

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

BETWEEN

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

**APPLICATION UNDER SECTION 37 OF THE
MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT, 2006, S.O. 2006, c.
29 and SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c. C.43**

**THIRTEENTH REPORT OF THE TRUSTEE
(COMPREHENSIVE UPDATE)**

November 22, 2019



FAAN Mortgage Administrators Inc.
Court-Appointed Trustee of the Respondent

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INTRODUCTION

1. On April 20, 2018, pursuant to an order (“**Appointment Order**”) of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (“**Court**”), FAAN Mortgage Administrators Inc. (“**FAAN Mortgage**”) was appointed as trustee (“**Trustee**”) over all of the assets, undertakings and properties of Building & Development Mortgages Canada Inc. (“**BDMC**”) including, without limitation, all of the assets in the possession or under the control of BDMC, its counsel, agents and/or assignees but held on behalf of any other party, including, but not limited to, lenders under syndicated mortgage loans (“**Investors**”), brokers, or borrowers, in each case whether or not such property was or is held in trust or was or is required to be held in trust (collectively, the “**Property**”). The Appointment Order was issued following an application made by the Superintendent of Financial Services (“**Superintendent**”) pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (Ontario), as amended (“**MBLAA**”), and section 101 of the *Courts of Justice Act* (Ontario), as amended. A copy of the

Appointment Order is attached as **Appendix “1”**.

2. On June 19, 2018, the Trustee submitted its first report in these proceedings (“**First Report**”). The First Report provided a comprehensive update on the Trustee’s activities during the first two months of these proceedings, including additional background information regarding BDMC and its business and updated information on the status of the real estate development projects in which the Investors hold syndicated mortgage loans.
3. On October 23, 2018, the Trustee submitted its second report in these proceedings (“**Second Report**”). The Second Report provided a further comprehensive update on the Trustee’s activities undertaken since the date of the First Report, including a detailed description of the in-depth analysis the Trustee is conducting with respect to each real estate development project and a status update for each of those projects. The Second Report also included information in support of the Realized Property Order (described below).
4. On October 30, 2018, this Court issued an Order (“**Realized Property Order**”) that, among other things,
 - (a) required the Trustee to distribute (when aggregated with previous distributions) 70% of (I) all funds held or received by the Trustee as a result of a repayment (in whole or in part) of principal on any loan or other indebtedness administered by BDMC on behalf of Investors (including funds originally obtained with respect to the Victoria Medical SML Loans), whether or not (i) secured by any Real Property Charges in the name of BDMC or an RRSP Trustee, (ii) received before or after the date of the Appointment Order, or (iii) paid or payable in trust, plus (II) all interest paid or payable to BDMC or the Trustee at the time such repayment (in whole or in part) of principal is made (collectively, “**Realized Property**”);
 - (b) required the Trustee to retain 30% of all Realized Property; and
 - (c) authorized the Trustee to use the retained Realized Property to aid the Trustee in complying with the Appointment Order and in carrying out its mandate, as the Trustee, in its sole discretion, considered necessary or desirable for the administration of the estate, including in respect of those matters set out in

paragraph 17 of the Order made by the Court in these proceedings on June 26, 2018 (“**Interim Stabilization Order**”).

A copy of the Interim Stabilization Order dated June 26, 2018 is attached as **Appendix “2”**. A copy of the Realized Property Order dated October 30, 2018 is attached as **Appendix “3”**.

5. On November 28, 2018, the Court issued the Braestone Settlement Approval Order, which approved, among other things, an amendment to the Realized Property Order that would require the Trustee to distribute (when aggregated with previous distributions) 80% of all Realized Property to Investors.
6. On December 20, 2018, the Court issued the Harlowe Settlement Approval Order, which approved, among other things, a further amendment to the Realized Property Order that would require the Trustee to distribute (when aggregated with previous distributions) 85% of all Realized Property to Investors. A copy of the Harlowe Settlement Approval Order is attached as **Appendix “4”**.
7. The Trustee has, in total, delivered twelve reports to Court (collectively, the “**Reports**”) detailing, among other things, the Trustee’s activities during these proceedings, providing updates to stakeholders on various projects and providing information in support of Orders sought by the Trustee. Notably, on May 10, 2019, the Trustee submitted its seventh report in these proceedings (“**Seventh Report**”), which provided a further comprehensive update on the Trustee’s activities undertaken since the date of the Second Report and a status update for each project. In addition to the project updates provided to the Court and other stakeholders contained in the Seventh Report, the Seventh Report provided support for the Trustee’s request for the Omnibus Order and the LRO Direction Order. A copy of the Omnibus Order dated May 23, 2019 is attached hereto as **Appendix “5”**.
8. This Thirteenth Report is the latest comprehensive update on the Trustee’s activities undertaken since the Seventh Report. Capitalized terms not otherwise defined in this Thirteenth Report have the meanings ascribed to them in the Second Report, the Seventh Report, or other previous Reports of the Trustee, as applicable.
9. Materials filed with the Court with respect to these proceedings, including the Reports and the various Court orders issued in these proceedings, are accessible on the Trustee’s website at: www.faanmortgageadmin.com (“**Trustee’s Website**”). The Trustee intends to

maintain the Trustee's Website for the duration of these proceedings and will be updating it as appropriate.

PURPOSE OF THE THIRTEENTH REPORT

10. In the Seventh Report, the Trustee advised of its intention to report back to the Court in approximately six months with a further comprehensive update regarding these proceedings. Accordingly, the Trustee is filing this report to provide the Court, Investors, borrowers, brokers and other stakeholders with further information regarding BDMC, its business and affairs and information regarding the Trustee's activities since the filing of the Seventh Report.
11. In addition to the project updates and other information provided to the Court and other stakeholders herein, this Thirteenth Report is being delivered in support of the Trustee's request for the following Order ("**December 2019 Omnibus Order**"):
 - (a) approving the QEWN Administration Settlement; and
 - (b) approving the Eighth Report, Ninth Report, Tenth Report, Eleventh Report, Twelfth Report and this Thirteenth Report, as well as the Trustee's activities described therein, and the Trustee's fees and disbursements, including the fees and disbursements of its counsel, for the period from April 1, 2019 to September 30, 2019, as more fully described herein and in the fee affidavits attached hereto.
12. The Trustee intends to report back to the Court in approximately six months with a further comprehensive update regarding these proceedings.
13. As has been the case since the Seventh Report, the Trustee anticipates that it will likely be necessary to attend before the Court during the next six months to seek relief or advice and directions from the Court regarding general file administration matters or project specific issues, which may include, among other things, the approval of settlement, repayment or assignment arrangements for loans on certain real estate development projects.

SCOPE AND TERMS OF REFERENCE

14. In preparing this Thirteenth Report, the Trustee has relied upon unaudited financial and other information provided by, *inter alia*, BDMC, Fortress Real Developments Inc. (“**Fortress**”), Canadian Development Capital & Mortgage Services Inc. (“**CDCM**”), the mortgage brokerage who assumed the mortgage brokerage duties of BDMC, and certain other individual borrowers who have borrowed funds from BDMC under various syndicated mortgage loans administered by BDMC. However, the Trustee notes that it cannot be certain that it is in receipt of all applicable and relevant information with respect to the projects and the administration business of BDMC. While the Trustee reviewed various documents provided by BDMC, CDCM, Fortress and applicable borrowers (including, among other things, unaudited internal information, appraisals and financial projections), the Trustee’s review does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Assurance Standards (“**GAAS**”), Generally Accepted Accounting Principles (“**GAAP**”), or International Financial Reporting Standards (“**IFRS**”). Accordingly, the Trustee expresses no opinion or other form of assurance pursuant to GAAS, GAAP or IFRS, or any other guidelines, with respect to such information.
15. Some of the information used and relied upon in preparing this Thirteenth Report consists of financial projections and other information received from various third parties, including appraisals and project cost information. The Trustee cautions that the projections and other information used and relied upon are generally based upon assumptions and estimates about future events and/or market conditions that are not ascertainable or that could change. As such, the information presented in this Thirteenth Report may vary from the projections and information used to prepare this Thirteenth Report and the actual results may differ both from the results projected therein and herein. Even if the assumptions relied upon therein or herein materialize, the variations from the projections could be significant. The Trustee’s review of the future oriented information used to prepare this Thirteenth Report did not constitute an audit or review of such information under GAAS, GAAP or IFRS or any other guidelines.
16. This Thirteenth Report has been prepared for the use of this Court and BDMC’s stakeholders as general information relating to BDMC and to assist the Court with respect to the Trustee’s request for the proposed December 2019 Omnibus Order. Accordingly,

the reader is cautioned that this Thirteenth Report may not be appropriate for any other purpose.

