

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

BETWEEN:

KINGSETT MORTGAGE CORPORATION AND DORR CAPITAL CORPORATION

Applicants

- and -

**STATEVIEW HOMES (MINU TOWNS) INC., STATEVIEW HOMES (NAO TOWNS)
INC., STATEVIEW HOMES (ON THE MARK) INC., TLSFD TAURASI HOLDINGS
CORP. AND STATEVIEW HOMES (HIGH CROWN ESTATES) INC.**

Respondents

**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**

**MOTION RECORD
(Returnable September 14, 2023)**

September 7, 2023

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Lawyers for KingSett Mortgage
Corporation

TO: THE SERVICE LIST

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TAB 1

**ONTARIO
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SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

**Notice of Motion
(Returnable September 14, 2023)**

KingSett Mortgage Corporation ("**KingSett**") will make a motion before an Honourable Justice of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") on September 14, 2023 at 10:00 a.m. or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard:

- In writing under subrule 37.12.1(1).
- In writing as an opposed motion under subrule 37.12.1(4).
- In person.
- By telephone conference.
- By video conference.

At a Zoom link to be provided by the Court in advance of the motion.

THE MOTION IS FOR:

1. An order (the "**On the Mark Bankruptcy Order**") substantially in the form of the draft order attached at Tab 3 of KingSett's Motion Record, *inter alia*:
 - (a) authorizing and directing the Receiver (as defined below) to assign Stateview Homes (On the Mark) Inc. ("**On the Mark**") into bankruptcy;
 - (b) authorizing and empowering KSV Restructuring Inc. ("**KSV**") to act as trustee in bankruptcy of On the Mark (in such capacity, the "**Trustee**"); and
 - (c) authorizing and empowering the Receiver to fund the costs of administering the bankruptcy estate of On the Mark , including the fess and the disbursements of the Trustee and its counsel, from the Property (as defined in the Receivership Order (as defined below)) of On the Mark.

2. Such further and other relief as counsel may request and the Court deems just.

THE GROUNDS FOR THE MOTION ARE:

Background

3. On May 2, 2023, pursuant to an order of the Court, KSV was appointed receiver (in such capacity, the "**Receiver**") of the property, assets and undertaking, including the real property, owned by Stateview Homes (Nao Towns) Inc., Stateview Homes (Minu Towns) Inc., Stateview Homes (High Crown Estates) Inc., On the Mark and TLSFD Taurasi Holdings Corp.

4. Pursuant to three additional orders granted by the Court on May 2, 2023 and an order granted by the Court on May 18, 2023, KSV was also appointed Receiver of certain other companies within the Stateview Homes group of companies (the "**Stateview Group**").

5. On June 5, 2023, pursuant to a series of orders issued by the Court, the Receiver was authorized to conduct a sale process for the properties of each of the entities in the Stateview Group subject to the receivership orders, with the exception of On the Mark.

6. On July 19, 2023, the Court granted an order, among other things:

(a) authorizing and empowering the Receiver, *nunc pro tunc*, to enter into the asset purchase agreement between the Receiver and 2077060 Ontario Inc. dated June 30, 2023 (the "**Stalking Horse Purchase Agreement**"); and

(b) approving a sale process (the "**OTM Sale Process**") in respect of On the Mark's right, title and interest, in and to the property and assets of On the Mark located at or related to or used in connection with or arising from or out of the On the Mark Real Property (as defined in the Stalking Horse Purchase Agreement).

On the Mark Indebtedness Owing to KingSett¹

7. On the Mark is indebted to KingSett pursuant to the On the Mark First Mortgage Commitment Letter and the On the Mark Second Mortgage Commitment Letter (together, the "**On the Mark Commitment Letters**"). As at August 31, 2023, KingSett was owed

¹ Terms used in this section but not otherwise defined herein have the meanings ascribed to them in the Affidavit of Daniel Pollack sworn April 26, 2023.

approximately \$19.6 million, plus accruing interest and costs (the "**On the Mark Indebtedness**").

8. The On the Mark Commitment Letters and underlying On the Mark Indebtedness are secured by, among other things, the On the Mark First Mortgage Security and the On the Mark Second Mortgage Security.

OTM Sale Process

9. The Receiver conducted the OTM Sale Process in accordance with the terms set forth in the OTM Sale Process Order. In summary:

- (a) 52 parties were sent the Teaser and the NDA;
- (b) seven (7) parties executed the NDA and were provided access to the VDR to perform additional due diligence; and
- (c) no Qualified Bids were received prior to the Bid Deadline (being August 9, 2023).

10. As previously noted, the OTM Sale Process Order also approved the Stalking Horse Purchase Agreement for the purpose of acting as a stalking horse. Given that no Qualified Bids were received by the Bid Deadline, the Stalking Horse Purchase Agreement was declared as the Successful Bid at the conclusion of the OTM Sale Process.

11. The net proceeds to be paid pursuant to the Stalking Horse Purchase Agreement will be insufficient to repay KingSett in full in respect of the On the Mark Indebtedness. To that end, KingSett is poised to suffer a shortfall of upwards of approximately \$3.5 million.

On the Mark's Indebtedness to the CRA

12. On the Mark is indebted to the Canadian Revenue Agency in the amount of approximately \$4 million in respect of unremitted HST on the sales of the first 38 homes sold by On the Mark.

13. KingSett was not involved and was at all times unaware that On the Mark was not remitting HST. KingSett did not participate in, nor did it benefit from, that decision as the unremitted amounts were not distributed to KingSett.

14. KingSett is seeking to authorize and direct KSV to bankrupt On the Mark to reverse CRA's deemed trust in order to avoid an additional loss to KingSett of \$4 million.

Other Grounds

- (a) Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
- (b) sections 243 and 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
- (c) Rules 1.04, 1.05, 2.01, 2.03, 3.02, 14.05, 17.02, 38, and 39 of the *Rules for Civil Procedure*, R.R.O. 1990, Reg. 194; and
- (d) such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

- (a) the Affidavit of Daniel Pollack sworn September 5, 2023, and the exhibits attached thereto;
- (b) the Third Report of the Receiver dated September 7, 2023, and the appendices attached thereto;
- (c) the Factum of KingSett dated September 7, 2023; and
- (d) such further and other material as counsel may advise and the Court may permit.

September 7, 2023

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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

**KINGSETT MORTGAGE CORPORATION
AND DORR CAPITAL CORPORATION**

and

STATEVIEW HOMES (MINU TOWNS) INC., STATEVIEW HOMES (NAO TOWNS) INC., STATEVIEW HOMES (ON THE MARK) INC., TLSFD TAURASI HOLDINGS CORP. AND STATEVIEW HOMES (HIGH CROWN ESTATES) INC.

Applicants

Respondents

Court File No.: CV-23-00698576-00CL

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

Proceedings commenced in Toronto

NOTICE OF MOTION

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Lawyers for KingSett Mortgage Corporation

TAB 2

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

BETWEEN:

KINGSETT MORTGAGE CORPORATION AND DORR CAPITAL CORPORATION

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- and -

**STATEVIEW HOMES (MINU TOWNS) INC., STATEVIEW HOMES (NAO TOWNS)
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SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED***

**AFFIDAVIT OF DANIEL POLLACK
(Sworn September 5, 2023)**

I, **DANIEL POLLACK**, of the City of Toronto, in the Province of Ontario, **MAKE
OATH AND SAY:**

1. I am a Senior Director, Special Loans and Portfolio Management, of KingSett Mortgage Corporation ("**KingSett**"). I have responsibility for matters pertaining to the borrowings of Stateview Homes (Minu Towns) Inc. ("**Minu**"), Stateview Homes (Nao Towns) Inc. ("**Nao**"), Stateview Homes (On the Mark) Inc. ("**On the Mark**") and TLSFD Taurasi Holdings Corp. ("**Taurasi Holdings**", and together with Minu, Nao, and On the Mark, the "**KingSett Debtors**", and each a "**KingSett Debtor**") from KingSett. Additionally, I have responsibility for matters pertaining to the second lien borrowings of Stateview Homes (High Crown Estates) Inc. ("**High**

Crown", and together with the KingSett Debtors, the "**Debtors**" and each a "**Debtor**"), a loan for which KingSett has all the beneficial economic interest and is serviced by Dorr Capital Corporation. As such, I have personal knowledge of the matters to which I depose in this affidavit, unless otherwise indicated. Where I have relied on other sources for information, I have so stated and I believe them to be true.

2. I swear this affidavit in support of a motion by KingSett for an order (the "**On the Mark Bankruptcy Order**"), among other things:

- (a) authorizing and directing the Receiver (as defined below) to assign On the Mark into bankruptcy;
- (b) authorizing and empowering KSV to act as trustee in bankruptcy of On the Mark (in such capacity, the "**Trustee**"); and
- (c) authorizing and empowering the Receiver to fund the costs of administering the bankruptcy estate of On the Mark , including the fess and the disbursements of the Trustee and its counsel, from the Property (as defined in the Receivership Order (as defined below)) of On the Mark.

3. Terms used but not otherwise defined herein have the meanings ascribed to them in the Receiver's Third Report to Court dated September 5, 2023 (the "**Third Report**").

I. BACKGROUND

4. On May 2, 2023, pursuant to an order of the Court (the "**Receivership Order**"), KSV was appointed receiver (in such capacity, the "**Receiver**") of the property, assets and undertakings,

including the real property, owned by the Debtors. A copy of the Receivership Order is attached hereto as **Exhibit "A"**.

5. Pursuant to three (3) additional orders granted by the Court on May 2, 2023 and an order granted by the Court on May 18, 2023, KSV was also appointed receiver of certain other companies within the Stateview Homes group of companies (the "**Stateview Group**").

6. On June 5, 2023, pursuant to a series of orders issued by the Court, the Receiver was authorized to conduct a sale process for the properties of each of the entities in the Stateview Group subject to the receivership orders, with the exception of On the Mark.

7. On July 19, 2023, the Court granted an order (the "**OTM Sale Process Order**"), among other things:

(a) authorizing and empowering the Receiver, *nunc pro tunc*, to enter into the asset purchase agreement between the Receiver and 2077060 Ontario Inc. (the "**Stalking Horse Purchaser**") dated June 30, 2023 (the "**Stalking Horse Purchase Agreement**"); and

(b) approving a sale process (the "**OTM Sale Process**") in respect of On the Mark's right, title and interest, in and to the property and assets of On the Mark located at or related to or used in connection with or arising from or out of the On the Mark Real Property (as defined in the Stalking Horse Purchase Agreement) (collectively, the "**OTM Property**").

8. Additional background information regarding these proceedings and the reasons for the appointment of the Receiver are detailed in my affidavit sworn April 26, 2023 in support of the

Receivership Order (the "**April Affidavit**") and the Third Report. A copy of the April Affidavit (without Exhibits) is attached hereto as **Exhibit "B"**.

II. ON THE MARK INDEBTEDNESS OWING TO KINGSETT

9. As described in more detail in the April Affidavit, On the Mark is indebted to KingSett pursuant to the On the Mark First Mortgage Commitment Letter and the On the Mark Second Mortgage Commitment Letter (together, the "**On the Mark Commitment Letters**"). As at August 31, 2023, KingSett was owed approximately \$19.6 million, plus accruing interest and costs (the "**On the Mark Indebtedness**").

10. The On the Mark Commitment Letters and underlying On the Mark Indebtedness are secured by, among other things, the On the Mark First Mortgage Security and the On the Mark Second Mortgage Security (together, the "**On the Mark Security**"), each of which are further detailed in the April Affidavit.

11. I am advised by the Receiver that its counsel, Cassels Brock & Blackwell LLP, has reviewed the On the Mark Security and has confirmed, subject to customary qualifications, that KingSett has valid security over the OTM Property.

III. OTM SALE PROCESS¹

12. A detailed summary of the OTM Sale Process is set out in the Third Report. In summary:

- (a) 52 parties were sent the Teaser and the NDA;

¹ Terms used in this section but not otherwise defined herein have the meanings ascribed to them in the OTM Sale Process Order.

- (b) seven (7) parties executed the NDA and were provided access to the VDR to perform additional due diligence; and
- (c) no Qualified Bids were received prior to the Bid Deadline (being August 9, 2023).

13. As noted above, the OTM Sale Process Order also approved the Stalking Horse Purchase Agreement for the purpose of acting as a stalking horse. Given that no Qualified Bids were received by the Bid Deadline, the Stalking Horse Purchase Agreement was declared as the Successful Bid at the conclusion of the OTM Sale Process.

