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	134	Aquila	August 19, 2021	March 11, 2024	\$1,039,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	135	Dorado	February 8, 2021	March 11, 2024	\$1,129,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	136	Dorado	February 6, 2021	March 11, 2024	\$1,104,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	137	Aquila	February 4, 2021	March 11, 2024	\$1,089,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	138	Aquila	February 7, 2021	March 11, 2024	\$1,049,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	139	Aquila	March 29, 2022	March 11, 2024	\$1,079,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	140	Dorado	February 7, 2021	March 11, 2024	\$1,079,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	141	Dorado	February 6, 2021	March 11, 2024	\$1,089,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	142	Aquila	February 7, 2021	March 11, 2024	\$1,089,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	143	Aquila	February 6, 2021	March 11, 2024	\$1,104,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	144	Aquila	February 6, 2021	March 11, 2024	\$1,049,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	145	Dorado	February 3, 2021	March 11, 2024	\$1,108,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	146	Dorado	February 7, 2021	March 11, 2024	\$1,135,000.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	147	Aquila	February 7, 2021	March 11, 2024	\$1,084,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	148	Aquila	February 7, 2021	March 11, 2024	\$1,125,000.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	149	Aquila	February 5, 2021	March 11, 2024	\$1,094,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	150	Aquila	February 5, 2021	March 11, 2024	\$1,104,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	151	Dorado	February 5, 2021	March 11, 2024	\$1,104,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	152	Aquila	February 7, 2021	March 11, 2024	\$1,134,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	153	Aquila	February 5, 2021	March 11, 2024	\$1,084,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	154	Aquila	February 3, 2021	March 11, 2024	\$1,125,800.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	155	Dorado	February 6, 2021	March 11, 2024	\$1,130,000.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	156	Dorado	February 7, 2021	March 11, 2024	\$989,990.00	(\$1,001.00)	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	157	Aquila	February 6, 2021	March 11, 2024	\$1,020,990.00	(\$16,950.00)	\$ 100,000.00	\$ 16,950.00	\$ 116,950.00
NAO Towns (Phase 2)	158	Aquila	February 6, 2021	March 11, 2024	\$1,030,000.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	159	Aquila	February 6, 2021	March 11, 2024	\$969,990.00	(\$3,001.00)	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	160	Aquila	February 4, 2021	March 11, 2024	\$978,490.00	(\$2,151.00)	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	161	Dorado	February 8, 2021	March 11, 2024	\$1,063,000.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	162	Dorado	February 6, 2021	March 11, 2024	\$1,058,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	163	Aquila	February 5, 2021	March 11, 2024	\$969,990.00	(\$3,001.00)	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	164	Aquila	February 8, 2021	March 11, 2024	\$999,990.00	(\$1.00)	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	165	Aquila	February 8, 2021	March 11, 2024	\$1,005,000.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	166	Dorado	February 5, 2021	March 11, 2024	\$979,990.00	(\$2,001.00)	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	167	Dordo	February 8, 2021	March 11, 2024	\$999,990.00	(\$1.00)	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	168	Aquila	February 6, 2021	March 11, 2024	\$999,990.00	(\$1.00)	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	169	Aquila	February 5, 2021	March 11, 2024	\$1,009,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	170	Aquila	February 7, 2021	March 11, 2024	\$1,039,990.00	\$0.00	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	171	Aquila	February 8, 2021	March 11, 2024	\$999,990.00	(\$1.00)	\$ 100,000.00		\$ 100,000.00
NAO Towns (Phase 2)	172	Dorado	February 12, 2021	March 11, 2024	\$931,990.00	(\$6,801.00)	\$ 100,000.00		\$ 100,000.00
					<b>\$79,933,050.50</b>	<b>(\$37,161.95)</b>			<b>\$7,616,950.00</b>

## **Appendix “G”**

## NOTICE OF TERMINATION AND DISCLAIMER

February ●, 2024

TO: [Name]  
[Email]

Reference is made to the Agreement of Purchase and Sale between ●, as purchaser and Stateview Homes (Nao Towns II) Inc., as vendor, dated on or around ●, as may be amended, supplemented, modified or restated (the “**APS**”).

Reference is also made to the Ancillary Relief Order granted on February 15, 2024 by the Ontario Superior Court of Justice (Commercial List) in Court File No. CV- 23-00698395-00CL (the “**Ancillary Relief Order**”).

In accordance with paragraph 7 of the Ancillary Relief Order, KSV Restructuring Inc., in its capacity as court-appointed receiver and manager of Stateview Homes (Nao Towns II) Inc. and not in its personal or corporate capacities, hereby terminates and disclaims the APS effective as of the date hereof.

**KSV RESTRUCTURING INC.**, in its capacity as court-appointed receiver and manager, of Stateview Homes (Nao Towns II) Inc., and not in its personal or corporate capacities.

Per: \_\_\_\_\_  
Name: Robert Kofman  
Title: President and Managing Director