17. All references to dollars are in Canadian currency unless otherwise noted.

GENERAL UPDATE

18. Since the Seventh Report, the Trustee has continued to be very active with respect to the BDMC projects in order to protect the Investors' interests to the extent possible. The Trustee continues to monitor the development status of each project, to negotiate postponements in connection with new or replacement funding arrangements to allow the ongoing development of the projects where necessary, to deal with project-specific transactions presented to the Trustee, to proactively take steps, where appropriate, to seek or improve recoveries for Investors, and to respond to any enforcement actions as they arise.
19. During this time, the Trustee has filed 5 project-specific reports with the Court relating to transactions entered into by the Trustee in an effort to maximize recoveries for Investors. The Trustee has now completed payout and other transactions and obtained other Realized Property through its efforts on behalf of the Investors as part of these proceedings, in the cumulative amount of approximately \$63.4¹ million. The Trustee also seeks to improve Investor recoveries by recovering professional fee reimbursements from borrowers or other parties, whenever possible. To date, the Trustee has recovered approximately \$675,000 on account of professional fee reimbursements.
20. From the date of its appointment, the Trustee has prioritized the dissemination of information to Investors. The Trustee continues to provide numerous project-specific notices, meet and/or communicate with both individual Investors and groups of Investors and consider Investor feedback in the discharge of its mandate. To date, the Trustee has disseminated 131 notices to Investors in respect of their investments. In addition, the Trustee dedicates resources to respond to the substantial number of Investor inquiries

¹ This amount does not include: (i) any future amounts that may become payable to BDMC Investors on the CHAT Project, (ii) the Second Settlement Payment (as defined in the Humberstone Settlement Approval Order of the Court made on September 11, 2019), nor (iii) any amounts that may be payable to Investors in respect of the Castlemore Project (as the Court hearing contemplated in the Twelfth Report of the Trustee has been adjourned), each as more particularly described below.

received on a weekly basis. The Trustee has also had numerous in-person meetings with individual Investors and their representatives and with groups of Investors who have organized themselves for such purpose. The Trustee believes that these meetings have been beneficial to the conduct of these proceedings and the Trustee has incorporated Investor feedback received at these meetings in its activities.

21. In addition, to assist Investors in understanding the status of their particular syndicated mortgage loan, the Trustee has created, and continues to update, a chart on its website which provides, to the best of the Trustee's knowledge, the capital structure, the development status of each project and other project-specific information ("**Project Analysis Summary**"). The Project Analysis Summary as of November 15, 2019 is attached hereto as **Appendix "6"**. While the Project Analysis Summary contains particularized information with respect to each project, the Trustee cautions that it is only intended to summarize certain aspects of the Trustee's analysis and understanding with respect to each project as of a specific date. The Trustee continues to refine its analysis as required based on new developments and information, which can at times have a significant impact on the Trustee's review and related recommendations. The Trustee notes that certain confidential information has been excluded from the Project Analysis Summary.
22. It remains the Trustee's view that it will likely take several years to complete the administration of certain of the projects due to their early development stages and the complex capital structures involved. In addition, certain of the transactions entered into by the Trustee may result in additional Realized Property that is contingent on future events. Further recommendations and long-term strategies for projects are continuing to be developed by the Trustee and deployed on a case-by-case basis, including strategies to enhance opportunities for repayment or improve recoveries in circumstances where the long-term viability of the project or the Investors' economic recovery is uncertain.
23. The Trustee continues to recognize the hardship experienced by the Investors in connection with their investments. Through its communications with the Investors, the Trustee is aware that many of the Investors have suffered and will continue to suffer a devastating financial impact from their investments in Fortress projects through BDMC. As a result of, among other things, significant fees taken directly from initial loan advances, difficulties obtaining financing to advance projects (especially those which have not

received development approvals and in part due to BDMC's affiliation with Fortress), project delays and issues relating to the use of funds advanced to the projects, the majority of the BDMC loans are in some form of distress. Despite these difficult circumstances, the Trustee has recovered approximately \$63.4 million in Realized Property for the benefit of the Investors. Accordingly, the Trustee has, over time, reduced the portion of the Realized Property that it withholds to discharge the Required Trustee Activities² from 50% to 15%. As detailed herein, this hardship continues to inform the Trustee's evaluation of potential monetization transactions for the benefit of Investors.

24. The Trustee continues to believe that this Court-supervised process provides Investors with enhanced protections and better opportunities to obtain recoveries in light of the challenging circumstances surrounding Fortress and BDMC.
25. Updates and information specific to certain projects that have been the subject of significant developments since delivery of the Seventh Report are described below.

REALIZED PROPERTY GENERATED BY THE TRUSTEE

Settlement and Assignment Agreements in Respect of Certain Projects

26. Since the date of the Seventh Report, the Trustee has continued to engage in discussions with numerous stakeholders regarding the marketing, conveyance, transfer, assignment, sale and/or settlement of BDMC's interests in various real estate development projects that would result in potential payouts of BDMC loans, in most cases, prior to completion of the respective projects.
27. Given the circumstances surrounding Fortress (including heightened negative media attention) and the resulting changes in the marketplace, the Trustee has been advised by potential lenders, borrowers and other parties that senior lenders are, in many cases, no longer willing to provide additional financing to further advance the respective projects while a BDMC charge remains registered on title. Further, recoveries under some of the projects are uncertain and may not be realized for several years. As a result, the Trustee has actively engaged with the borrowers and any other parties that may have an interest

² "Required Trustee Activities" are defined in paragraph 21 of the Second Report.

in the respective property with respect to payout opportunities that provide recoveries and certainty to Investors.

28. Seven settlement agreements have been negotiated by the Trustee and approved by the Court to date in respect of the following projects: the Braestone Project, the Harlowe Project, the Speers Project, the James Project, the Crestview Project, the Humberstone Project and the Nobleton North Project.
29. The Trustee evaluates each potential settlement opportunity based on the specific factors applicable to the underlying project. In certain cases, the negotiation of the settlement agreements has resulted in payouts in excess of 100% of the principal obligations owing to the Investors entitled to such funds (where previously paid interest is taken into account). In other cases, the best result for the Investors in the circumstances was a partial recovery of the principal obligation owing to Investors.
30. As part of the Trustee's project-specific analysis, the Trustee also considers whether a transaction for the assignment and/or purchase of the BDMC debt and security may be in the best interests of the Investors. As a result, the Trustee has also been engaging in discussions with interested parties to attempt to sell BDMC's interest in certain syndicated mortgage loans. It is the Trustee's view that the competitive tension that may be created among the borrowers and potential purchasers of the BDMC debt and security will assist in maximizing Investor recoveries. Examples of this alternative transaction structure to attempt to maximize Investor recoveries are described below with respect to the Nobleton North and Peter Richmond Projects.
31. The three settlement transactions that have been completed since the date of the Seventh Report are discussed in greater detail below. A fourth settlement agreement relating to the Castlemore Project was also executed by the Trustee during this period. As discussed below, the motion in respect of the Castlemore Project has been adjourned.

Crestview

32. As described in greater detail in the Trustee's Eighth Report to Court dated May 17, 2019 ("**Eighth Report**"), BDMC provided a syndicated mortgage loan ("**Crestview Loan**") to Carlyle Communities (Crestview) Inc. pursuant to a loan agreement dated October 18, 2013 (as amended, "**Crestview Loan Agreement**"), which was secured by a charge on

real property situated at 1640 Crestview Avenue, Mississauga, Ontario (“**Crestview Project**”).

33. The Crestview borrower advised the Trustee that it was ready to commence construction of the Crestview Project, which consists of 20 three-story townhouses expected to be completed no earlier than 2021, subject to obtaining construction financing. However, the Crestview borrower advised that it canvassed the market for such financing and that, other than Atrium Mortgage Investments (“**Atrium**”), the first priority mortgagee on the property, lenders were generally not willing to advance funds at the time given the limited number of pre-sales completed by the Crestview borrower. Further, the Trustee understands that Atrium was unwilling to do so while any portion of the charge in favour of BDMC securing the Crestview Loan remained on title.
34. As a result, the Crestview borrower engaged in negotiations with the Trustee regarding the payment of the amounts due to BDMC under the Crestview Loan Agreement. As part of these negotiations, the Crestview borrower presented the Trustee with an irrevocable offer (“**Crestview Offer**”) to accept a payment of \$4.475 million in full satisfaction of the amounts due under the Crestview Loan Agreement (“**Crestview Settlement Payment**”).
35. The Trustee presented this offer to the Crestview Investors by delivering a notice to those lenders on May 7, 2019, which requested that such lenders consider the Crestview Offer and provide their feedback, whether for or against the acceptance of the offer, as well as any other general feedback.
36. The Trustee received overwhelmingly positive responses to the Crestview Offer and, accordingly, brought a motion seeking Court approval of the Crestview Settlement Agreement. On May 23, 2019, the Court issued the proposed approval Order (“**Crestview Settlement Approval Order**”).
37. Since the making of the Crestview Settlement Approval Order, the Trustee has received the Crestview Settlement Payment from the Crestview borrower and the transaction has closed. The Trustee then distributed an amount equal to 85% of the Crestview Realized Property *pro rata* to the Crestview Investors entitled to such funds, in accordance with paragraph 3(b) of the Realized Property Order, as amended.