14. The net proceeds to be paid pursuant to the Stalking Horse Purchase Agreement will be insufficient to repay KingSett in full in respect of the On the Mark Indebtedness. To that end, I understand that KingSett's shortfall is poised to be somewhere between \$2.5 million and \$3.5 million.

15. I understand that the Receiver is seeking approval of the transactions contemplated under the Stalking Horse Purchase Agreement at a motion scheduled at the same time as the within motion.

IV. ON THE MARK'S INDEBTEDNESS TO THE CRA

16. I understand from the Receiver that On the Mark is indebted to the Canadian Revenue Agency (the "CRA") in the amount of approximately \$4 million in respect of unremitted HST on the sales of the first 38 homes sold by On the Mark. If the HST were to be paid by the Receiver, it would materially further impair KingSett's recovery.

17. KingSett was not involved and was at all times unaware that On the Mark was not remitting HST. KingSett did not participate in nor did it benefit from that decision as the unremitted amounts were not distributed to KingSett.

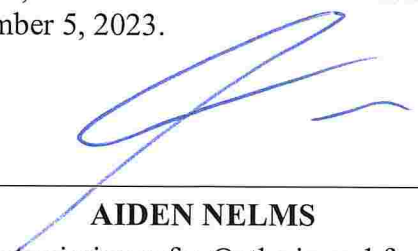
18. I believe a bankruptcy to reverse priorities is appropriate in this case given that KingSett will still suffer a material loss in respect of the On the Mark Indebtedness if the bankruptcy sought is authorized, and the loss would be approximately \$4 million higher if the bankruptcy is not authorized.

V. CONCLUSION


19. The Receivership Order expressly provides at paragraph 34 that "nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of any of the Debtors".

20. I swear this affidavit in support of KingSett's motion to, among other things, authorize and direct the Receiver to assign On the Mark into bankruptcy in order to reverse certain statutory priorities, and for no improper purpose.

SWORN BEFORE ME in the City of)
Toronto, in the Province of Ontario on)
September 5, 2023.)



AIDEN NELMS)
A Commissioner for Oaths in and for the)
Province of Ontario)
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)
)



DANIEL POLLACK)
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This is Exhibit..... "A" *referred to in the*

affidavit of Daniel Pollack --
sworn before me, this 5th
day of September, 2023

.....
A COMMISSIONER FOR TAKING AFFIDAVITS



Court File No.: CV-23-00698576-00CL

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

THE HONOURABLE

)

TUESDAY, THE 2ND

JUSTICE STEELE

)

DAY OF MAY, 2023

)

BETWEEN:

KINGSETT MORTGAGE CORPORATION AND DORR CAPITAL CORPORATION

Applicants

- and -

STATEVIEW HOMES (MINU TOWNS) INC., STATEVIEW HOMES (NAO TOWNS) INC., STATEVIEW HOMES (ON THE MARK) INC., TLSFD TAURASI HOLDINGS CORP. AND STATEVIEW HOMES (HIGH CROWN ESTATES) INC.

Respondents

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SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43, AS AMENDED**

**ORDER
(Appointing Receiver)**

THIS APPLICATION made by KingSett Mortgage Corporation and Dorr Capital Corporation (together, the "**Applicants**") for an Order pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing KSV Restructuring Inc. ("**KSV**") as receiver and manager (in such capacities, the "**Receiver**") without security, of the real property legally described in Schedule "A" to this Receivership Order (the "**Real Property**") and all present and future undertakings and property, both real and personal of Stateview Homes (Minu Towns) Inc. ("**Minu**"), Stateview Homes (Nao Towns) Inc. ("**Nao**"), Stateview Homes (On the Mark) Inc. ("**On the Mark**"), TLSFD Taurasi Holdings Corp. ("**Taurasi Holdings**") and Stateview Homes (High Crown Estates) Inc. ("**High Crown**", and together with

Minu, Nao, On the Mark and Taurasi Holdings, the "**Debtors**" and each a "**Debtor**"), which is located at or related to or used in connection with or arising from or out the Real Property (collectively, the "**Property**") was heard this day via Zoom videoconference at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Daniel Pollack sworn April 26, 2023 and the Exhibits thereto (the "**Pollack Affidavit**"), and on hearing the submissions of counsel for the Applicants, the proposed Receiver and such other parties listed on the Participant Information Form, no one appearing for any other party although duly served as appears from the affidavit of service sworn and filed, and on reading the consent of KSV to act as the Receiver,

SERVICE AND DEFINITIONS

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS AND DECLARES that all terms not otherwise defined herein shall have the meaning ascribed to them in the Pollack Affidavit.

APPOINTMENT

3. THIS COURT ORDERS that pursuant to subsection 243(1) of the BIA and section 101 of the CJA, KSV is hereby appointed Receiver, without security, of the Property.

RECEIVER'S POWERS

4. THIS COURT ORDERS that notwithstanding anything else in this Order, no formal marketing or sale process shall be commenced (including the service of any motion for court approval of a sale process or solicitation of potential purchasers) in respect of Minu, Nao or Taurasi Holdings on or before May 29, 2023. For certainty, the Receiver may seek proposals from brokers provided that all brokers are required to sign non-disclosure agreements before being provided with any confidential information, prepare marketing materials and do such other things it deems appropriate to prepare for a marketing or sale process.

5. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtors, or any of them, including the powers to enter into any agreements or incur any obligations in the ordinary course of business or in connection with the Property, cease to carry on all or any part of the business of the Debtors, or any of them, or cease to perform or disclaim any contracts of any of the Debtors, provided, however, that the Receiver shall not cease to perform or disclaim any agreements of purchase and sale of either Minu or Nao or any lease agreement of Taurasi Holdings prior to May 29, 2023 without further Order of this Court;
- (d) to engage construction managers, project managers, contractors, subcontractors, consultants, appraisers, agents, real estate brokers, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors, or any of them, or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to any of the Debtors in connection with the Property (including, without limitation, any rent payments in respect of the Real Property) and to exercise all remedies of any of the Debtors in collecting such monies and accounts, including, without limitation, to enforce any security held by any of the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to any of the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, including, without limitation, in respect of construction permits and any requirements related thereto, whether in the Receiver's name or in the name and on behalf of any of the Debtors, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to any of the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to investigate, and report to this Court on, intercompany payments, transactions and other arrangements between any of the Debtors and other Persons (as defined below), including, without limitation, other companies and entities that are affiliates of any of the Debtors, that appear to the Receiver to be out of the ordinary course of business. All Persons shall be

required to provide any and all information and documents related to the Debtors requested by the Receiver in connection with such investigations;

- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion, and with the Applicants' consent, may deem appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* or section 31 of the Ontario *Mortgages Act* as the case may be, shall not be required;

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the any of Debtors and to meet with and discuss with such governmental authority and execute any agreements required in connection with or as a result of such permits, licenses, approvals or permissions (but solely in its capacity as Receiver and not in its personal or corporate capacity);
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of any of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by any of the Debtors;
- (r) to undertake any investigations deemed appropriate by the Receiver with respect to the location and/or disposition of assets reasonably believed to be, or to have been, Property;
- (s) to exercise any shareholder, partnership, joint venture or other rights which any of the Debtors may have; and
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations, including opening any mail or other correspondence addressed to any of the Debtors,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including any of the Debtors and BDO Canada Limited in its capacity as information officer (in such capacity, the "**Information Officer**"), and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

6. THIS COURT ORDERS that (i) each of the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, (iii) the Information Officer, and (iv) all other

individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

7. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records, information and cloud-based data of any kind related to the business or affairs of any of the Debtors, and any computer programs, computer tapes, computer disks, cloud or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software, cloud and physical facilities relating thereto, provided however that nothing in this paragraph 7 or in paragraph 8 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

8. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer, in a cloud or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer, cloud or other system and providing the Receiver with any and all access codes, account names, account numbers and account creating credentials that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

9. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

10. THIS COURT ORDERS that no Proceeding against or in respect of any of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of any of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

11. THIS COURT ORDERS that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or any of the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or any of the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

12. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. THIS COURT ORDERS that all Persons having oral or written agreements with any of the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, accounting services, centralized banking services, payroll services, insurance, transportation services, utility or other services to any of the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of any of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of each of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

14. THIS COURT ORDERS that in the event that an account for the supply of goods and/or services is transferred from any of the Debtors to the Receiver, or is otherwise established in the Receiver's name, no Person, including but not limited to a utility service provider, shall assess or otherwise require the Receiver to post a security deposit as a condition to the transfer/establishment of the account.

RECEIVER TO HOLD FUNDS

15. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

16. THIS COURT ORDERS that all employees of the Debtors shall remain the employees of the applicable Debtor until such time as the Receiver, on the applicable Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in subsection 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under subsections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

17. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by each of the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

18. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*,

1999, the Ontario *Environmental Protection Act*, the Ontario *Water Resources Act* or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

19. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under subsections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

20. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts (including, without limitation, deemed trusts), liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to all security granted by High Crown to Dorr Capital Corporation ("**Dorr**") in connection with the Commitment Letter dated June 17, 2021 by and between High Crown and Dorr (the "**Dorr High Crown Security**") and to subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. THIS COURT ORDERS that the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

22. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

23. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow from KingSett Mortgage Corporation by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$5,000,000 (or such greater amount that is acceptable to the Applicants and as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts (including, without limitation, deemed trusts), liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subordinate in priority to the Receiver's Charge, the Dorr High Crown Security and the charges as set out in subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

24. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

25. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

26. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates

evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

27. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <https://www.ksvadvisory.com/experience/case/stateview-homes>.

28. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to any of the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

29. THIS COURT ORDERS that the Applicants, the Receiver and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 8100-2-175 (SOR/DORS).

CRITICAL PAYMENTS

30. THIS COURT ORDERS that the Receiver may, with the written consent of the Applicants, make payments owing by any of the Debtors to suppliers, contractors, subcontractors and other creditors in respect of amounts owing prior to the date of this Order.

GENERAL

31. THIS COURT ORDERS that notwithstanding anything else in this Order:

- (a) the Receiver shall keep separate accounts in respect of each Debtor and the applicable Property owned by it or in which it has an interest (in each case, the "**Debtor's Property**"), including any cash of such Debtor and any proceeds of such Property, whether held in the Post Receivership Accounts or elsewhere (in each case, the "**Debtor's Cash**");
- (b) the Receiver shall only use the Debtor's Cash of a Debtor to pay amounts in respect of operating costs of such Debtor and its Debtor's Property and not in respect of operating costs of another Debtor or its Debtor's Property;
- (c) to the extent practicable, the Receiver shall keep separate account of fees and disbursements incurred for each Debtor and its Debtor's Property, or when not attributable to a specific Debtor or Debtor's Property, the Receiver shall allocate such fees and disbursements on a reasonable basis between the applicable Debtors and their respective Debtor's Property; and
- (d) to the extent practicable, the Receiver shall keep separate account of amounts borrowed under the Receiver's Borrowing Charge for each Debtor and its Debtor's Property, or when not attributable to a specific Debtor or Debtor's Property, the Receiver shall allocate such borrowings on a reasonable basis between the applicable Debtors and their respective Debtor's Property, provided that nothing herein shall impact the nature and priority of any claims, mortgages, security interests, or liens in respect of the Debtors or over the Property and is without prejudice to any Person

(including the Applicants and the Receiver) seeking a variation or modification of this paragraph upon further motion to the Court on not less than seven days' notice.

32. THIS COURT ORDERS that, for greater certainty, all distributions in these proceedings will be subject to further Order of this Court, which will require an allocation of the Receiver's Charge and the Receiver's Borrowing Charge among the Property. All Persons reserve their rights with respect to such allocation.

33. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

34. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of any of the Debtors.

35. 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.

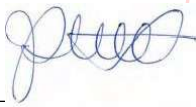
36. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

37. THIS COURT ORDERS that the Applicants shall have their costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicants' security or, if not so provided by the Applicants' security, then on a substantial indemnity basis to

be paid by the Receiver from the net realizations from the Property with such priority and at such time as this Court may determine.

38. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

39. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Toronto Time on the date of this Order and are enforceable without the need for entry and filing.

 Digitally signed
by Jana Steele
Date: 2023.05.02
12:44:46 -04'00'

Schedule "A"

REAL PROPERTY

Stateview Homes (Minu Towns) Inc.

PIN 03061-5685 (LT)

BLOCK 1, PLAN 65M4729; SUBJECT TO AN EASEMENT AS IN YR200734; CITY OF MARKHAM

PIN 03061-5686 (LT)

BLOCK 2, PLAN 65M4729; CITY OF MARKHAM

(together, the "**Minu Real Property**")

Stateview Homes (Nao Towns) Inc.