Humberstone

38. As described in greater detail in the Trustee's Tenth Report to Court dated September 4, 2019 ("**Tenth Report**"), BDMC provided a syndicated mortgage loan ("**Humberstone BDMC Loan**") to Worthington Homes (Humberstone) Inc. pursuant to a loan agreement dated December 1, 2015, which was secured by a charge on real property situated at 3 Halton Hills Drive, Halton Hills, Ontario ("**Humberstone Project**").
39. The Humberstone borrower advised the Trustee that it was experiencing financing challenges on account of changes in the marketplace since the Humberstone Project commenced and that construction of the project would likely not be completed until 2022 or later. Further, the Humberstone borrower did not anticipate being able to make interest and fee payments on the first priority mortgage registered against title. The Trustee was subsequently advised by the Humberstone borrower that the first priority mortgagee was prepared to begin enforcement proceedings if its required interest and fee payments were not made.
40. After exploring various options, the Humberstone borrower presented the Trustee with a two-step plan that would: (i) provide an interim financing solution to deal with the Humberstone borrower's critical short-term cash flow constraints; and (ii) seek a subsequent refinancing of the indebtedness secured by the Humberstone Project.
41. The interim financing solution was a short-term bridge loan ("**Humberstone Bridge Loan**") that required delivery of a subordination and standstill agreement by the Trustee to subordinate and postpone the Humberstone BDMC Loan to the Humberstone Bridge Loan. The Trustee agreed to this postponement, as described at paragraph 103 below.
42. The Humberstone borrower then secured an offer of financing for the Humberstone Project ("**Humberstone Financing Transaction**"), which would be used to, among other things, repay loans senior to the Humberstone BDMC Loan and to provide a partial repayment of the Humberstone BDMC Loan.
43. As a result, after negotiations with the Trustee, the Humberstone borrower presented the Trustee with an irrevocable offer ("**Humberstone Offer**") to accept (i) a first settlement payment of \$1.75 million upon the closing of the Humberstone Financing Transaction ("**First Humberstone Settlement Payment**"), and (ii) a second settlement payment ranging between \$600,000 and \$800,000 tied to certain Humberstone Project milestones

and an election to be made by the Humberstone borrower at a later date (“**Second Humberstone Settlement Payment**”).

44. The Humberstone Offer provided that the Second Humberstone Settlement Payment would be secured by a new charge registered against title to the Humberstone Project in the name of a third-party administrator.
45. The Trustee presented this offer to the Humberstone Investors by delivering a notice to those lenders on August 23, 2019, which requested that such lenders consider the Humberstone Offer and provide their feedback, whether for or against the acceptance of the offer, as well as any other general feedback.
46. The Trustee received overwhelmingly positive responses to the Humberstone Offer and brought a motion seeking Court approval of the Humberstone Settlement Agreement. On September 11, 2019, the Court issued the proposed approval Order (“**Humberstone Settlement Approval Order**”).
47. Since the making of the Humberstone Settlement Approval Order, the Humberstone Financing Transaction has closed, the Trustee has received the First Humberstone Settlement Payment from the Humberstone Borrower, and the security in respect of the Second Humberstone Settlement Payment has been delivered and registered. The Trustee has distributed an amount equal to 85% of the First Humberstone Settlement Payment *pro rata* to the Humberstone Investors entitled to such funds, in accordance with paragraph 3(b) of the Realized Property Order, as amended.

Nobleton North

48. As described in greater detail in the Trustee’s eleventh report to Court dated October 31, 2019 (“**Eleventh Report**”), BDMC provided a syndicated mortgage loan (“**Nobleton North Loan**”) to Nobleton North Holdings Inc. pursuant to a loan agreement effective December 13, 2013 (“**Nobleton North Loan Agreement**”) which was secured by a charge on real property situated at 13735 Highway 27, Township of King, Ontario (“**Nobleton North Project**”). The total principal amount owing to the Nobleton North Investors was approximately \$18.58 million.
49. As detailed further in the Eleventh Report, the Nobleton North borrower provided a proposal to the Trustee to partially repay the obligations owing under the Nobleton North

Loan Agreement in exchange for a release of all amounts due or that may become due thereunder (“**Original Settlement Offer**”). During its review and negotiations in respect of the Original Settlement Offer, on October 4, 2019, the Trustee received an offer from 2716360 Ontario Limited (“**Nobleton North Assignee**”) for the assignment of the right, title and interest in and to the indebtedness owed by the Nobleton North borrower to BDMC under the Nobleton North Loan in exchange for a cash payment (“**Assignment Offer**”).

50. After learning of the Assignment Offer, on October 10, 2019, the Nobleton North borrower’s legal counsel presented the Trustee with an unsolicited offer to settle the amounts owing to the Nobleton North Investors for a cash payment of \$15 million, which was materially in excess of the cash payment contemplated by the Assignment Offer (“**Revised Settlement Offer**”).
51. The Trustee immediately provided Representative Counsel with a copy of the Revised Settlement Offer, and Representative Counsel proceeded to engage with counsel to the Nobleton North borrower to determine if the Revised Settlement Offer was an executable transaction that would provide the Nobleton North Investors with a more meaningful recovery than that contemplated by the Assignment Offer. However, as at October 31, 2019, Representative Counsel was of the view that while considerable progress had been made with respect to material issues relating to the Revised Settlement Offer, certain material issues remained.
52. Accordingly, the Trustee was in possession of only one executable transaction for the benefit of the Nobleton North Investors, being the Assignment Offer. That transaction required that Court approval be obtained by November 8, 2019, failing which the Assignee would not be bound to complete the proposed transaction and the Trustee would potentially lose an opportunity to generate meaningful recoveries. As such, the Trustee, with the support of Representative Counsel, concluded that serving the motion for approval of the Assignment Offer presented the best opportunity to maximize recoveries for the Nobleton North Investors. The Trustee proceeded to serve its Eleventh Report and motion materials with respect to the Assignment Offer on October 31, 2019, returnable at a hearing scheduled for November 5, 2019 (“**Nobleton North Approval Hearing**”).
53. In response to the motion materials served by the Trustee, on November 1, 2019, the Nobleton North borrower served responding motion materials seeking, among other

things, an Order approving the Revised Settlement Offer. Immediately upon receiving these motion materials, the Trustee engaged in discussions with legal counsel to the Nobleton North borrower, the Nobleton North Assignee (and its legal counsel) and Representative Counsel with a view to maximizing recoveries for the Nobleton North Investors.

54. As a result of these further discussions and negotiations, the Nobleton North borrower increased its Revised Settlement Offer to \$15.3 million ("**Final Settlement Offer**"), and the Trustee, with the support of Representative Counsel, agreed to an expense reimbursement in the amount of \$850,000 ("**Expense Reimbursement**"), payable to the Nobleton North Assignee, for costs and related fees incurred in connection with the Assignment Offer and to resolve all outstanding matters with the Nobleton North Assignee. The settlement amount of \$15.3 million less the expense reimbursement of \$850,000 resulted in net proceeds of \$14.45 million ("**Nobleton North Net Settlement Amount**"), which represented a repayment of 94% of the principal amount owing (after paid interest) on the Nobleton North Loan.
55. At the Nobleton North Approval Hearing, the Court approved the Final Settlement Offer and the payment of the Expense Reimbursement by the Trustee ("**Nobleton North Settlement Transaction**").
56. The Nobleton North Settlement Transaction closed on November 8, 2019. The Trustee paid the Expense Reimbursement to the Nobleton North Assignee on November 13, 2019, and the Trustee anticipates that the Nobleton North Net Settlement Amount will be distributed *pro rata* to the Nobleton North Investors entitled to such funds, in accordance with paragraph 3(b) of the Realized Property Order, as amended, within approximately two weeks.

Castlemore

57. As described in greater detail in the Trustee's twelfth report to Court dated October 31, 2019 ("**Twelfth Report**"), BDMC provided a syndicated mortgage loan ("**Castlemore Loan**") to Emerald Castle Developments Inc. pursuant to a loan agreement dated August 25, 2014 ("**Castlemore Loan Agreement**"), which is secured by a charge on real property situated at 10431 Gore Road, Brampton, Ontario ("**Castlemore Project**").