PIN 02962-0856 (LT)

1STLY: PART OF LOT 6, CONCESSION 6 MARKHAM, PART 1, 65R38179, (STOPPED UP AND CLOSED BY YR3416947); 2NDLY: PART OF LOT 6, CONCESSION 6 MARKHAM, PART 2, 65R38179, (STOPPED UP AND CLOSED BY YR3416947); 3RDLY: PT LT 6, CON 6, AS IN MA51910; 4THLY: PT LT 6, CON 6, AS IN MA107810; 5THLY: PT LT 6, CON 6, PART 3, 64R5892, EXCEPT PT 1, 65R7816; 6THLY: PT LT 6, CON 6, PART 1, 64R5892; 7THLY: PT LT 6, CON 6, AS IN R434475; 8THLY: PT LT 6, CON 6, AS IN R264882; 9THLY: PT LT 6, CON 6, AS IN R329719; 10THLY: PT LT 6, CON 6, AS IN MA39709 EXCEPT MA51910, MA107810 AND 64R5892; CITY OF MARKHAM

(the "**Nao Real Property**")

Stateview Homes (On the Mark) Inc.

PIN 30029-0001 (LT)

YORK REGION COMMON ELEMENTS CONDOMINIUM PLAN NO. 1497 AND ITS APPURTENANT INTEREST; SUBJECT TO AND TOGETHER WITH EASEMENTS AS SET OUT IN SCHEDULE A AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1810 (LT)

PART BLOCK 3, PLAN 65M3925 PART 70, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO.1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 70 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1809 (LT)

PART BLOCK 3, PLAN 65M3925 PART 69, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 69 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1808 (LT)

PART BLOCK 3, PLAN 65M3925 PART 68, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 68 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1807 (LT)

PART BLOCK 3, PLAN 65M3925 PART 67, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 67 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1806 (LT)

PART BLOCK 3, PLAN 65M3925 PART 66, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 66 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1805 (LT)

PART BLOCK 3, PLAN 65M3925 PART 65, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 65 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1804 (LT)

PART BLOCK 3, PLAN 65M3925 PART 64, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 64 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1803 (LT)

PART BLOCK 3, PLAN 65M3925 PART 63, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 63 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1802 (LT)

PART BLOCK 3, PLAN 65M3925 PART 62, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO.1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 62 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1801 (LT)

PART BLOCK 3, PLAN 65M3925 PART 61, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 61 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1800 (LT)

PART BLOCK 3, PLAN 65M3925 PART 60, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 60 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1799 (LT)

PART BLOCK 3, PLAN 65M3925 PART 59, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 59 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1798 (LT)

PART BLOCK 3, PLAN 65M3925 PART 58, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 58 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1797 (LT)

PART BLOCK 3, PLAN 65M3925 PART 57, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 57 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1796 (LT)

PART BLOCK 3, PLAN 65M3925 PART 56, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 56 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1795 (LT)

PART BLOCK 3, PLAN 65M3925 PART 55, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 55 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1794 (LT)

PART BLOCK 3, PLAN 65M3925 PART 54, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 54 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1793 (LT)

PART BLOCK 3, PLAN 65M3925 PART 53, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 53 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1792 (LT)

PART BLOCK 3, PLAN 65M3925 PART 52, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 52 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1791 (LT)

PART BLOCK 3, PLAN 65M3925 PART 51, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 51 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1776 (LT)

PART BLOCK 3, PLAN 65M3925 PART 36, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 36 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1775 (LT)

PART BLOCK 3, PLAN 65M3925 PART 35, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 35 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1774 (LT)

PART BLOCK 3, PLAN 65M3925 PART 34, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 34 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1773 (LT)

PART BLOCK 3, PLAN 65M3925 PART 33, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 33 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1772 (LT)

PART BLOCK 3, PLAN 65M3925 PART 32, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 32 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1771 (LT)

PART BLOCK 3, PLAN 65M3925 PART 32, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 32 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1756 (LT)

PART BLOCK 3, PLAN 65M3925 PART 16, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 16 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1755 (LT)

PART BLOCK 3, PLAN 65M3925 PART 15, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 15 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1754 (LT)

PART BLOCK 3, PLAN 65M3925 PART 14, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 14 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1753 (LT)

PART BLOCK 3, PLAN 65M3925 PART 13, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 13 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1752 (LT)

PART BLOCK 3, PLAN 65M3925 PART 12, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 12 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

PIN 03047-1751 (LT)

PART BLOCK 3, PLAN 65M3925 PART 11, 65R40092; TOGETHER WITH AN UNDIVIDED COMMON INTEREST IN YORK REGION COMMON ELEMENTS CONDOMINIUM CORPORATION NO. 1497; SUBJECT TO AN EASEMENT AS IN YR3390991; SUBJECT TO AN EASEMENT AS IN YR3406916; TOGETHER WITH AN EASEMENT OVER YRCP1497 AS IN YR3504856; SUBJECT TO AN EASEMENT OVER PART 11 65R40092 IN FAVOUR OF YRCP1497 AS IN YR3504856; CITY OF MARKHAM

(collectively, the "On the Mark Real Property")

TLSPD Taurasi Holdings Corp.

PIN 03273-0069 (LT)

PCL 24-1 SEC M1832; LT 24 PL M1832; CITY OF VAUGHAN

PIN 03275-0052 (LT)

PT LT 11 PL 7925 VAUGHAN AS IN VA68142; CITY OF VAUGHAN

PIN 03274-0132 (LT)

PCL 10-1 SEC 65M2330; LT 10 PL 65M2330; S/T RIGHT AS IN LT332786; VAUGHAN; CITY OF VAUGHAN

PIN 03274-0044 (LT)

PCL 1-2 SEC 65M2049; PT LTS 1, 2, PL 65M2049; PT 4, 65R4957; VAUGHAN; CITY OF VAUGHAN

PIN 03274-0043 (LT)

PCL 1-3 SEC 65M2049; PT LTS 1, 2, PL 65M2049; PT 3, 65R4957; VAUGHAN

(collectively, the "Taurasi Holdings Real Property")

Stateview Homes (High Crown Estates) Inc.

PIN 03372-1040 (LT)

BLOCK 2, PLAN 65M4757; SUBJECT TO AN EASEMENT AS IN YR3467268; SUBJECT TO AN EASEMENT IN GROSS AS IN YR3502108; TOWNSHIP OF KING

(the "**High Crown Real Property**")

SCHEDULE "B"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KSV Restructuring Inc., the receiver and manager (the "**Receiver**") without security, of the real property legally described in Schedule "A" (the "**Real Property**") to the Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 2nd day of May, 2023 (the "**Order**") and all present and future undertakings and property, both real and personal of Stateview Homes (Minu Towns) Inc., Stateview Homes (Nao Towns) Inc., Stateview Homes (On the Mark) Inc., TLSFD Taurasi Holdings Corp. and Stateview Homes (High Crown Estates) Inc. (collectively, the "**Debtors**"), which is located at or related to or used in connection with or arising from or out of the Real Property (collectively, the "**Property**"), appointed by the Order made in an application having Court File Number CV-23-00698576-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 2023.

KSV Restructuring Inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

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

**KINGSETT MORTGAGE CORPORATION
AND DORR CAPITAL CORPORATION**

and

STATEVIEW HOMES (MINU TOWNS) INC., STATEVIEW HOMES (NAO TOWNS) INC., STATEVIEW HOMES (ON THE MARK) INC., TLSFD TAURASI HOLDINGS CORP. AND STATEVIEW HOMES (HIGH CROWN ESTATES) INC.

Applicants

Respondents

Court File No.: CV-23-00698576-00CL

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

Proceedings commenced in Toronto

RECEIVERSHIP ORDER

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Lawyers for the Applicants

**T
A
B
B**

This is Exhibit **"B"** *referred to in the*
affidavit of Daniel Pollack --
sworn before me, this 5th
day of September, 2023

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

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

BETWEEN:

KINGSETT MORTGAGE CORPORATION AND DORR CAPITAL CORPORATION

Applicants

- and -

**STATEVIEW HOMES (MINU TOWNS) INC., STATEVIEW HOMES (NAO TOWNS)
INC., STATEVIEW HOMES (ON THE MARK) INC., TLSFD TAURASI HOLDINGS
CORP. AND STATEVIEW HOMES (HIGH CROWN ESTATES) INC.**

Respondents

**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**

**AFFIDAVIT OF DANIEL POLLACK¹
(Sworn April 26, 2023)**

I, **DANIEL POLLACK**, of the City of Toronto, in the Province of Ontario, **MAKE
OATH AND SAY:**

1. I am a Senior Director, Special Loans and Portfolio Management, of KingSett Mortgage Corporation ("**KingSett**"). I have responsibility for matters pertaining to the borrowings of Stateview Homes (Minu Towns) Inc. ("**Minu**"), Stateview Homes (Nao Towns) Inc. ("**Nao**"), Stateview Homes (On the Mark) Inc. ("**On the Mark**") and TLSFD Taurasi Holdings Corp. ("**Taurasi Holdings**" and together with Minu, Nao, and On the Mark, the "**KingSett Debtors**" and each a "**KingSett Debtor**") from KingSett. Additionally, I have responsibility for matters

¹ Terms used but not otherwise defined in this affidavit have the meanings ascribed to them in Schedule "A" to the proposed Receivership Order.

pertaining to the second lien borrowings of Stateview Homes (High Crown Estates) Inc. ("**High Crown**") and together with the KingSett Debtors, the "**Debtors**" and each a "**Debtor**"), a loan for which KingSett has all the beneficial economic interest and is serviced by Dorr Capital Corporation ("**Dorr**" and together with KingSett, the "**Applicants**" and each an "**Applicant**"). As such, I have personal knowledge of the matters to which I depose in this affidavit, unless otherwise indicated. Where I have relied on other sources for information, I have so stated and I believe them to be true.

2. I swear this affidavit in support of an application by the Applicants for an order (the "**Receivership Order**"), among other things:

- (a) appointing KSV Restructuring Inc. ("**KSV**") as receiver and manager (in such capacities, the "**Receiver**"), without security, of the real property legally described in Schedule "A" to the proposed Receivership Order (the "**Real Property**") and all present and future undertakings and property, both real and personal of the Debtors, which is located at or related to or used in connection with or arising from or out of the Real Property (collectively, the "**Property**") pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-33, as amended (the "**BIA**"), and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C-43;
- (b) granting a charge over the Property in favour of the Receiver and the Receiver's counsel to secure their fees and disbursements in respect of these proceedings (the "**Receivership Proceedings**"); and

- (c) granting a charge over the Property for the purpose of funding the exercise of the powers and duties conferred upon the Receiver pursuant to the proposed Receivership Order.

3. The Debtors are privately held companies and each is the registered owner of certain of the Real Property which, at a high level, consists of the following:

- (a) *Minu* – this project, located at Donald Cousens Parkway, Markham, Ontario, is a residential development site for the construction of 147 townhomes (the "**Minu Townhomes**") for which servicing is complete, but construction has not yet begun. According to its website, the Minu Townhomes are "sold out".
- (b) *Nao* – this project, located at 14th Avenue and McCowan Road, Markham, Ontario, is an entitled land residential development site for the construction of 96 townhomes (the "**Nao Townhomes**") for which site servicing preparations are underway. According to its website, the Nao Townhomes are "fully reserved".
- (c) *On the Mark* – this project, located at 16th Avenue and Woodbine Avenue, Markham, Ontario, is comprised of 70 townhomes (the "**On the Mark Townhomes**") for which unit closings have commenced (all of the On the Mark Townhomes were pre-sold and a number of the units have now closed) and final closings are expected in May/June of 2023. This project is approximately 85-90% complete (based on percentage of construction costs incurred).
- (d) *High Crown* – located at 13151-13165 Keele Street, King City, Ontario, this project is comprised of 48 townhomes (the "**High Crown Townhomes**" and together with

the Minu Townhomes, the Nao Townhomes and the On the Mark Townhomes, the "**Townhomes**") for which construction has commenced and unit closings are expected in late 2023. This project is approximately 30-35% complete (based on percentage of construction costs incurred). According to its website, all but two (2) of the High Crown Townhomes have been sold.