58. Pursuant to the Castlemore Loan, the total principal amount owing to the Castlemore Investors is approximately \$21.25 million. Total accrued interest on the Castlemore Loan as at September 30, 2019 was approximately \$7.74 million.
59. As described in the Twelfth Report, the Trustee understands that development approvals are still required for the Castlemore Project, and that construction of the Castlemore Project has been significantly delayed as a result of, among other things, an appeal regarding the City of Brampton's unwillingness to issue a decision on the Block Plan application. A hearing regarding the Block Plan application is currently scheduled to commence in September 2020. The Castlemore borrower has advised the Trustee that the Castlemore Project will not be completed for at least five years.
60. The Castlemore Loan is set to mature in late November 2019. The Castlemore borrower had advised the Trustee that, at maturity, it would trigger a clause contained in the Castlemore Loan Agreement limiting certain rights of the Castlemore Investors in the event the Castlemore Loan was not repaid by the maturity date ("**End of Term Event Clause**"). The End of Term Event Clause and its implications are described in greater detail at paragraphs 22 to 25 of the Twelfth Report.
61. In light of the foregoing, the Trustee engaged in negotiations with the Castlemore borrower regarding the payment of amounts due to BDMC under the Castlemore Loan Agreement.
62. As part of the negotiations, the Castlemore borrower presented the Trustee with an irrevocable offer to accept a payment of \$9.5 million in full satisfaction of the amounts due under the Castlemore Loan Agreement ("**Castlemore Offer**"), which included payment of a deposit in the amount of \$500,000 ("**Deposit**").
63. The Trustee presented the Castlemore Offer to the Castlemore Investors by sending a notice on October 21, 2019, which requested that such Investors consider the Castlemore Offer and provide their feedback, whether for or against the acceptance of the Castlemore Offer and provide any other general feedback ("**Castlemore Feedback Request**"). The Castlemore Investors were initially generally supportive of the Trustee accepting the Castlemore Offer as originally constituted, however, the Trustee also received feedback expressing concerns with respect to the consideration contemplated by the Castlemore Offer (in particular from certain holders of a significant amount of the Castlemore Loan). As a result of the totality of the Investor feedback, the Trustee reengaged with the

Castlemore borrower and negotiated an increase to the consideration contemplated by the Castlemore Offer from \$9.5 million to \$10.45 million (“**Revised Castlemore Offer**”).

64. Accordingly, the Trustee executed the Revised Castlemore Offer and, on October 31, 2019, with the support of Representative Counsel, served its Twelfth Report and motion materials seeking approval of the Revised Castlemore Offer, returnable at a hearing originally scheduled for November 5, 2019.
65. During the period between service of the Trustee’s motion materials and November 5, 2019, certain Castlemore Investors engaged independent legal counsel and requested additional time to review the motion materials and have further discussions in order to consider their position with respect to Trustee’s approval motion. In response to this request, the Trustee, with the support of Representative Counsel, agreed to adjourn the hearing of the motion to November 14, 2019.
66. On November 11, 2019, the Trustee was served with responding motion materials by Fortress, which opposed the inclusion of certain provisions relating to Fortress in the Revised Castlemore Offer³.
67. Further, during the period between October 31, 2019 and November 13, 2019, the Trustee and Representative Counsel were contacted by numerous Investors expressing concerns with respect to the Revised Castlemore Offer and voting against its acceptance. In addition, a number of Investors that originally favoured acceptance of the Castlemore Offer reversed their position and advised the Trustee that they were no longer supportive of the Trustee accepting the Castlemore Offer and seeking Court approval of same. The Trustee and Representative Counsel were also contacted by a smaller number of additional Investors expressing support for the Revised Castlemore Offer.
68. The additional Investor feedback received after the filing of the Twelfth Report resulted in a materially lower level of support for the Revised Castlemore Offer and a materially lower level of support than in other settlement transactions. As such, the Trustee determined that it would not be moving forward with its motion seeking approval of the Revised Castlemore Offer at the November 14, 2019 hearing. The Trustee therefore adjourned the

³ Prior to the November 5, 2019 hearing, Fortress and its legal counsel had advised the Trustee of its intention to oppose certain provisions of the Revised Castlemore Offer, however, responding materials were served on November 11, 2019.

motion seeking approval of the Castlemore Offer. The Trustee intends to continue engaging with the relevant stakeholders in the Castlemore Project in an effort to maximize Investor recoveries.

Other Realized Property Generated by the Trustee

69. As a result of exercising its powers granted pursuant to the Appointment Order, monitoring the development of each project, actively participating in any enforcement proceedings and revising its project-specific analysis on an ongoing basis, the Trustee has also obtained additional Realized Property with respect to four other projects: the Kemp Project, the Dunsire Project, the Solterra Project and the CHAT Project.
70. The Kemp Project: a real estate development project in Barrie, Ontario (“**Kemp Project**”) which had over \$17.2 million of fourth ranking syndicated mortgage loan debt administered by BDMC and approximately \$784,000 of fifth ranking accrued interest for which the Investors had been given a separate mortgage administered by BDMC. Romspen Investment Corporation (“**Romspen**”) had a first priority mortgage registered in the amount of \$6.05 million and Magnetic Capital Group Inc. (“**Magnetic**”) had second and third ranking mortgages registered in the amount of \$1,449,500 and \$3,000,000, respectively.
71. The Kemp Project was subject to a notice of sale under a mortgage proceeding (“**Notice of Sale**”) issued by Romspen in respect of its first priority mortgage, which had matured. The Kemp Project borrower, an entity related to Fortress, was unable to meet the deadline to pay its outstanding debt, and, as a result, Romspen commenced power of sale proceedings in respect of the Kemp Project. As part of the statutory power of sale process, the Kemp Project properties were listed on the multiple listing service (MLS) website and were actively marketed by Colliers International, a real estate broker retained by Romspen. The Kemp Project properties were listed with an offer deadline of June 27, 2019.
72. Prior to the offer deadline, Fortress advised the Trustee that it was attempting to negotiate a sale of the Kemp Project with Greenwin Barrie Inc. and 2714708 Ontario Inc. (collectively, “**Greenwin**”). During the power of sale process, Fortress initially advised the Trustee that Greenwin would not be willing to submit an offer through the power of sale process. Subsequently, Fortress advised that even if Greenwin was prepared to submit

an offer through the power of sale process, the consideration offered would be lower than if the offer was submitted directly to the Kemp borrower (a Fortress-related entity). Fortress was initially seeking a transaction fee in the amount of approximately 5% of the purchase price, which would have diluted Investor recoveries. At no time did the Trustee ever agree to any transaction fee.

73. Faced with these circumstances, the Trustee engaged directly with Romspen, Magnetic and Greenwin to determine: (i) whether Greenwin was willing to submit an offer through the power of sale process; and (ii) if Greenwin was willing to submit an offer through the power of sale process, whether the consideration offered through such process would be at least the amount that was previously contemplated.
74. Greenwin provided an offer to purchase the Kemp Project to Romspen in the power of sale process prior to the offer deadline. Romspen subsequently entered into an agreement of purchase and sale with Greenwin ("**Kemp Sale Agreement**"), which the Trustee understands represented the highest and best offer for the Kemp Project properties. The Kemp Sale Agreement contemplated the purchase of the Kemp Project properties for \$14.9 million, which the Trustee understands is not lower than the amount that was proposed to be offered directly to the Kemp borrower outside of the power of sale process. In addition, the offer submitted through the power of sale did not include any transaction fee payable to Fortress.
75. The distribution of the proceeds was as follows: (i) approximately \$7 million to Romspen, as first mortgagee; (ii) approximately \$300,000 to Colliers International in respect of commissions; (iii) approximately \$188,000 to the City of Barrie for property tax arrears; (iv) approximately \$5.2 million to Magnetic, as the second and third mortgagees; and (v) the remaining proceeds, net of legal fees, of approximately \$2.2 million from the transaction ("**Residual Proceeds**") to the Trustee's counsel, on behalf of the Kemp Investors, as the fourth ranking mortgagees. The transaction closed on September 10, 2019. In order to attempt to secure the maximum recoveries for the Kemp Investors, the Trustee reviewed the payout statements and other information provided by the priority mortgagees to ensure the appropriate amounts were paid in priority to BDMC.
76. Shortly before the distribution of the proceeds by Romspen, Fortress, on behalf of itself and the Kemp borrower, submitted a claim to the Residual Proceeds in the amount of

approximately \$572,000. Fortress claimed that it should be paid this amount in priority to the amounts to be paid to Trustee on behalf of the Kemp Investors. To prevent any delay in the closing of the transaction and the incurrence of additional interest and costs, it was agreed that the Residual Proceeds would be distributed to the Trustee, in trust, until either: (a) a consensual agreement is reached with Fortress regarding its claim; or (b) an order is obtained from the Court with respect to the distribution of Residual Proceeds.

77. Since the closing of the Kemp Project transaction, the Trustee has sought additional information from Fortress in respect of the basis for its claim. Fortress has stated that the \$572,000 claim consists of: (i) \$200,000 relating to the repayment of a promissory note between the Kemp borrower and a third party used to pay approximately \$117,000 of “hard costs” and approximately \$83,000 of management and consulting fees owing to Fortress, and (ii) \$372,000, representing a transaction fee for Fortress of 2.5% of the purchase price. Fortress has asserted its priority on the basis of an agency agreement dated November 7, 2016 between BDMC, Olympia Trust Company, the Kemp borrower, and the Kemp Investors (“**Kemp Agency Agreement**”). Fortress relies on a section of the Kemp Agency Agreement that describes the Kemp borrower’s repayment obligation in respect of “Net Cash Flow” from the Kemp Project.
78. The Trustee has reviewed this information and does not agree that the Kemp Agency Agreement provides Fortress with any entitlement to the Residual Proceeds. In particular, the provision relied on by Fortress relates only to cash revenues received by the Kemp borrower in respect of the Kemp Project. The Residual Proceeds are not cash revenues and were never received by the Kemp borrower. The Residual Proceeds are proceeds of a power of sale proceeding controlled by a third-party mortgagee after default of its mortgage by the Kemp borrower. Thus, the provisions relating to “Net Cash Flow” in the Kemp Agency Agreement are not applicable and the Trustee (on behalf of the Kemp Investors) is entitled to be paid the Residual Proceeds in the prescribed manner in accordance with the priority of the mortgages registered on title. In addition, the Trustee notes that it did not agree at any time to repay any promissory note or, as noted above, to any transaction fee to Fortress in connection with the Kemp Project sale transaction or otherwise. The Trustee also is of the view that it would be inequitable in the circumstances of the Kemp Project sale transaction for Fortress to receive any amounts from the Residual Proceeds in priority to the Kemp Investors.