- (e) *Taurasi Holdings* – these properties, located at 6 & 8 Bradwick Drive, Vaughan, Ontario, 301 Bradwick Drive, Vaughan, Ontario, 488 North Rivermede, Vaughan, Ontario, and 596 Oster Lane, Vaughan, Ontario, are comprised of four (4) industrial properties totaling 116,065 square feet of leasable area and is currently 100% occupied.²

4. In connection with the Debtors' acquisition and development of the Real Property, KingSett and Dorr extended certain loans to the Debtors (collectively, the "**Loan Facilities**"). As of April 11, 2023, KingSett and Dorr are owed approximately \$167,826,634.78 and \$4,000,592.77, respectively.³

5. As described in further detail below, the Applicants have recently learned about the Unauthorized Overdraft (as defined below) which they are advised was caused by the now former Chief Financial Officer of the Debtors. The Unauthorized Overdraft resulted in an accumulated unpermitted overdraft in connection with accounts with TD (as defined below) in excess of \$37,000,000. Additionally, the Applicants have learned that: (i) at least certain of the funds advanced by the Applicants in connection with the Loan Facilities were not used for their

² 596 Oster Lane has three (3) tenants, one (1) of which is non-arm's length to the Debtors who occupies approximately 75% of the space.

³ Unless otherwise stated herein, all monetary amounts referenced are in Canadian dollars.

designated purpose; and (ii) the state of the Debtors' book and records is poor and, in certain circumstances, non-existent.

6. In response to the foregoing, the Applicants issued demands for the repayment of the Debtors' indebtedness to the Applicants and delivered notices of intention to enforce security in accordance with section 244 of the BIA (each a "NITES"). The ten-day period afforded to the Debtors to repay their indebtedness to the Applicants prior to the Applicants taking enforcement action has elapsed.

7. The Loan Documents confer upon the Applicants a contractual right to appoint a receiver or receiver manager over the Property. In furtherance of its contractual rights, the Applicants have commenced the Receivership Proceedings to preserve the Property, with the current intention of completing construction of at least the On the Mark Townhomes with the contractors and trades already in place and ultimately facilitating the closings of the remaining On the Mark Townhomes and the sale of the other Real Property to maximize recoveries for the Debtors' stakeholders, including the Applicants.

8. As a result of the Unauthorized Overdraft and ensuing events, the Debtors have effectively no liquidity. As further described below, liens are being registered against the Real Property, which may delay closing of the On the Mark Townhomes, and generally putting the Real Property at risk in light of the Applicants' inability to fund the trades. A receivership is required to provide stability, liquidity and credibility, all of which is necessary to maximize value.

I. PARTIES

9. KingSett is incorporated pursuant to the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, and is headquartered in Toronto, Ontario. KingSett is a subsidiary of KingSett

Capital Inc., a private equity real estate investment firm with approximately \$19.5 billion in assets under management.

10. Dorr is incorporated pursuant to the *Business Corporations Act*, R.S.O. 1990, c. B.16 (the "OBCA") and is headquartered in North York, Ontario. Dorr is a leading private provider of commercial mortgage investments and commercial real estate and equity financing.

11. Each of the Debtors is a privately held company incorporated under the OBCA. Each of Minu, Nao, On the Mark and High Crown has a registered head office at 410 Chrislea Road, Unit 16, Woodbridge, Ontario, Canada. Taurasi Holdings has a registered head office at 161 Duncan Road, Richmond Hill, Ontario, Canada.

12. According to the Corporate Profile Reports generated on April 24, 2023, the Debtors' directors and officers are as follows:

- (a) *Minu* - Daniel Ciccone and Carlo Taurasi;
- (b) *Nao* - Daniel Ciccone and Carlo Taurasi;
- (c) *On the Mark* - Daniel Ciccone and Carlo Taurasi;
- (d) *High Crown* - Daniel Ciccone and Carlo Taurasi; and
- (e) *Taurasi Holdings* - Carlo Taurasi, Anthony Taurasi, Dennie Taurasi, Dino Taurasi and Emilio Taurasi.

13. Copies of the Debtors' Ontario corporate profile reports obtained from the Ministry of Government and Consumer Services on April 24, 2023 are attached hereto as **Exhibit "A"**.

II. THE INTEREST DEFAULTS, THE UNAUTHORIZED OVERDRAFT, THE DEBTORS' PROPOSAL AND OTHER RECENT DEVELOPMENTS

(a) The Interest Defaults

14. On or about April 3, 2023, all of the Debtors' monthly interest payments to the Applicants did not clear due to insufficient funds in the Debtors' accounts (the "**Interest Payment Defaults**"). When the Applicants alerted the Debtors to the Interest Payment Defaults, they were advised by the Debtors that the interest payments would be paid by wire on or before April 7, 2023. Those wires were never received by the Applicants.

15. Given the ongoing Interest Payment Defaults, KingSett insisted on an in-person meeting with the Debtors on April 10, 2023 (the "**April 10 Meeting**").

(b) The Unauthorized Overdraft

16. At the April 10 Meeting, the Debtors for the first time advised KingSett that it had entered into a Settlement Agreement dated March 31, 2023 (the "**TD Settlement Agreement**") by and between, among others, the Debtors, the principals of the Debtors (the "**TD Agreement Counterparties**") and Toronto-Dominion Bank ("**TD Bank**" and together with the TD Agreement Counterparties, the "**TD Settlement Agreement Signatories**").

17. The Applicants now understand that the TD Settlement Agreement resulted from actions urgently brought by TD in response to a significant unauthorized overdraft - in excess of \$37,000,000 - spanning about 12 months and dozens of accounts implicating multiple financial institutions (the "**Unauthorized Overdraft**"). The Applicants have been advised that the

Unauthorized Overdraft was caused by the now former Chief Financial Officer Mr. Daniel Ciccone⁴.

18. As a result of the Unauthorized Overdraft, TD urgently issued an action on March 24, 2023, in an effort to recover its loss. As more information came to light and TD discovered that accounts at other financial institutions were implicated, TD issued a second action to secure emergency statutory relief from those other financial institutions as well. The Unauthorized Overdraft, and TD's subsequent actions (together, the "**TD Court Actions**"), resulted in the banks freezing the majority of the Debtors' bank accounts.

19. Presumably in an effort to resolve the issues created as a result of the Unauthorized Overdraft and the TD Court Actions, the TD Settlement Agreement Signatories entered into the TD Settlement Agreement. It is of note that the Applicants were not privy to, nor were they included in any discussions in connection with, the TD Settlement Agreement. The Applicants understand that on April 4, 2023, a Court order (the "**TD Court Order**") was sought and obtained that, among other things, approved the TD Settlement Agreement and appointed BDO Canada Limited as information officer (in such capacity, the "**Information Officer**") of the Court. A copy of the TD Court Order and the Motion Record of TD filed in support of same are attached hereto as **Exhibit "B"** and **Exhibit "C"**, respectively.

20. Of great concern to the Applicants is that the TD Settlement Agreement contemplates significant immediate payments to TD Bank, who ought to be an unsecured creditor, in priority to the Applicants and the Debtors' other creditors. Additionally, KingSett has learned that, in connection with the TD Settlement Agreement, the Debtors agreed to the registration of a charge

⁴ It is of note that, as of April 24, 2023, Mr. Ciccone, the former Chief Financial Officer, is still listed as a director and officer for 4 of the 5 Debtors.

in the amount of \$37,134,091 (the "**TD Charge**") over the Taurasi Holdings Real Property in favour of TD. Per the terms of the Taurasi Holdings Loan Documents (as defined below), the registration of the TD Charge required KingSett's consent, and the Debtors' failure to obtain that consent is a default under the terms thereof (the "**TD Default**"). TD has not entered into a subordination and standstill agreement with KingSett, as KingSett would certainly have required. Since KingSett was not served with any materials seeking the TD Court Order, KingSett is not aware as to whether the Court was advised of these issues.

21. In addition to the Applicants' concerns with the Unauthorized Overdraft and certain of the terms of the TD Settlement Agreement, the Applicants also have a major concern that the Debtors did not advise KingSett about the Unauthorized Overdraft or any related issues between the time they clearly knew about it – on or about March 24, 2023 at the latest – until KingSett forced a meeting on April 10, 2023 following the Interest Payment Defaults.

(c) Improper Diversion of Funds, Minu APS, the Debtors' Proposal, and Other Recent Developments

(i) Improper Diversion of Funds

22. In addition to the foregoing, KingSett has been made aware that certain funds advanced by KingSett for the explicit purpose of paying development charges, cash in lieu of parkland dedication and cash in lieu of Letters of Credit to the City of Markham and the Township of King have been diverted and used for other purposes. For example, on June 2, 2022 and October 19, 2022, KingSett, at the request of the Debtors, advanced approximately \$2,154,886 and \$5,835,896 in connection with development charges due and payable on the Minu Real Property and the Nao

Real Property, respectively. These amounts were in addition to amounts that the Debtors were to pay to the City of Markham from equity and deposits collected.

23. Additionally, I am advised by Altus (as defined below) that in July 2021 and November 2022, \$4,407,216 and \$1,000,000, respectively, were funded from KingSett, the High Crown Real Property first mortgagee, equity and Townhome deposits for the explicit purpose of paying development charges and cash in lieu of parkland dedication in connection with the High Crown Real Property.

24. KingSett now understands that, notwithstanding the foregoing, not all of those funds were in fact provided to the City of Markham and the Township of King. Specifically, on April 25, 2023, the Township of King advised that only \$2,673,156 had been received in respect of the development charges and nothing had been received in respect of the cash in lieu of parkland dedication. That means approximately \$2,734,060 was inappropriately diverted for other purposes. Payment of development charges and cash in lieu of parkland dedication increases the value of the project since any developer would be required to pay these amounts. Since some or all of the Debtors knowingly diverted these funds, the value of KingSett's security has been eroded.

25. KingSett has engaged the Altus Group ("**Altus**") to review the Debtors' books and records in order to determine where all these funds were diverted to and also whether any other funds the Applicants advanced were used for improper purposes. Although the Debtors appear to be cooperating with the review process, the Altus Group has thus far been unable to determine the extent of the issue given the incomplete and/or non-existence of the Debtors' books and records.

(ii) Minu APS

26. On April 17, 2023, Bennett Jones received an email (the "**April 17 Email**") from counsel to the Debtors advising that Minu had signed an agreement of purchase and sale for the Minu Real Property (the "**Minu APS**"). The Minu APS was signed without the consent of, or even consultation with, KingSett, notwithstanding that the Minu Real Property cannot be sold absent KingSett's consent pursuant to the Minu Loan Documents (as defined below). It is of note that the Debtors signed the Minu APS despite already having oversight of the Information Officer and experienced restructuring counsel.

27. Following receipt of the April 17 Email, Bennett Jones advised the Debtors' counsel that: (i) KingSett was not supportive of the Minu APS; and (ii) the Debtors had signed the Minu APS without the consent of KingSett and in direct violation of the Minu Loan Documents (the "**Response Email**"). On April 18, 2023, Bennett Jones received an email from counsel to the Debtors advising that the Minu APS had been terminated (the "**April 18 Email**", and together with the April 17 Email and the Response Email, the "**Minu Offer Emails**"). A copy of the Minu Offer Emails (without the Minu APS) is attached hereto as **Exhibit "D"**.

(iii) The Debtors' Proposal

28. On the evening of April 14, 2023, KingSett received a without prejudice proposal from the Debtors (the "**Debtors' Proposal**"). On April 19, 2023, KingSett provided a without prejudice response to the Debtors' Proposal and advised that it had significant concerns with the Debtors' Proposal as drafted.

29. On April 20, 2023, counsel to the Applicants had a without prejudice discussion with the Information Officer and counsel to the Debtors regarding certain of those concerns. In addition, on April 21, 2023, I and certain of my colleagues met with Mr. Carlo Taurasi and Mr. Dino Taurasi to discuss the Debtors' Proposal, among other things.

30. Ultimately, the Applicants were not comfortable proceeding – including providing urgently required funding – outside of a formal receivership process.

(iv) Other Recent Developments

31. On April 20, 2023, the Applicants were provided with copies of Notices of Cancellation dated April 18, 2023 (the "**Notices of Cancellation**") that advised that insurance of, among others, certain of the Debtors was to be cancelled effective May 3, 2023. Some of the entities listed in the Notices of Cancellation are related to the Debtors' larger corporate structure and the potential implications of the cancellation of their insurance to the Debtors' development and construction operations are not known to the Applicants at this time. Copies of the Notices of Cancellation are attached hereto as **Exhibit "E"**.

32. As is evidenced in the On the Mark Parcel Registers (as defined below), certain liens (collectively, the "**Liens**") have been registered against the On the Mark Real Property in connection with amounts owing to certain contractors and subcontractors. It is of note that prior to learning about the Liens, KingSett was prepared to advance approximately \$900,000 to pay certain outstanding amounts owing to trade creditors of On the Mark in an effort to keep the project moving forward. In light of the Liens, KingSett is no longer in a position to fund, other than through a receivership proceeding.

33. The Liens registered against the On the Mark Real Property have been made by Trudel & Sons Roofing Ltd. and 2496008 Ontario Inc (together, the "**Lien Claimants**"). I understand that the Lien Claimants will be served with the Applicants' Application Record.

34. Based on the Applicants' extensive experience with real estate development, the Applicants have significant safety and project completion concerns as a result of the Liens and the Debtors' inability to pay trades. The appointment of a receiver would provide much needed stability as it would allow super-priority funding to be advanced to ensure that trades are paid and projects are completed in a timely fashion.

35. Under the Loan Documents, the Debtors are obligated to promptly satisfy any and all accounts owing to any trade subcontractors and lien claimants and to keep the land free and clear from all liens and other claims. The registration of any lien against the Real Property is also a default under the terms of the Loan Documents.

36. As a result of the Liens, I understand that certain On the Mark Townhomes that were scheduled to close recently failed to close and have been delayed. I also understand from Altus that On the Mark has not remitted HST payable in connection with the sale of at least certain of the On the Mark Townhomes that have closed to date.

37. As of the date of this affidavit, I understand that the Liens remain on title to the Real Property and the Debtors have no ability to satisfy them.

38. As a result of the foregoing, the Applicants' already significant concerns in connection with the Debtors and the Real Property have been exacerbated. Further, it is not clear to the Applicants at this time what impacts all of the foregoing will have on value and it may be that the Applicants

are undersecured on some or all of the Real Property. The Applicants have lost faith in management and the Debtors' actions and inactions have resulted in an irreparable erosion of trust.

III. INDEBTEDNESS OWING TO THE APPLICANTS AND RELATED SECURITY

(a) *Stateview Homes (Minu Towns) Inc. - First Mortgage*⁵

39. KingSett entered into a commitment letter dated September 30, 2021 with Minu (the "**Original Minu Commitment Letter**"), pursuant to which KingSett agreed to provide, among other things: (i) a first mortgage in the principal amount of \$73,590,000; and (ii) Letters of Credit (cash in lieu) in the principal amount of \$6,105,000 (collectively, the "**Minu Loan Facility**"). Under the terms of the Original Minu Commitment Letter, the Minu Loan Facility: (i) bears interest at Prime Rate plus 2.80% (floor rate of 5.25%) calculated daily, compounded and payable monthly, not in advance, both before and after maturity, default and/or judgement; and (ii) without prejudice to KingSett's right to demand repayment at any time for any reason whatsoever, matures 18 months from the date of the initial advance under the Minu Loan Facility. A copy of the Original Minu Commitment Letter is attached hereto as **Exhibit "F"**.

40. The parties have amended the Original Minu Commitment Letter (as amended, the "**Minu Commitment Letter**") pursuant to three (3) amendments dated October 6, 2021 (the "**First Minu Amendment**"), May 13, 2022 (the "**Second Minu Amendment**"), and June 13, 2022 (the "**Third Minu Amendment**") and together with the First Minu Amendment and the Second Minu Amendment, the "**Minu Amendments**"). Copies of the Minu Amendments are attached hereto as **Exhibit "G"**.

⁵ Terms used but not otherwise defined in this section shall have the meanings ascribed to them in the Minu Commitment Letter.

41. Principally, the Minu Amendments provided as follows:
- (a) *First Minu Amendment* – modified the Interest Reserve by providing that, subject to an Event of Default occurring and continuing, monthly interest was to be capitalized to the outstanding principal balance of the Minu Loan Facility outstanding together with all accrued and unpaid interest thereon and all other costs secured by the Security in full or the capitalization of a total of \$3,900,000.
 - (b) *Second Minu Amendment* – modified the Subsequent Lender's Fee earned by KingSett and opened the Minu Loan Facility for prepayment until August 1, 2022.
 - (c) *Third Minu Amendment* – increased the Letters of Credit component of the Minu Loan Facility from \$6,105,000 to \$7,105,000.
42. As of April 11, 2023, the total indebtedness under the Minu Commitment Letter was \$50,486,803.30 (the "**Minu Indebtedness**").
43. As general and continuing security for the payment and performance of Minu's obligations under the Minu Commitment Letter, KingSett was granted various security by Minu and certain of its principals (collectively, the "**Minu Security**").
44. Among other things, the Minu Security granted by Minu, includes:
- (a) a \$100,000,000 first ranking charge/mortgage in respect of the Minu Real Property (the "**Minu First Mortgage**"), governed by, among other things, the additional provisions registered therewith (the "**Minu Mortgage Terms**");

- (b) a General Assignment of Rents and Leases dated October 8, 2021 (the "**Minu Assignment of Rents**");
- (c) an Assignment of Material Agreements dated October 8, 2021, attached hereto as **Exhibit "H"**;
- (d) an Assignment of Monies Which May Become Payable Under Insurance Policies dated October 8, 2021, attached hereto as **Exhibit "I"**; and
- (e) a General Security Agreement dated October 8, 2021 (the "**Minu GSA**"), attached hereto as **Exhibit "J"**.

45. Copies of the Minu First Mortgage, the Minu Mortgage Terms and the Minu Assignment of Rents are attached hereto as **Exhibit "K"**. The Minu Commitment Letter, the Minu First Mortgage, the Minu Mortgage Terms, the Minu Assignments of Rents and the Minu GSA are referred to collectively herein as the "**Minu Loan Documents**".

46. KingSett registered the Minu First Mortgage in the Land Registry Office (No. 65). Copies of the sub-searches of title conducted on April 24, 2023 (collectively, the "**Minu Parcel Registers**") in respect of the Minu Real Property evidencing the registration of the Minu First Mortgage and the Minu Assignment of Rents on title are attached hereto as **Exhibit "L"**.

47. KingSett also registered its security interest granted by Minu pursuant to the Minu GSA under the *Personal Property Security Act*, R.S.O. 1990, c. P.10, as amended (the "**PPSA**"). KingSett's registration in this regard is reflected in the search results (the "**Minu PPSA Search Results**") conducted against Minu under the PPSA effective April 13, 2023, which are attached hereto as **Exhibit "M"**.

(i) Minu's Other Creditors

48. As disclosed within the Minu Parcel Registers and the Minu PPSA Search Results, in addition to KingSett, Minu has granted security interests to Dorr in both its personal property and the Minu Real Property.

49. KingSett is not aware of whether Minu has unsecured creditors.

(b) Stateview Homes (Nao Towns) Inc. - First Mortgage⁶

50. KingSett entered into a commitment letter dated November 29, 2021 with Nao (the "**Original Nao Commitment Letter**"), pursuant to which KingSett agreed to provide, among other things: (i) a first mortgage in the principal amount of \$47,500,000; and (ii) Letters of Credit (cash in lieu) in the principal amount of \$4,750,000 (collectively, the "**Nao Loan Facility**"). Under the terms of the Original Nao Commitment Letter, the Nao Loan Facility: (i) bears interest at Prime Rate plus 2.80% (floor rate of 5.25%) calculated daily, compounded and payable monthly, not in advance, both before and after maturity, default and/or judgement; and (ii) without prejudice to KingSett's right to demand repayment at any time for any reason whatsoever, matures 18 months from the date of the initial advance under the Nao Loan Facility. A copy of the Original Nao Commitment Letter is attached hereto as **Exhibit "N"**.

51. The parties have amended the Original Nao Commitment Letter (as amended, the "**Nao Commitment Letter**") pursuant to one (1) amendment dated November 16, 2022 (the "**Nao Amendment**"). Principally, the Nao Amendment increased the Letters of Credit component of the

⁶ Terms used but not otherwise defined in this section shall have the meanings ascribed to them in the Nao Commitment Letter.

Nao Loan Facility from \$4,750,000 to \$7,105,000. A copy of the Nao Amendment is attached hereto as **Exhibit "O"**.

52. As of April 11, 2023, the total indebtedness under the Nao Commitment Letter was \$23,692,659.30 (the "**Nao Indebtedness**").

53. As general and continuing security for the payment and performance of Nao's obligations under the Nao Commitment Letter, KingSett was granted various security by Nao and certain of its principals (collectively, the "**Nao Security**").

54. Among other things, the Nao Security granted by Nao, includes:

- (a) a \$65,300,000 first ranking charge/mortgage in respect of the Nao Real Property (the "**Nao First Mortgage**") governed by, among other things, the additional provisions registered therewith (the "**Nao Mortgage Terms**");
- (b) a General Assignment of Rents and Leases dated December 22, 2021 (the "**Nao Assignment of Rents**");
- (c) an Assignment of Material Agreements dated December 22, 2021, attached hereto as **Exhibit "P"**;
- (d) an Assignment of Monies which may Become Payable Under Insurance Policies dated December 22, 2021, attached hereto as **Exhibit "Q"**; and
- (e) a General Security Agreement dated December 22, 2021 (the "**Nao GSA**"), attached hereto as **Exhibit "R"**.

55. Copies of the Nao First Mortgage, the Nao Mortgage Terms and the Nao Assignment of Rents are attached hereto as **Exhibit "S"**. The Nao Commitment Letter, the Nao First Mortgage, the Nao Mortgage Terms, the Nao Assignments of Rents and the Nao GSA are referred to collectively herein as the "**Nao Loan Documents**".

56. KingSett registered the Nao First Mortgage in the Land Registry Office (No. 65). Copies of the sub-searches of title conducted on April 24, 2023 (collectively, the "**Nao Parcel Registers**") in respect of the Nao Real Property evidencing the registration of the Nao First Mortgage and the Nao Assignment of Rents on title are attached hereto as **Exhibit "T"**.

57. KingSett also registered its security interest granted by Nao pursuant to the Nao GSA under the PPSA. KingSett's registration in this regard is reflected in the search results (the "**Nao PPSA Search Results**") conducted against Nao under the PPSA effective April 13, 2023, which are attached hereto as **Exhibit "U"**.

(i) Nao's Other Creditors

58. As disclosed within the Nao Parcel Registers and the Nao PPSA Search Results, in addition to KingSett, Nao has granted security interests to Dorr in both its personal property and the Nao Real Property.

59. KingSett is not aware of whether Nao has unsecured creditors.

(c) *Stateview Homes (Minu Towns) Inc. and Stateview Homes (Nao Towns) Inc. –
Second Blanket Mortgage*⁷

60. KingSett entered into a commitment letter dated September 30, 2021 with Minu and Nao (the "**Original Minu/Nao Commitment Letter**"), pursuant to which KingSett agreed to provide, among other things, a second blanket mortgage in the principal amount of \$30,650,000 (the "**Minu/Nao Loan Facility**"). Under the terms of the Original Minu/Nao Commitment Letter, the Minu/Nao Loan Facility: (i) bears interest at Prime Rate plus 10.05% (floor rate of 12.50%) calculated daily, compounded and payable monthly, not in advance, both before and after maturity, default and/or judgement; and (ii) without prejudice to KingSett's right to demand repayment at any time for any reason whatsoever, matures 19 months from the date of the initial advance under the Minu/Nao Loan Facility. A copy of the Original Minu/Nao Commitment Letter is attached hereto as **Exhibit "V"**.

61. The parties have amended the Original Minu/Nao Commitment Letter (as amended, the "**Minu/Nao Commitment Letter**") pursuant to four (4) amendments dated November 29, 2021 (the "**First Minu/Nao Amendment**"), June 13, 2022 (the "**Second Minu/Nao Amendment**"), September 12, 2022 (the "**Third Minu/Nao Amendment**") and November 16, 2022 (the "**Fourth Minu/Nao Amendment**") and together with the First Minu/Nao Amendment, the Second Minu/Nao Amendment and the Third Minu/Nao Amendment, the "**Minu/Nao Amendments**"). Copies of the Minu/Nao Amendments are attached hereto as **Exhibit "W"**.

62. Principally, the Minu/Nao Amendments provided as follows:

^{7 7} Terms used but not otherwise defined in this section shall have the meanings ascribed to them in the Nao Commitment Letter.

- (a) *First Minu/Nao Amendment* – added the Minu/Nao Collateral Security (as defined below) and amended the Permitted Encumbrances and the Allocation of Net Closing Proceeds sections of the Original Minu/Nao Commitment Letter.
- (b) *Second Minu/Nao Amendment* – amended the Permitted Encumbrances section of the Original Minu/Nao Commitment Letter.
- (c) *Third Minu/Nao Amendment* – amended the Collateral Discharge section of the Original Minu/Nao Commitment Letter.
- (d) *Fourth Minu/Nao Amendment* – amended the Permitted Encumbrances section of the Original Minu/Nao Commitment Letter.