79. The Trustee has formally responded in writing denying Fortress' claim to any amount of the Residual Proceeds. Should Fortress maintain its position after reviewing the Trustee's response, the Trustee intends to bring a motion authorizing the Trustee to distribute the full amount of the Residual Proceeds to the Kemp Investors and will file a further Court report in connection with any such motion.
80. However, in order to distribute as much Realized Property to the Kemp Investors as soon as possible, the Trustee intends to distribute a portion of the undisputed amount of the Residual Proceeds within two weeks of the December 2, 2019 Court hearing.
81. Dunsire Project: a real estate development project in Guelph, Ontario ("**Dunsire Project**") that is subject to a receivership proceeding. On May 25, 2018, the Court-appointed receiver, RSM Canada Limited ("**RSM**"), obtained an amended and restated vesting order from the Court in respect of the Dunsire Project to approve a sale transaction and to vest title to the Dunsire Project in a new owner related to the then-current owner, free and clear of certain encumbrances, including the BDMC mortgage. After the closing of the sale transaction, the Trustee engaged with RSM to determine whether any additional assets of the Dunsire borrower existed to satisfy any portion of the BDMC debt. As a result, the Trustee became aware that certain HST refunds and the return of a deposit being held by Tarion Warranty Corporation would result in a potential recovery to the Investors ("**Ancillary Receipts**"). Subsequently, RSM advised the Trustee that after repayment of the debt in priority to the BDMC loan and deduction of fees and disbursements, the net remaining balance in the Dunsire Project estate after collection of the Ancillary Receipts was approximately \$490,000. On September 13, 2019, the Trustee received a preliminary distribution from RSM, on behalf of the Dunsire Investors, of \$450,000. A second and final payment to the Trustee, on behalf of the Investors, is expected in the near term. Upon receipt of this final payment, the Trustee will distribute these funds *pro rata* to the Dunsire Investors entitled to such funds, in accordance with paragraph 3(b) of the Realized Property Order, as amended.
82. Solterra Project: a residential real estate development project in Guelph, Ontario ("**Solterra Project**"), with approximately \$14.2 million⁴ of second ranking syndicated

⁴ The amount owed to the Solterra Investors was originally approximately \$16.3 million prior to the \$2.1 million payment noted in paragraph 84.

mortgage debt administered by BDMC. There is a first ranking mortgage advanced on a revolving basis with a balance at November 15, 2019 of approximately \$185,000 securing a construction loan for Phase 4 of the Solterra Project. This amount is expected to fluctuate as Phase 4 homes are constructed and completed.

83. The Trustee understands that construction on this project is ongoing, and that the Solterra borrower is currently in the process of constructing Phase 4A of the Solterra Project. The houses comprising Phase 3 have been constructed and sold. The Solterra borrower expects to complete construction of the final homes in 2024.
84. The final home in Phase 3 of the Solterra Project is expected to close in early 2020. The proceeds from the sales of the Phase 3 homes that have already closed were sufficient to repay the first priority lender on those properties, and the Trustee negotiated with the Solterra borrower to apply the remaining net proceeds from such sales to the BDMC loan. As a result, approximately \$2.1 million of the BDMC loan was repaid in October 2019. Once the final home in Phase 3 closes, and the Trustee is in receipt of those net proceeds, the Trustee will distribute all the proceeds from Phase 3 *pro rata* to the Solterra Investors entitled to such funds, in accordance with paragraph 3(b) of the Realized Property Order, as amended.
85. The Trustee is working with the Solterra borrower to determine the expected repayment process for the Phase 4 homes, following which the Trustee expects to provide partial discharges of the BDMC mortgage in the normal course as closings occur in accordance with the terms of the BDMC loan agreement.
86. Charlotte Adelaide Project: a real estate development project in downtown Toronto (“**CHAT Project**”) that had two different syndicated mortgage loans administered by BDMC: \$12.3 million owed to certain syndicated mortgage investors (“**CHAT-SML Investors**” and such loan, the “**CHAT-SML Loan**”) and approximately \$3.91 million owed to another group of syndicated mortgage lenders (“**CHAT-LH1 Investors**”, and such loan, the “**CHAT-LH1 Loan**”).
87. As described in the Seventh Report and the Ninth Report, in March 2019, the CHAT borrower presented an executed agreement of purchase and sale to the Trustee. Despite being presented with an executed agreement, the Trustee negotiated with the CHAT borrower and the purchaser, Adelaide Square Developments (“**Adelaide Square**”), an

amended agreement of purchase and sale for the purchase of the property comprising the CHAT Project ("**CHAT Property**") ("**CHAT Transaction**"). The new purchase price was \$16.5 million cash (an increase of \$1.5 million from the original cash purchase price), of which approximately \$3.6 million would be immediately payable to BDMC.

88. In addition, Adelaide Square, Go-To Stoney Creek Elfrida LP, its general partner and principals, and the Trustee also entered into a memorandum of understanding ("**MOU**") in respect of the CHAT Transaction. Pursuant to the MOU, BDMC was entitled to receive a further payment of \$1 million within 60 days ("**60-Day Payment**") of the closing date (being June 3, 2019) and \$950,000 within 150 days ("**150-Day Payment**") of the closing date (being September 3, 2019), with the opportunity to receive a further payment of up to \$5.2 million based on the achievement by the purchaser of certain development milestones ("**Density Bonus**"). The Trustee also negotiated additional guarantees and security in respect of these amounts. The MOU was executed on April 4, 2019 and the original BDMC mortgages were discharged. The sale transaction reflected a gross selling price between \$18.45 million and \$23.65 million. The quantum of the Density Bonus, if any, will not likely be known for a period of approximately 18 to 24 months from the closing date.
89. On June 3, 2019, in breach of the MOU, the Trustee received \$500,000 of the \$1 million due in respect of the 60-Day Payment. However, on August 6, 2019, the Trustee received the remaining \$500,000 owing under the 60-Day Payment. On September 3, 2019, the 150-Day Payment became due and payable by Adelaide Square. On November 20, 2019, the Trustee received the 150-Day Payment together with late payment fees of \$145,000 owing to the Trustee in respect of the 60-Day and 150-Day Payments. The Trustee has now received all payments it is entitled to under the CHAT Transaction save and except for any Density Bonus that may become payable.
90. Following the closing of the CHAT Transaction, the Trustee was approached by counsel to a CHAT-LH1 Investor who made certain inquiries with respect to the transaction and the proposed Investor distributions. In the context of those discussions, the CHAT-LH1 Investor's legal counsel requested that the Trustee defer its distribution of the proceeds received from the CHAT Transaction pending its review of the documentation relating to the relative priorities of the CHAT-SML Loan and the CHAT-LH1 Loan.

91. The Trustee and/or its counsel engaged in a number of meetings and discussions with the CHAT-LH1 Investor and/or its counsel and provided the documentation requested to the extent available. Despite these discussions being productive in limiting the outstanding information gaps, the parties were not able to reach an agreement that would allow the Trustee to distribute the proceeds from the CHAT Transaction without a Court order.
92. In order to avoid further distribution delays, the Trustee served materials in respect of a motion to be heard by the Court on October 16, 2019 (“**CHAT Hearing**”) to approve the distribution of the proceeds from the CHAT Transaction to the CHAT-SML Investors or as the Court may otherwise direct. Counsel to the CHAT-LH1 Investor served Court materials in favour of the proceeds being distributed first to the CHAT-LH1 Investors in priority to the CHAT-SML Investors, or, in the alternative, on a *pro rata* basis. Pursuant to an endorsement of the Court, Representative Counsel represented only the interests of the CHAT-SML Investors for the purposes of the CHAT Hearing.
93. In a decision released on October 17, 2019, the Court ordered that the proceeds of the CHAT Transaction be distributed by the Trustee *pro rata* among the CHAT-SML Investors and the CHAT-LH1 Investors (“**CHAT Order**”). In addition, the Court ordered that the legal costs of the CHAT-LH1 Investor were to be paid from the BDMC estate. This amount was paid from the Administrative Holdback retained by the Trustee.
94. As all amounts payable to the Trustee with respect to the CHAT Transaction (other than any Density Bonus) have recently been received, the Trustee intends to proceed to distribute the CHAT Realized Property in accordance with the CHAT Order.

Summary of Realized Property

95. A table summarizing the Realized Property generated in these proceedings to date is as follows:

Project	Type of Transaction	Status of Realization⁵	Payout Amount to Date (\$)
Braestone	Settlement	Complete	10,000,000
Harlowe	Settlement	Complete	15,562,896
Speers	Settlement	Complete	1,950,000
James	Settlement	Complete	4,842,541
Crestview	Settlement	Complete	4,475,000
KEMP	Power of Sale	Complete	2,176,162
Nobleton North	Settlement	Complete	14,450,000
Humberstone	Settlement	In Progress	1,750,000
CHAT	Sale	In Progress	5,692,031
Dunsire	Receivership	In Progress	450,000
Solterra	Phase 3 Completion	In Progress	2,084,365
Total			\$63,432,995

OTHER TRANSACTIONS INVOLVING BDMC MORTGAGES

Financing and Refinancing Arrangements

96. The Trustee continues to be asked to execute postponements of BDMC mortgages to other financing sources. However, the Trustee notes that it has been receiving fewer postponement requests than it had prior to the date of the Seventh Report. This may be in part due to the Trustee being advised by certain borrowers and other parties on numerous projects that senior lenders are, in many cases, no longer willing to advance funds to the respective projects while a BDMC charge remains registered on title.
97. In response to postponement requests, the Trustee, on behalf of BDMC and its Investors, requests detailed information regarding the applicable project and the proposed use of funds. In certain instances, the Trustee has concluded based on its review that the new financing arrangement is in the best interests of the Investors in the circumstances,

⁵ For the projects noted to be "In Progress", Investors may receive further recoveries as discussed above.

because such action increases the likelihood of advancement of the project or stabilizes the asset where it is anticipated to result in a greater recovery to Investors than may otherwise be achieved.

98. In other circumstances, the Trustee is limited in its ability to decline postponement requests due to restrictive terms contained in the loan agreements and/or standstill agreements previously entered into by BDMC with senior lenders requiring BDMC to enter into further postponements without regard to the impact on Investors. In all cases, the Trustee has endeavoured to negotiate the least restrictive postponements possible in the circumstances and to recover its costs in connection therewith.
99. Below is a summary of certain postponements that have been entered into since the date of the Seventh Report.
100. Bauhaus: a real estate development project in Toronto, Ontario ("**Bauhaus Project**"), with over \$5.6 million of second ranking syndicated mortgage loan debt administered by BDMC. The Bauhaus Project is still in the pre-construction phase. The Bauhaus borrower advised that in September 2019 it attended at a Local Planning Appeal Tribunal seeking both a zoning by-law amendment and site plan approval. A decision is expected to be released during the summer of 2020.
101. The Bauhaus borrower sought a postponement for a new first priority loan in the amount of \$10 million to be advanced by Firm Capital Corporation ("**Firm**"). At the time of the request, the Bauhaus borrower advised that the existing priority lender was not willing to renew its mortgage. The Bauhaus borrower further advised, and the Trustee confirmed, that the interest rate charged on the then existing second priority mortgage was extremely high compared with the rate offered by Firm. The loan advanced by Firm was to be used to: (i) repay all amounts owing to the existing first and second priority loans on the Bauhaus Project; (ii) fund an interest reserve for Firm; and (iii) pay certain fees associated with the transaction.
102. Upon review of the relevant documentation and after discussions with the Bauhaus borrower, the Trustee determined that the postponement request was in the best interests of the Bauhaus Investors as it would stabilize the Bauhaus Project by preventing any enforcement actions from commencing, and would provide for lower carrying costs going forward. Accordingly, on or about October 4, 2019, the Bauhaus Project was refinanced

and the first and second priority lenders were repaid in full. The Trustee agreed to subordinate the BDMC mortgage to the new Firm mortgage in the amount of \$10 million in accordance with the BDMC loan documents and received payment of its expenses in connection with postponing BDMC's mortgage.

103. Humberstone: a real estate development project in Halton Hills, Ontario. As described above, the Humberstone BDMC Loan obligations have been settled by the Trustee and the Humberstone borrower pursuant to a settlement agreement approved by the Court in the Humberstone Settlement Approval Order. As part of the process leading to the Humberstone Offer, the Humberstone borrower presented the Trustee with a two-step plan that would, in part, provide an interim financing solution to deal with the Humberstone borrower's critical short-term cash flow constraints.
104. The Humberstone borrower requested that the Trustee postpone the Humberstone BDMC Loan to the Humberstone Bridge Loan, which would be a new second priority loan secured by the Humberstone Project in the amount of \$3 million. At the time of the request, the Humberstone borrower advised that the existing second priority lender mortgage had matured and was being renewed on a monthly basis and that fees were outstanding on the project's priority mortgage. The Humberstone Bridge Loan was to be used to: (i) repay all amounts owing to the existing second priority loan on the Humberstone Project; (ii) fund an interest reserve for the Humberstone Bridge Loan; (iii) service the interest costs and extension fees owing on the first priority mortgage; and (iv) cover project payables required to advance the Humberstone Project.
105. The Trustee determined that the postponement request was in the best interests of BDMC Investors as it would: (i) stabilize the Humberstone Project by preventing both the first and second priority mortgagees from commencing any enforcement proceedings; and (ii) give the Trustee the time required to complete its settlement negotiations with the Humberstone borrower. On July 26, 2019, in accordance with the BDMC loan documents, the Trustee executed an agreement to subordinate BDMC's mortgage to the new second priority lender in the amount of \$3 million and received payment of its expenses in connection with postponing BDMC's mortgage.

106. King Square: a three-storey condominium shopping mall development in Markham, Ontario ("**King Square Project**"), with approximately \$8.6 million of third ranking syndicated mortgage loan debt administered by BDMC.
107. As discussed in the Seventh Report, the King Square borrower sought a postponement for an additional \$7.5 million of first ranking priority debt from Firm, the current senior lender, to fund additional costs required to allow the King Square borrower to complete the King Square Project. At the time of the request, Firm had a first ranking charge registered on the property for \$74.7 million. In addition to the Firm debt, there is also a charge registered in favour of Aviva Insurance Company in the amount of approximately \$20.6 million securing the sale deposits received and used by the King Square borrower for the construction of the King Square Project.
108. The Trustee sought and obtained the consent of the King Square Investors to the postponement, and subsequently agreed to postpone to the additional funds. The Trustee also negotiated an extension of the term of the BDMC loan to August 31, 2019, with the option of one further six-month extension to be granted at the Trustee's discretion. This extension was not requested by the King Square borrower and accordingly the BDMC loan is now past due.
109. At the time of the postponement, the Trustee was advised, and the Investors were notified, that the King Square borrower anticipated that the condominium would be registered by the end of April 2019 and that the units that were subject to sale agreements would close by the end of June 2019. These timelines were not met by the King Square borrower. However, registration of the condominium took place in August 2019 and individual unit closings commenced in mid-October 2019.
110. As at November 15, 2019, approximately 17% of net saleable area has closed, and approximately 83% of net saleable area remains in inventory. To facilitate these closings, prior to providing partial discharges of the BDMC mortgage, the Trustee reviewed statements of adjustments and flows of funds to ensure that the proceeds from the unit closings were used appropriately to repay Firm's first priority mortgage.
111. As at November 15, 2019, the Trustee understands that approximately \$58.5 million remains outstanding on the Firm mortgage. As units close, the charge registered in favour of Aviva also continues to decrease, as fewer deposits need to be secured.

112. The Trustee understands that the King Square borrower is currently focused on completing the remaining scheduled closings and that once these are completed it will recommence actively marketing the remaining unsold units for sale or lease.
113. The Trustee has been advised by the King Square borrower that it would only be in a position to commence repayment of the BDMC loan upon either the acquisition of an inventory loan or following full repayment of the Firm mortgage from additional unit closings. However, it is unknown at this time if the King Square borrower will be able to secure an inventory loan, which would potentially accelerate the timing of any repayment to BDMC Investors. Should the King Square borrower be unable to secure an inventory loan, any Investor recoveries would be dependent upon the timing and purchase prices of the sale or lease of the remaining inventory units. Accordingly, the timing and quantum of Investor recoveries remain uncertain.

Sale transactions initiated by project borrowers outside enforcement proceedings

114. Since the date of the Seventh Report, as part of its project specific analysis, the Trustee has continued to discuss project developments and potential sale transactions with project borrowers. With respect to certain of the projects, the borrower has advised the Trustee that it is seeking to sell the project prior to completion of the development and in certain cases, is listing the property through a commercial broker. The Trustee notes that potential purchasers generally require a discharge of all the mortgages on title as a condition of the sale transaction, despite the BDMC Investors suffering a shortfall on their investments in these projects as a result of the proposed transaction. Accordingly, to complete the transaction, the borrower and the purchasers require the prior consent of the Trustee to discharge any BDMC mortgages on title.
115. In the event that there is an offer from a third party, the Trustee will evaluate each proposed sale transaction, including the proposed distribution of the sale proceeds, to determine whether, given the circumstances, it appears to be in the best interests of BDMC Investors to agree to discharge the BDMC mortgage. The Trustee asks for detailed information regarding the status of the project financing, the sales process being conducted, the number of offers received, the status of project development, the reason for the proposed sale and the viability of any alternative solutions. Depending on the borrower and the terms of the BDMC loan documentation, the Trustee may or may not receive all the information requested.