63. As of April 11, 2023, the total indebtedness under the Minu/Nao Commitment Letter was \$31,230,182.80 (the "**Minu/Nao Indebtedness**").

64. As general and continuing security for the payment and performance of Minu and Nao's obligations under the Minu/Nao Commitment Letter, KingSett was granted various security by Minu, Nao and certain of their principals (collectively, the "**Minu/Nao Security**"). Additional collateral security was also granted by On the Mark (the "**Minu/Nao Collateral Security**").

65. Among other things, the Minu/Nao Security and the Minu/Nao Collateral Security granted by Minu, Nao and On the Mark, includes:

- (a) a \$38,312,500 second ranking charge/mortgage in respect of the Nao Real Property and the Minu Real Property (the "**Minu/Nao Second Mortgage**"), governed by,

among other things, the additional provisions registered therewith (the "**Minu/Nao Second Mortgage Terms**");

- (b) a \$38,312,500 third ranking change in respect of the On the Mark Real Property (the "**Minu/Nao Collateral Third Mortgage**"), governed by, among other things, the additional provisions registered therewith (the "**Minu/Nao Collateral Mortgage Terms**");
- (c) a General Assignment of Rents and Leases dated October 8, 2021 (the "**Minu Second Mortgage Assignment of Rents**");
- (d) an Assignment of Material Agreements dated October 8, 2021, attached hereto as **Exhibit "X"**;
- (e) an Assignment of Monies which may Become Payable Under Insurance Policies dated October 8, 2021, attached hereto as **Exhibit "Y"**;
- (f) a General Security Agreement dated October 8, 2021 (the "**Minu Second Mortgage GSA**"), attached hereto as **Exhibit "Z"**;
- (g) a General Assignment of Rents and Leases dated December 22, 2021 (the "**Nao Second Mortgage Assignment of Rents**");
- (h) an Assignment of Material Agreements dated December 22, 2021, attached hereto as **Exhibit "AA"**;
- (i) an Assignment of Monies which may Become Payable Under Insurance Policies dated December 22, 2021, attached hereto as **Exhibit "BB"**; and

- (j) a General Security Agreement dated December 22, 2021 (the "**Nao Second Mortgage GSA**"), attached hereto as **Exhibit "CC"**.

66. Copies of the Minu/Nao Second Mortgage, the Minu/Nao Second Mortgage Terms, the Minu/Nao Collateral Third Mortgage, the Minu/Nao Collateral Mortgage Terms, the Minu Second Mortgage Assignment of Rents and the Nao Second Mortgage Assignment of Rents are attached hereto as **Exhibit "DD"**. The Minu/Nao Commitment Letter, the Minu/Nao Second Mortgage, the Minu/Nao Mortgage Terms, the Minu/Nao Collateral Third Mortgage, Minu/Nao Collateral Mortgage Terms, the Minu Second Mortgage Assignment of Rents, the Nao Second Mortgage Assignment of Rents, the Minu Second Mortgage GSA and the Nao Second Mortgage GSA are referred to collectively herein as the "**Minu/Nao Loan Documents**".

67. KingSett registered the Minu/Nao Second Mortgage and the Minu/Nao Collateral Third Mortgage in the Land Registry Office (No. 65). Copies of the Minu Parcel Registers, the Nao Parcel Registers and the On the Mark Parcel Registers (as defined below) in respect of the Minu Real Property, Nao Real Property and the On the Mark Real Property evidencing the registration of the Minu/Nao Second Mortgage, the Minu/Nao Collateral Third Mortgage, the Minu Second Mortgage Assignment of Rents and the Nao Second Mortgage Assignment of Rents on title are attached hereto as **Exhibit "L"**, **Exhibit "T"** and **Exhibit "JJ"**.

68. KingSett also registered its security interest granted by Minu and Nao pursuant to the Minu Second Mortgage GSA and Nao Second Mortgage GSA, respectively, under the PPSA. KingSett's registration in this regard is reflected by the Minu PPSA Search Results and the Nao PPSA Search Results conducted against Minu and Nao under the PPSA effective April 13, 2023, which are attached hereto as **Exhibit "M"** and **Exhibit "U"**.

(i) *Minu's and Nao's Other Creditors*

69. Details on Minu's and Nao's other creditors are detailed in paragraphs 48, 49, 58 and 59 of this affidavit.

(d) *Stateview Homes (On the Mark) Inc. - First Mortgage*⁸

70. KingSett entered into a commitment letter dated May 13, 2020 with On the Mark (the "**Original On the Mark First Mortgage Commitment Letter**"), pursuant to which KingSett agreed to provide, among other things: (i) a first mortgage in the principal amount of \$41,000,000; and (ii) Letters of Credit in the principal amount of \$3,500,000 (collectively, the "**On the Mark First Mortgage Loan Facility**"). Under the terms of the Original On the Mark First Mortgage Commitment Letter, the On the Mark First Mortgage Loan Facility: (i) bears interest at RBC Prime Rate plus 3.20% (floor rate of 5.65%) calculated daily, compounded and payable monthly, not in advance, both before and after maturity, default and/or judgement; and (ii) without prejudice to KingSett's right to demand repayment at any time for any reason whatsoever, matures 18 months from the date of the initial advance under the On the Mark First Mortgage Loan Facility. A copy of the Original On the Mark First Mortgage Commitment Letter is attached hereto as **Exhibit "EE"**.

71. The parties have amended the Original On the Mark First Mortgage Commitment Letter (as amended, the "**On the Mark First Mortgage Commitment Letter**") pursuant to four (4) amendments dated July 27, 2021 (the "**First On the Mark First Mortgage Amendment**"), November 29, 2021 (the "**Second On the Mark First Mortgage Amendment**"), January 7, 2022

⁸ Terms used but not otherwise defined in this section shall have the meanings ascribed to them in the On the Mark First Mortgage Commitment Letter.

(the "**Third On the Mark First Mortgage Amendment**") and January 18, 2023 (the "**Fourth On the Mark First Mortgage Amendment**") and together with the First On the Mark First Mortgage Amendment, the Second On the Mark First Mortgage Amendment and the Third On the Mark First Mortgage Amendment, the "**On the Mark First Mortgage Amendments**"). Copies of the On the Mark First Mortgage Amendments are attached hereto as **Exhibit "FF"**.

72. Principally, the On the Mark First Mortgage Amendments provided as follows:

- (a) *First On the Mark First Mortgage Amendment* – amended the Collateral, Interest Reserve, Allocation of Net Closing Proceeds sections of the Original On the Mark First Mortgage Commitment Letter and increased first mortgage portion of the On the Mark First Mortgage Loan Facility from \$41,000,000 to \$42,010,000.
- (b) *Second On the Mark First Mortgage Amendment* – amended the Permitted Encumbrances section of the Original On the Mark First Mortgage Commitment Letter.
- (c) *Third On the Mark First Mortgage Amendment* – amended the Extension Option and Extension Fee sections of the Original On the Mark First Mortgage Commitment Letter.
- (d) *Fourth On the Mark First Mortgage Amendment* – further amended the Extension Option and Extension Fee sections of the Original On the Mark First Mortgage Commitment Letter.

73. As of April 11, 2023, the total indebtedness under the On the Mark First Mortgage Commitment Letter is \$20,056,316.14 (the "**On the Mark First Mortgage Indebtedness**").

74. As general and continuing security for the payment and performance of On the Mark's obligations under the On the Mark First Mortgage Commitment Letter, KingSett was granted various security by On the Mark and certain of its principals (collectively, the "**On the Mark First Mortgage Security**").

75. Among other things, the On the Mark First Mortgage Security granted by On the Mark, includes:

- (a) a \$51,250,000 first ranking charge/mortgage in respect of the On the Mark Real Property (the "**On the Mark First Mortgage**"), governed by, among other things, the additional provisions registered therewith (the "**On the Mark First Mortgage Terms**");
- (b) an Assignment of Rents and Leases dated June 9, 2020 (the "**On the Mark First Mortgage Assignment of Rents**");
- (c) an Assignment of Insurance Interest dated June 9, 2020, attached hereto as **Exhibit "GG"**; and
- (d) a General Security Agreement dated June 9, 2020 (the "**On the Mark First Mortgage GSA**"), attached hereto as **Exhibit "HH"**.

76. Copies of the On the Mark First Mortgage, the On the Mark First Mortgage Terms and the On the Mark First Mortgage Assignment of Rents are attached hereto as **Exhibit "II"**. The On the Mark First Mortgage Commitment Letter, the On the Mark First Mortgage, the On the Mark First Mortgage Terms, the On the Mark Assignments of Rents and the On the Mark First Mortgage GSA are referred to collectively herein as the "**On the Mark First Mortgage Loan Documents**".

77. KingSett registered the On the Mark First Mortgage in the Land Registry Office (No. 65). Copies of the sub-searches of title conducted on April 24, 2023 (collectively, the "**On the Mark Parcel Registers**") in respect of the On the Mark Real Property evidencing the registration of the On the Mark First Mortgage and the On the Mark Assignment of Rents on title are attached hereto as **Exhibit "JJ"**.

78. KingSett also registered its security interest granted by On the Mark pursuant to the On the Mark GSA under the PPSA. KingSett's registration in this regard is reflected in the search results (the "**On the Mark PPSA Search Results**") conducted against On the Mark under the PPSA effective April 13, 2023, which are attached hereto as **Exhibit "KK"**.

(i) On the Mark's Other Creditors

79. As disclosed within the On the Mark Parcel Registers and the On the Mark PPSA Search Results, On the Mark has not granted security interests to any creditors other than KingSett in either its personal property or in the On the Mark Real Property.

80. KingSett is not aware of whether On the Mark has unsecured creditors.

(e) Stateview Homes (On the Mark) Inc. - Second Mortgage⁹

81. KingSett entered into a commitment letter dated May 13, 2020 with On the Mark (the "**Original On the Mark Second Mortgage Commitment Letter**"), pursuant to which KingSett agreed to provide, among other things, a second mortgage in the principal amount of \$12,000,000 (the "**On the Mark Second Mortgage Loan Facility**"). Under the terms of the Original On the

⁹ Terms used but not otherwise defined in this section shall have the meanings ascribed to them in the On the Mark 2nd Mortgage Commitment Letter.

Mark Second Mortgage Commitment Letter, the On the Mark Second Mortgage Loan Facility: (i) bears interest at RBC Prime Rate plus 9.55% (floor rate of 12.00%) calculated daily, compounded and payable monthly, not in advance, both before and after maturity, default and/or judgement; and (ii) without prejudice to KingSett's right to demand repayment at any time for any reason whatsoever, matures 18 months from the date of the initial advance under the On the Mark Second Mortgage Loan Facility. A copy of the Original On the Mark Second Mortgage Commitment Letter is attached hereto as **Exhibit "LL"**.

82. The parties have amended the Original On the Mark Second Mortgage Commitment Letter (as amended, the "**On the Mark Second Mortgage Commitment Letter**") pursuant to four (4) amendments dated July 27, 2021 (the "**First On the Mark Second Mortgage Amendment**"), November 29, 2021 (the "**Second On the Mark Second Mortgage Amendment**"), January 7, 2022 (the "**Third On the Mark Second Mortgage Amendment**") and January 18, 2023 (the "**Fourth On the Mark Second Mortgage Amendment**" and together with the First On the Mark Second Mortgage Amendment, the Second On the Mark Second Mortgage Amendment and the Third On the Mark Second Mortgage Amendment, the "**On the Mark Second Mortgage Amendments**"). Copies of the On the Mark Second Mortgage Amendments are attached hereto as **Exhibit "MM"**.

83. Principally, the On the Mark Second Mortgage Amendments provided as follows:

- (a) *First On the Mark Second Mortgage Amendment* – amended the Collateral, Interest Reserve and Allocation of Net Closing Proceeds sections of the Original On the Mark Second Mortgage Commitment Letter and increased first mortgage portion of the On the Mark Second Mortgage Loan Facility from \$12,000,000 to \$12,090,000.

- (b) *Second On the Mark Second Mortgage Amendment* – amended the Permitted Encumbrances section of the Original On the Mark Second Mortgage Commitment Letter.
- (c) *Third On the Mark Second Mortgage Amendment* – amended the Extension Option and Extension Fee sections of the Original On the Mark Second Mortgage Commitment Letter.
- (d) *Fourth On the Mark Second Mortgage Amendment* – further amended the Extension Option and Extension Fee sections of the Original On the Mark Second Mortgage Commitment Letter.

84. As of April 11, 2023, the total indebtedness under the On the Mark Second Mortgage Commitment Letter is \$12,221,278.43 (the "**On the Mark Second Mortgage Indebtedness**").

85. As general and continuing security for the payment and performance of On the Mark's obligations under the On the Mark Second Mortgage Commitment Letter, KingSett was granted various security by On the Mark and certain of its principals (collectively, the "**On the Mark Second Mortgage Security**").

86. Among other things, the On the Mark Second Mortgage Security granted by On the Mark, includes:

- (a) a \$15,000,000 second ranking charge/mortgage in respect of the On the Mark Real Property (the "**On the Mark Second Mortgage**"), governed by, among other things, the additional provisions registered therewith (the "**On the Mark Second Mortgage Terms**");

- (b) an Assignment of Rents and Leases dated June 9, 2020 (the "**On the Mark Second Mortgage Assignment of Rents**");
- (c) an Assignment of Insurance Interest dated June 9, 2020, attached hereto as **Exhibit "NN"**; and
- (d) a General Security Agreement dated June 9, 2020 (the "**On the Mark Second Mortgage GSA**"), attached hereto as **Exhibit "OO"**.

87. Copies of the On the Mark Second Mortgage, the On the Mark Second Mortgage Terms and the On the Mark Second Mortgage Assignment of Rents are attached hereto as **Exhibit "PP"**. The On the Mark Second Mortgage Commitment Letter, the On the Mark Second Mortgage, the On the Mark Second Mortgage Terms, the On the Mark Second Mortgage Assignments of Rents and the On the Mark Second Mortgage GSA are referred to collectively herein as the "**On the Mark Second Mortgage Loan Documents**".

88. KingSett registered the On the Mark Second Mortgage in the Land Registry Office (No. 65). Copies of the On the Mark Parcel Registers in respect of the On the Mark Real Property evidencing the registration of the On the Mark Second Mortgage and the On the Mark Second Mortgage Assignment of Rents on title are attached hereto as **Exhibit "JJ"**.

89. KingSett also registered its security interest granted by On the Mark pursuant to the On the Mark Second Mortgage GSA under the PPSA. KingSett's registration in this regard is reflected in the On the Mark PPSA Search Results, which are attached hereto as **Exhibit "KK"**.

(i) On the Mark's Other Creditors

90. Details on On the Mark's other creditors are detailed in paragraphs 79 and 80 of this affidavit.

(f) TLSFD Taurasi Holdings Corp.¹⁰

91. KingSett entered into a commitment letter dated August 4, 2020 with Taurasi Holdings (the "**Original Taurasi Holdings Commitment Letter**"), pursuant to which KingSett agreed to provide, among other things, a first mortgage in the principal amount of \$8,400,000 (the "**Taurasi Holdings Loan Facility**"). Under the terms of the Original Taurasi Holdings Commitment Letter, the Taurasi Holdings Loan Facility: (i) bears interest at RBC Prime Rate plus 3.30% (floor rate of 5.75%) calculated daily, compounded and payable monthly, not in advance, both before and after maturity, default and/or judgement (the "**Taurasi Holdings Interest Rate**"); and (ii) without prejudice to KingSett's right to demand repayment at any time for any reason whatsoever, matures 12 months from the date of the initial advance under the Taurasi Holdings Loan Facility. A copy of the Original Taurasi Holdings Commitment Letter is attached hereto as **Exhibit "QQ"**.

92. The parties have amended the Original Taurasi Holdings Commitment Letter (as amended, the "**Taurasi Holdings Commitment Letter**") pursuant to two (2) amendments dated March 16, 2021 (the "**First Taurasi Holdings Amendment**") and February 16, 2022 (the "**Second Taurasi Holdings Amendment**") and together with the First Taurasi Holdings Amendment, the "**Taurasi Holdings Amendments**"). Copies of the Taurasi Holdings Amendments are attached hereto as **Exhibit "RR"**.

¹⁰ Terms used but not otherwise defined in this section shall have the meanings ascribed to them in the On the Mark 2nd Mortgage Commitment Letter.

93. Principally, the Taurasi Holdings Amendments provided as follows:
- (a) *First Taurasi Holdings Amendment* – amended and restated the Original Taurasi Holdings Commitment Letter and, among other things, increased the Taurasi Holdings Loan Facility from \$8,400,000 to \$21,755,000 and amended the Taurasi Holdings Interest Rate to Prime Rate plus 4.05% (floor rate of 6.50%).
 - (b) *Second Taurasi Holdings Amendment* – increased the Taurasi Holdings Loan Facility from \$21,755,000 to \$29,755,000 and amended the Taurasi Holdings Interest Rate to Prime Rate plus 4.30% (floor rate of 6.75%).
94. As of April 11, 2023, the total indebtedness under the On the Mark Second Mortgage Commitment Letter is \$30,139,394.81 (the "**Taurasi Holdings Indebtedness**").
95. As general and continuing security for the payment and performance of Taurasi Holdings' obligations under the Taurasi Holdings Commitment Letter, KingSett was granted various security by Taurasi Holdings and certain of its principals (collectively, the "**Taurasi Holdings Security**").
96. Among other things, the Taurasi Holdings Security granted by Taurasi Holdings, includes:
- (a) a \$37,200,000 first ranking charge/mortgage in respect of the Taurasi Holdings Real Property (the "**Taurasi Holdings Mortgage**"), governed by, among other things, the additional provisions registered therewith (the "**Taurasi Holdings Mortgage Terms**");
 - (b) an Assignment of Rents and Leases dated August 20, 2020 (the "**First Taurasi Holdings Assignment of Rents**");

- (c) an Assignment of Rents and Leases dated March 29, 2021 (the "**Second Taurasi Holdings Assignment of Rents**") and together with the First Taurasi Holdings Assignment of Rents, the "**Taurasi Holdings Assignment of Rents**");
- (d) an Assignment of Insurance Interest dated March 29, 2021, attached hereto as **Exhibit "SS"**; and
- (e) a General Security Agreement dated August 20, 2020 and a General Security Agreement dated March 29, 2021 (together, the "**Taurasi Holdings GSA**"), attached hereto as **Exhibit "TT"**.

97. Copies of the Taurasi Holdings Mortgage, the Taurasi Holdings Mortgage Terms and the Taurasi Holdings Assignment of Rents are attached hereto as **Exhibit "UU"**. The Taurasi Holdings Commitment Letter, the Taurasi Holdings Mortgage, the Taurasi Holdings Mortgage Terms, the Taurasi Holdings Assignments of Rents and the Taurasi Holdings GSA are referred to collectively herein as the "**Taurasi Holdings Loan Documents**".

98. KingSett registered the Taurasi Holdings Mortgage in the Land Registry Office (No. 65). Copies of the sub-searches of title conducted on April 24, 2023 (collectively, the "**Taurasi Holdings Parcel Registers**") in respect of the Taurasi Holdings Real Property evidencing the registration of the Taurasi Holdings Mortgage and the Taurasi Holdings Assignment of Rents on title are attached hereto as **Exhibit "VV"**.

99. KingSett also registered its security interest granted by Taurasi Holdings pursuant to the Taurasi Holdings GSA under the PPSA. KingSett's registration in this regard is reflected in the

search results (the "**Taurasi Holdings PPSA Search Results**") conducted against Taurasi Holdings under the PPSA effective April 13, 2023, which are attached hereto as **Exhibit "WW"**.

(i) *Taurasi Holdings' Other Creditors*

100. As disclosed within the Taurasi Holdings Parcel Registers and the Taurasi Holdings PPSA Search Results, in addition to KingSett, Taurasi Holdings has granted security interests to other creditors in both its personal property and/or the Taurasi Holdings Real Property. These creditors include Mercedes-Benz Financial Services Canada Corporation ("**Mercedes**") and TD Bank. As previously detailed and discussed, the TD Charge registration was not made with the consent of KingSett and as such gave rise to the TD Default.

101. The PPSA registration by Mercedes relates specifically to a 2021 Mercedes-BenzS580V4M bearing VIN: W1K6G7GB5MA028422.

102. KingSett is not aware of whether Taurasi Holdings has unsecured creditors.

(g) *Stateview Homes (High Crown Estates) Inc.*¹¹

103. Dorr entered into a commitment letter dated June 17, 2021 with High Crown (the "**Original High Crown Commitment Letter**"), pursuant to which Dorr agreed to provide, among other things, a second mortgage in the principal amount of \$5,000,000 (the "**High Crown Loan Facility**").¹² Under the terms of the Original High Crown Commitment Letter, the High Crown Loan Facility: (i) bears interest at the greater of RBC Prime Rate plus 10.55% and 13%; and (ii) without prejudice to Dorr's right to demand repayment at any time for any reason whatsoever,

¹¹ Terms used but not otherwise defined in this section shall have the meanings ascribed to them in the High Crown Commitment Letter.

¹² Dorr is the servicer under the High Crown Commitment Letter, however, KingSett holds 100% of the beneficial economic interest.

matures 12 months from the date of the initial advance under the High Crown Loan Facility if the same occurs on the first calendar day of a month, otherwise matures 12 months from the first calendar day of the month next following the date of the initial advance of the High Crown Loan Facility (the "**High Crown Maturity Date**"). A copy of the Original High Crown Commitment Letter is attached hereto as **Exhibit "XX"**.

104. The parties have amended the Original High Crown Commitment Letter (as amended, the "**High Crown Commitment Letter**") and together with the Minu Commitment Letter, the Nao Commitment Letter, the Minu/Nao Commitment Letter, the On the Mark First Mortgage Commitment Letter, the On the Mark Second Mortgage Commitment Letter, and the Taurasi Holdings Commitment Letter, the "**Commitment Letters**" and each a "**Commitment Letter**") pursuant to four (4) amendments dated July 23, 2021 (the "**First High Crown Amendment**"), February 8, 2022 (the "**Second High Crown Amendment**"), August 15, 2022 (the "**Third High Crown Amendment**") and November 24, 2022 (the "**Fourth High Crown Amendment**" and together with the First High Crown Amendment, the Second High Crown Amendment and the Third High Crown Amendment, the "**High Crown Amendments**"). Copies of the High Crown Amendments are attached hereto as **Exhibit "YY"**.

105. Principally, the High Crown Amendments provided as follows:

- (a) *First High Crown Amendment* – amended the Partial Discharges section of the Original High Crown Commitment Letter.
- (b) *Second High Crown Amendment* – amended and replaced the Collateral Security and permitted the original \$1,100,000 partial paydown of the High Crown Loan Facility to be held in a trust account until 70% of the hard costs were fixed upon

which the \$1,100,000 would first be injected into the project to cover overruns (if any), and secondly, released to High Crown.

- (c) *Third High Crown Amendment* – extended the High Crown Maturity Date to December 1, 2022.
- (d) *Fourth High Crown Amendment* – extended the High Crown Maturity Date to March 1, 2023.

106. As of April 11, 2023, the total indebtedness under the High Crown Commitment Letter is \$4,000,592.77 (the "**High Crown Indebtedness**" and together with the Minu Indebtedness, the Nao Indebtedness, the Minu/Nao Indebtedness, the On the Mark First Mortgage Indebtedness, the On the Mark Second Mortgage Indebtedness and the Taurasi Holdings Indebtedness, the "**Indebtedness**").

107. As general and continuing security for the payment and performance of High Crown's obligations under the High Crown Commitment Letter, Dorr was granted various security by High Crown and certain of its principals (collectively, the "**High Crown Security**"). Additionally, collateral security was also granted by Minu and Nao (the "**High Crown Collateral Security**").

108. Among other things, the High Crown Security and the High Crown Collateral Security granted by High Crown, Minu and Nao, includes:

- (a) a \$6,250,000 second ranking charge/mortgage in respect of the High Crown Real Property (the "**High Crown Mortgage**"), governed by, among other things, the additional provisions registered therewith (the "**High Crown Mortgage Terms**");

- (b) a \$6,250,000 third ranking charge/mortgage in respect of the Nao Real Property and the Minu Real Property (the "**High Crown Collateral Mortgage**"), governed by, among other things, the additional provisions registered therewith (the "**High Crown Collateral Mortgage Terms**");
- (c) an Assignment of Rents and Leases dated July 20, 2021 (the "**High Crown Assignment of Rents**"); and
- (d) a General Security Agreement dated July 20, 2021 (the "**High Crown GSA**" , and together with the Minu GSA, the Nao GSA, Minu Second Mortgage GSA, the Nao Second Mortgage GSA, the On the Mark First Mortgage GSA, the On the Mark Second Mortgage GSA, the Taurasi Holdings GSA, the "**GSAs**"), attached hereto as **Exhibit "ZZ"**.