116. The Trustee will review the proposed sale and, to the extent it determines it is worth pursuing, will seek to negotiate terms that would provide for the best recoveries possible to BDMC Investors in the circumstances. The Trustee may seek to negotiate a structured sale that would provide for a new mortgage to be registered on title, alternate security being granted in favour of the BDMC Investors following the sale, or other potential revenue streams to be paid to BDMC Investors upon the achievement of certain milestones in the project following the sale. These alternative structures, if successfully negotiated, may provide additional recoveries to BDMC Investors following the discharge of their original mortgage investments.
117. As set out below, two projects with BDMC loans are currently listed for sale outside of an enforcement proceeding.
118. Jasper Project: a real estate development project in Edmonton, Alberta ("**Jasper Project**") with over \$8.3 million of second ranking syndicated mortgage loan debt administered by BDMC. There is one priority mortgage registered on title in the amount of approximately \$2.2 million. The Jasper Project is an approved high-density development in the downtown core of Edmonton. The Trustee has been advised that the Jasper borrower is seeking to sell the property and has retained CBRE Group, Inc. ("**CBRE**") to list the property. The property is listed for \$7,800,000 with no offer deadline. Should a sale of the property be completed at or below the list price, the proceeds of such a sale will be insufficient to repay the BDMC Investors in full.
119. North Project: a real estate development project in Edmonton, Alberta ("**North Project**") with over \$8.2 million of second ranking syndicated mortgage loan debt administered by BDMC. There is one priority mortgage registered on title in the amount of approximately \$2.8 million.
120. The North Project is an approved high-density development in the downtown core that is currently being used as a surface parking lot. The Trustee has been advised that the North borrower is seeking to sell the property and has retained CBRE to list the property. The property is currently listed for \$8.25 million with no offer deadline. Should a sale of the property be completed at or below the list price, the proceeds of such a sale will be insufficient to repay the North Investors in full.

121. To the extent that offers are received with respect to the Jasper Project and North Project, the Trustee will then determine what steps, if any, it should take with respect to the relevant BDMC mortgage on title.

Sale transactions conducted through enforcement proceedings

122. There continue to be several projects currently subject to enforcement proceedings commenced by senior lenders whose mortgages have gone into default. These enforcement proceedings have often led to a sale of the property by way of a formal sale process, which may or may not involve Court proceedings.
123. To the extent possible, the Trustee takes an active role in these proceedings in order to ascertain, and potentially improve, the likelihood of recoveries to the Investors. Despite having limited control over the negotiations and terms of any potential transaction, as a subsequent mortgagee, the Trustee requests as much information as possible with respect to the sale process conducted in order to ensure, to the extent possible, that any process conducted has been commercially reasonable and has considered the duties of the relevant parties and the debt(s) owing to BDMC.
124. Where the Trustee determines that it is likely that senior lenders will suffer a shortfall (often based on the appraisals commissioned by the Trustee) and, as a result, the Investors will not recover any amounts on a project, the Trustee limits its continued involvement in the proceedings. However, in circumstances where the Trustee is of the view that it may be able to increase returns to Investors, it has developed strategies to seek to maximize such recoveries, including, as appropriate: (i) working to resolve potential priority disputes; (ii) determining whether the borrower has any other assets that could be used to satisfy outstanding debts owing; (iii) reviewing sources and uses of funds to evaluate whether there are transactions to suggest any improper use or transfers that may warrant further investigation; (iv) negotiating reduced fees with priority lenders; and (v) reviewing payout statements of priority mortgagees.
125. Below is an update on certain sale transactions that have been conducted in the context of enforcement proceedings.
126. Bradford Bond Head Project: a real estate development project in Bradford, Ontario (“**Bradford Bond Head Project**”) with over \$8.3 million of fifth ranking syndicated

mortgage loan debt administered by BDMC. BDMC's records reflect the following priority debt ahead of BDMC: (i) Sugarcrest Developments Inc. ("**Sugarcrest**") with a first ranking mortgage in excess of \$7.6 million; (ii) Quincy Investments Ltd. and certain others (collectively, "**Quincy**") with second and third ranking mortgages in the amounts of \$4.7 million and \$1.2 million, respectively; and (iii) 2635837 Ontario Inc. with a fourth ranking mortgage in the amount of \$2.9 million.

127. In January 2019, Quincy filed a statement of claim against the Bradford Bond Head borrower claiming a default under its second ranking mortgage and its entitlement to sell the property as a result of such default. Following the issuance of Quincy's statement of claim, Sugarcrest issued a 244 Notice and Notice of Sale.
128. On June 21, 2019, the Trustee was served with Court materials in respect of a motion brought by Quincy seeking the appointment of a receiver over the Bradford Bond Head Project. On July 23, 2019, the Court issued an Order appointing Rosen Goldenberg Inc. ("**RGI**") as receiver. The Trustee has been engaged in discussions with RGI regarding the receivership proceedings and the sales and marketing process for the Bradford Bond Head Project. RGI's deadline for the submission of offers for the properties that are the subject of the Bradford Bond Head Project was on November 7, 2019. Following the offer deadline, RGI advised the Trustee of the following: (i) there were 11 offers for the property; (ii) the highest and best offer for the property was accepted and is subject to conditions which currently remain outstanding, and (iii) in any event, based on the information available to RGI, it appears that the proceeds from the proposed sale transaction will be insufficient to repay any amounts owing to the Bradford Bond Head Investors.
129. The Trustee notes that it appears the information that RGI has regarding the quantum owing to the prior ranking mortgagees is materially different than that contained in BDMC's records. The Trustee has raised this discrepancy with RGI and RGI has advised that it will not to distribute any funds without first requesting and reviewing updated payout statements. The Trustee intends to continue to monitor the receivership proceedings to determine if any recovery may be possible for Bradford Bond Head Investors.
130. Brookdale Project: a real estate development project in midtown Toronto ("**Brookdale Project**") that had approximately \$4.6 million of mezzanine syndicated mortgage loan debt administered by BDMC and over \$20 million of subordinate syndicated mortgage loan

debt also administered by BDMC. These loans had fourth and fifth ranking mortgages, respectively, registered on title to the Brookdale Project.

131. The Brookdale Project was subject to a Notice of Sale proceeding brought by Firm in respect of first priority construction financing that had matured. Firm appointed RSM as its private receiver over the assets comprising the Brookdale Project. RSM ran a sales process for the Brookdale Project and the Trustee had input into such process through regular discussions with RSM and in particular with respect to the parties contacted. On October 18, 2018, the Court approved the sale of the property, as recommended by RSM. The transaction closed on October 24, 2018. Based on RSM's Court materials, the selling price for the property was approximately \$50 million and the net proceeds, after costs and repayment of the Firm mortgage, were \$26,945,205 ("**Net Proceeds**"), which amount was paid into Court pending resolution of various claims that may rank in priority to the BDMC mortgages.
132. The Trustee has played an active role in the Court proceedings dealing with entitlement to the Net Proceeds in order to protect the interests of the Investors in the Brookdale Project. The Trustee has participated in contested Court proceedings, numerous case conferences, and provided required documents and other information in the context of this litigation. These proceedings have been complex and time-consuming.
133. In particular, on February 13, 2019, a case conference was held to review next steps in the process of resolving 11 construction lien actions in respect of the Brookdale property, pursuant to which the Trustee understands approximately \$8.7 million is being claimed, and related priority issues in respect of the distribution of the Net Proceeds. At the case conference, the Court established a process that was intended to allow the various actions to proceed in a timely and cost-effective manner. Following a second case conference, an order was issued by the Court on March 21, 2019 approving the payment of \$5,872,436 to the second ranking mortgagee and \$580,062 to the third ranking mortgagee from the Net Proceeds, which prevented further interest from accruing on these loans. After the repayment of the amounts owing to the second and third mortgagees, the Trustee understands that approximately \$20.4 million ("**Brookdale Proceeds**") remains held by the Court in an interest-bearing trust account. The Brookdale Proceeds will remain in Court pending the determination of the quantum and priority of the remaining claims, including

the construction lien claims and the claims of certain bondholders and other parties, relative to the mezzanine and syndicated BDMC mortgages.