109. Copies of the High Crown Mortgage, the High Crown Mortgage Terms, the High Crown Collateral Mortgage, the High Crown Collateral Mortgage Terms and the High Crown Assignment of Rents are attached hereto as **Exhibit "AAA"**. The High Crown Commitment Letter, the High Crown Mortgage, the High Crown Mortgage Terms, the High Crown Collateral Mortgage, the High Crown Collateral Mortgage Terms, the High Crown Assignments of Rents and the High Crown GSA are referred to collectively herein as the "**High Crown Loan Documents**" and together with Minu Loan Documents, the Nao Loan Documents, the Minu/Nao Loan Documents, the On the Mark First Mortgage Loan Documents, the On the Mark Second Mortgage Loan Documents and the Taurasi Holdings Loan Documents, the "**Loan Documents**".

110. Dorr registered the High Crown Mortgage and the High Crown Collateral Mortgage in the Land Registry Office (No. 65). Copies of the sub-searches of title conducted on April 24, 2023

(collectively, the "**High Crown Parcel Registers**" and together with the Minu Parcel Registers, Nao Parcel Registers, On the Mark Parcel Registers and the Taurasi Holdings Parcel Registers, the "**Parcel Registers**") in respect of the High Crown Real Property, along with the Minu Parcel Registers and the Nao Parcel Registers, evidencing the registration of the High Crown Mortgage, the High Crown Assignment of Rents and the High Crown Collateral Mortgage on title are attached hereto as **Exhibit "BBB"**, **Exhibit "L"** and **Exhibit "T"**.

111. Dorr also registered its security interest granted by High Crown pursuant to the High Crown GSA under the PPSA. Dorr's registration in this regard is reflected in the search results (the "**High Crown PPSA Search Results**") conducted against High Crown under the PPSA effective April 13, 2023, which are attached hereto as **Exhibit "CCC"**.

112. KingSett, Dorr and High Crown are party to a Subordination and Standstill Agreement dated August 3, 2021 wherein Dorr agreed to subordinate and postpone the High Crown Indebtedness and the High Crown Security to and in favour of the first lien indebtedness and security. Dorr has received written consent from Dorr (in its capacity as first lien mortgagee) to seek the proposed Receivership Order in connection with the High Crown Real Property.

(i) High Crown's Other Creditors

113. As disclosed within the High Crown Parcel Registers and the High Crown PPSA Search Results, High Crown has not granted security interests to any creditors other than Dorr and KingSett in either its personal property or in the High Crown Real Property.

114. Dorr is not aware of whether High Crown has unsecured creditors.

IV. THE DEFAULTS, THE DEMAND LETTERS AND NITES

115. As was previously discussed, certain events of default under the Loan Documents have occurred and are continuing. More specifically, and as discussed in greater detail above:

- (a) on or around April 3, 2023, each of the Debtors committed the Interest Payment Defaults when they failed to make their monthly interest payment in accordance with their obligations under the relevant Commitment Letter. These Interest Payment Defaults amount to approximately \$1,159,616.42 in the aggregate;
- (b) on April 1, 2023 and March 1, 2023, as the case may be, the Maturity Date (as defined in the Commitment Letters), in respect of the On the Mark First Mortgage Loan Facility, the On the Mark Second Mortgage Loan Facility, the High Crown Loan Facility and the Taurasi Holdings Loan Facility, passed without any extensions being granted;
- (c) on or around April 6, 2023, as a result the Unauthorized Overdraft and the resulting TD Settlement Agreement, the TD Charge was registered against the Taurasi Holdings Real Property absent KingSett's consent and in breach of the Taurasi Holdings Loan Documents;
- (d) the Debtors knowingly, underhandedly and in breach of the Loan Documents diverted large sums of money advanced in connection with the Loan Facilities by failing to use funds advanced for their required purposes;
- (e) the Liens have been registered against the On the Mark Real Property in connection with amounts owing to certain contractors and subcontractors which has led to

safety and project completion concerns and has resulted in the failure or delay of certain closings in connection with the On the Mark Townhomes; and

- (f) On the Mark has not remitted HST payable in connection with the sale of at least certain of the On the Mark Townhomes that have closed to date.

116. On April 12, 2023, the Applicants issued demand letters (collectively, the "**Demand Letters**" and each a "**Demand Letter**") to each of the Debtors, advising each Debtor that it was in default pursuant to the terms of its Commitment Letter. Each Demand Letter was delivered to the relevant Debtor contemporaneously with the NITES in accordance with section 244 of the BIA. Copies of the Demand Letters and the accompanying NITES are attached hereto as **Exhibit "DDD"**.

V. PROPOSED RECEIVERSHIP

117. The ten-day period afforded to the Debtors under the Demand Letters and NITES to repay the Indebtedness prior to the Applicants taking any enforcement action expired on April 22, 2023. For the reasons detailed in this affidavit including, without limitation, the Unauthorized Overdraft in excess of \$37,000,000 which the Debtors took 2.5 weeks to advise the Applicants about, the defaults of the Debtors (including maturity date and interest payment defaults), and the improper diversion of funds advanced by the Applicants, the Applicants have lost all confidence, faith and trust in the Debtors and their management.

118. The Debtors' have no liquidity, no ability to immediately raise capital, and liens are being registered against certain of the Real Property. As previously discussed, the Liens are currently impacting the ability to close a number of transactions for the On the Mark Townhomes which is impacting all stakeholders of On the Mark, including third party purchasers. The appointment of

a receiver will facilitate these transactions closing. In addition, trades are unpaid, and I am advised that construction of the On the Mark project has halted as a result. Any issues relating to the Liens and the transaction proceeds can be dealt with in the Receivership Proceedings.

119. Pursuant to the Loan Documents, the Applicants have a contractual right to the appointment of a receiver upon a default and/or event of default, as applicable. Further, pursuant to the Commitment Letters, the Debtors have consented to the Applicants' appointment of a receiver or receiver manager, either privately or pursuant to Court-appointment.

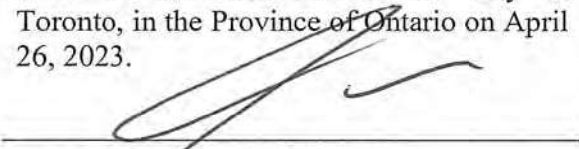
120. The Applicants believe that if the Receiver is appointed on the terms of the proposed Receivership Order, the Receivership Proceedings will provide the stability and supervision required to preserve and maximize the value of the Property for the benefit of all stakeholders, including the Applicants. Moreover, the Applicants believe that the proposed Court-supervised Receivership Proceedings are the only viable means protect and maximize value for the benefit of the Debtors' creditors and other stakeholders in the circumstances.

121. In light of all of the foregoing, I believe that the appointment of a receiver and manager over the Property is just and convenient.

122. KSV is prepared to act as the Receiver if so appointed. I am advised by Noah Goldstein of KSV that KSV is a "licensed trustee" as such term is defined in the BIA and has extensive experience in Canadian insolvency proceedings, including with respect to real estate developments. A copy of KSV's consent to act as the Receiver is attached hereto as **Exhibit "EEE"**.

123. I swear this affidavit in support of the Applicants' application to appoint the Receiver over the Property, and for no improper purpose.

SWORN BEFORE ME in the City of)
Toronto, in the Province of Ontario on April)
26, 2023.)



AIDEN NELMS

A Commissioner for Oaths in and for the)
Province of Ontario)
)
)
)
)
)
)



DANIEL POLLACK

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

**KINGSETT MORTGAGE CORPORATION
AND DORR CAPITAL CORPORATION**

and

STATEVIEW HOMES (MINU TOWNS) INC., STATEVIEW HOMES (NAO TOWNS) INC., STATEVIEW HOMES (ON THE MARK) INC., TLSFD TAURASI HOLDINGS CORP. AND STATEVIEW HOMES (HIGH CROWN ESTATES) INC.

Applicants

Respondents

Court File No.: CV-23-00698576-00CL

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

Proceedings commenced in Toronto

**AFFIDAVIT OF DANIEL POLLACK
(Sworn September 5, 2023)**

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Lawyers for KingSett Mortgage Corporation

TAB 3

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

THE HONOURABLE) THURSDAY, THE 14th
)
JUSTICE [●]) DAY OF SEPTEMBER, 2023
)

BETWEEN:

KINGSETT MORTGAGE CORPORATION AND DORR CAPITAL CORPORATION

Applicants

- and -

**STATEVIEW HOMES (MINU TOWNS) INC., STATEVIEW HOMES (NAO TOWNS)
INC., STATEVIEW HOMES (ON THE MARK) INC., TLSFD TAURASI HOLDINGS
CORP. AND STATEVIEW HOMES (HIGH CROWN ESTATES) INC.**

Respondents

**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**

ON THE MARK BANKRUPTCY ORDER

THIS MOTION, made by KingSett Mortgage Corporation ("**KingSett**"), for an Order authorizing and directing KSV Restructuring Inc. ("**KSV**"), in its capacity as receiver (in such capacity, the "**Receiver**") without security, of the property, assets and undertakings of each of the above noted Respondents, including their real property, to assign Stateview Homes (On the Mark) Inc. ("**On the Mark**") into bankruptcy, was heard this day in via videoconference at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Daniel Pollack sworn September 5, 2023 and the exhibits thereto (the "**Pollack Affidavit**") and the Third Report of the Receiver dated September 5, 2023, and on hearing the submissions of counsel for KingSett, the Receiver, and such other parties listed

on the Participant Information Form, no one appearing for any other party although duly served as appears from the affidavit of service sworn and filed.

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 AND DECLARES** that all terms not otherwise defined herein shall have the meaning ascribed to them in the Pollack Affidavit.

ON THE MARK BANKRUPTCY

3. **THIS COURT ORDERS** that (i) the Receiver is hereby authorized and directed to file an assignment in bankruptcy in respect of On the Mark pursuant to the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended naming KSV as trustee in bankruptcy (in such capacity, the "**Trustee**"), and to take any steps reasonably incidental thereto, and (ii) KSV is hereby authorized and empowered to act as Trustee.

4. **THIS COURT ORDERS** that the Receiver is hereby authorized and empowered to fund the costs of administering the bankruptcy estate of On the Mark, including the fees and disbursements of the Trustee and its counsel, from the Property (as defined in the Receivership Order) of On the Mark.

5. **THIS COURT ORDERS** that each of the Receiver's Charge and the Receiver's Borrowings Charge (each as defined in the Receivership Order), shall not be affected by the bankruptcy of On the Mark and shall continue to enjoy the same priority such charges have in respect of the Property pursuant to the terms of the Receivership Order following the bankruptcy of On the Mark.

6. **THIS COURT ORDERS** that all proceeds of the Property of On the Mark realized by the Receiver prior to, on or after the bankruptcy of On the Mark (the "**Receivership Proceeds**") shall be maintained by the Receiver in a segregated account of the Receiver, such Receivership Proceeds

to not form part of the bankruptcy estate of On the Mark and shall be distributed by the Receiver as directed by further Order of this Court.

GENERAL

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 the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

9. **THIS COURT ORDERS** that KingSett shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of KingSett's security or, if not so provided by KingSett's security, then on a substantial indemnity basis to be paid by the Receiver from On the Mark's estate with such priority and at such time as this Court may determine.

10. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto Time on the date of this Order and are enforceable without the need for entry and filing.

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

**KINGSETT MORTGAGE CORPORATION
AND DORR CAPITAL CORPORATION**

and **STATEVIEW HOMES (MINU TOWNS) INC., STATEVIEW HOMES (NAO TOWNS) INC., STATEVIEW HOMES (ON THE MARK) INC., TLSFD TAURASI HOLDINGS CORP. AND STATEVIEW HOMES (HIGH CROWN ESTATES) INC.**

Applicants

Respondents

Court File No.: CV-23-00698576-00CL

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

Proceedings commenced in Toronto

ON THE MARK BANKRUPTCY ORDER

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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

**KINGSETT MORTGAGE CORPORATION
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and **STATEVIEW HOMES (MINU TOWNS) INC., STATEVIEW HOMES (NAO TOWNS) INC., STATEVIEW HOMES (ON THE MARK) INC., TLSFD TAURASI HOLDINGS CORP. AND STATEVIEW HOMES (HIGH CROWN ESTATES) INC.**

Applicants

Respondents

Court File No.: CV-23-00698576-00CL

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

Proceedings commenced in Toronto

**Motion Record
(Returnable September 14, 2023)**

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