134. Pursuant to an agreement reached by the applicable parties at the case conference held on February 13, 2019, the Trustee, (i) on March 15, 2019, delivered a response to the lien claimants providing information required by section 39 of the *Construction Act*, (ii) on March 15, 2019, delivered a statement of defence to the lien actions, and (iii) on April 15, 2019, produced the BDMC documents that the Trustee determined to be relevant.
135. At a further case conference held on May 29, 2019, the Court issued a consent endorsement setting out, among other things, a process for the further production of documents by the parties. In accordance with this endorsement, the Trustee, (i) on June 30, 2019, advised the lien claimants of additional documents that the Trustee is seeking, and (ii) on July 31, 2019, produced additional documents to the lien claimants.
136. A further case conference was held on August 28, 2019 and the Court issued an endorsement that set out a timetable that required (i) by September 13, 2019, the Trustee and the lien claimants to meet and discuss the technical impediments to the production of BDMC documents and to agree on a mediator and a schedule for a mediation between the Trustee and the lien claimants, (ii) by October 11, 2019, the Trustee to provide its position on the validity of the liens, and (iii) by December 19, 2019, a mediation must be held.
137. The Trustee has complied with all of the requirements of the endorsement of the Court dated August 28, 2019. Specifically, the Trustee (i) met with carriage counsel representing the lien claimants (along with each party's technical specialists) and ultimately established a plan for the production of additional BDMC documents, (ii) reviewed the documents produced by the lien claimants and provided its position on the validity of the construction liens, and (iii) along with carriage counsel for the lien claimants, selected the Honourable George W. Adams, Q.C. as the mediator and scheduled a mediation that will be held on December 12, 2019. Further, in response to requests by carriage counsel, hundreds of thousands of additional documents have been produced and provided by the Trustee to carriage counsel since the August 28, 2019 case conference.
138. The Trustee will continue its efforts to maximize Investor recoveries under both the mezzanine and subordinated syndicated BDMC mortgages. At this time, the quantum and

timing of any distribution in respect of these loans is unknown given the outstanding priority issues remaining unresolved.

139. Capital Pointe Project: a real estate development project in Regina, Saskatchewan (“**Capital Pointe Project**”), with four syndicated mortgage loan facilities administered by BDMC in the amounts of approximately \$1.6 million, \$9.4 million, \$6.7 million and \$15.6 million, respectively. These loans have 3rd, 4th, 5th and 6th ranking mortgages, respectively, registered on title to the Capital Pointe Project. There are two senior lenders with priority mortgages on the Capital Pointe property.
140. The Capital Pointe Project is subject to a Claim in Mortgage Action brought by KEB Hana Bank of Canada (“**KEB**”), the first-priority mortgagee, in respect of financing in excess of \$1.6 million that has matured. The second-priority mortgage is in the amount of approximately \$2.9 million. On March 4, 2019, the Court of Queen’s Bench of Saskatchewan granted an order permitting the property to be listed for sale with no deadline for offers at a price of \$8.5 million. The Trustee’s counsel worked with counsel for KEB with respect to the terms of this order to maintain flexibility and have input with respect to the sale process.
141. In addition, the City of Regina issued an order that required the Capital Pointe borrower to backfill the hole that is the site of the Capital Pointe Project, as it was of the view that the property was in an unsafe condition. Although the City’s order was appealed by the Capital Pointe borrower, ultimately, the Appeal Board concluded that the site had to be backfilled. The Capital Pointe borrower failed to backfill the site by the March 30, 2019 deadline, and accordingly the City engaged a contractor to do so. The costs incurred by the City to backfill the hole have been added to the property taxes in respect of the property, which the Trustee understands are required to be paid in priority to all mortgages, including the BDMC mortgages. The Trustee understands that the property taxes owed by the Capital Pointe borrower to the City are currently over \$2 million, which includes certain unpaid tax levies, penalties and charges associated with such unpaid tax levies, and the costs to backfill and remediate the site.
142. In August 2019, the Court-appointed selling agent lowered the list price for the property to \$2 million, with a requirement for any buyer to assume the property taxes associated with the Capital Pointe property. The Trustee understands that, despite lowering the list price,

no offers were received until November 7, 2019. The Trustee understands that the selling agent ultimately received two offers in respect of the property and the offer from Royalty Developments Ltd. ("**Royalty**") for \$2,205,065 plus the assumption of certain property taxes was accepted.

143. On November 15, 2019, the Trustee was served with court materials seeking approval of the proposed sale to Royalty. The Trustee understands that this transaction will result in the first ranking mortgagee suffering a shortfall on its loan. If an Order is granted in respect of the proposed sale, the BDMC mortgage will be removed from title and the Trustee understands that there will be insufficient proceeds from this transaction to make any distribution to the second ranking mortgagee or any Capital Pointe Investors in respect of their subsequent mortgages. The hearing for approval of the sale is scheduled for December 2, 2019. The Trustee will provide an update to the Capital Pointe Investors following this hearing.
144. Colliers Centre Project: a real estate development project in Barrie, Ontario ("**Colliers Project**") that had over \$36 million of fourth ranking syndicated mortgage loan debt administered by BDMC and approximately \$16.9 million of fifth ranking syndicated mortgage loan debt also administered by BDMC. The Colliers Project was subject to a Notice of Sale issued by Morrison Financial Inc. ("**Morrison**") in respect of construction financing in excess of \$30 million that had matured. As discussed in the Seventh Report, the property had been marketed for sale since July 2018 and no formal offers were received. Accordingly, Morrison proposed to transfer the property to one of its related companies for an amount equal to the highest informal offer it received. The Trustee was advised by Morrison that no better offer was received following consultation by Morrison with the other mortgagees in priority to BDMC. On May 8, 2019, the debt owing to Morrison had increased to over \$35 million and Morrison completed the transfer of the property to its related company for a price of \$18.5 million. At this price, there were insufficient funds to repay Morrison in full, let alone to make any distribution to any mortgagee subordinate to Morrison, including BDMC. On closing of the transaction, the BDMC mortgages were extinguished without any payment to the Investors.
145. Glens of Halton Hills / Georgetown Project: the real estate development project in Georgetown, Ontario ("**Georgetown Project**") that had three syndicated mortgage loan facilities administered by BDMC: a third ranking loan of approximately \$1.7 million, a fourth

ranking loan of approximately \$8.3 million, and a fifth ranking loan of approximately \$4.4 million.

146. As described in previous Reports, as a result of multiple senior lenders to the Georgetown Project taking enforcement steps, the Georgetown Project was sold through notice of intention to file a proposal (“**NOI**”) proceedings under the *Bankruptcy and Insolvency Act* (“**BIA**”). The proceeds from the transaction were insufficient to pay the second ranking mortgage in full. Given the shortfall to the second ranking mortgagee, no amounts were distributable to BDMC Investors and the BDMC mortgages were extinguished.
147. On February 5, 2019, the Georgetown borrower was deemed bankrupt and KSV Kofman Inc. (“**KSV**”) was appointed as trustee of the bankrupt estate. A representative of the Trustee was appointed as an Inspector of the bankrupt estate.
148. The Trustee has been working with KSV to determine whether there were any improper transactions completed by the Georgetown borrower for which below-market compensation may have been received. KSV provided the Trustee with its review of the use of funds however certain information requests made by KSV to the Georgetown borrower remain outstanding. The Trustee has requested that KSV continue to pursue answers to the outstanding items. As at the date of this report, KSV has not concluded whether there may be any transfers at undervalue that can be challenged under the BIA. The Trustee continues to work with KSV in this regard but notes that there is limited funding available for KSV to continue to pursue such investigation. Even if funds are recovered as a result of KSV’s investigation, such funds would first be used to satisfy the remaining amount owed to the second ranking mortgagee, which is approximately \$2.4 million.
149. Mississauga Meadows 1 Project (“**MM1 Project**”) and Mississauga Meadows 2 Project (“**MM2 Project**” and together with the MM1 Project, the “**MM1 and MM2 Projects**): The MM1 and MM2 Projects are real estate development projects in Mississauga, Ontario. The MM1 Project had approximately \$5.2 million of fifth ranking syndicated mortgage loan debt administered by BDMC while the MM2 Project had approximately \$3.6 million of third ranking syndicated mortgage loan debt administered by BDMC. The MM1 and MM2 Projects were each subject to a 244 Notice and a Notice of Sale issued by Firm, the first ranking mortgagee on both projects. Firm had senior debt on the MM1 Project and the

MM2 Project in excess of \$4.9 million and \$1.4 million, respectively, that had matured prior to the commencement of the 244 Notice and Notice of Sale processes.

150. As set out in the Seventh Report, on or about January 17, 2019 Firm commenced a combined sale process for the MM1 and MM2 Projects with an offer deadline of February 19, 2019. Firm engaged CBRE to market the properties for sale. Firm advised the Trustee that it had received multiple offers for the MM1 and MM2 Projects by the offer deadline and that it accepted the highest offer in the amount of \$10,000,000. The transaction closed on July 3, 2019. This purchase price resulted in a shortfall to the second priority mortgagee, and accordingly there was no recovery to BDMC Investors. Upon closing, the BDMC mortgages were extinguished.
151. Following the closing of the transaction, the Trustee sought information from the priority lenders to confirm whether the funds from the sale were paid in accordance with the prior-ranking debt and the amounts owing thereunder. The Trustee recently received the information it required to make such determination and has concluded that no further actions are warranted in the circumstances.
152. Old Market Lane: a real estate development project in Woodbridge, Ontario ("**OML Project**"), with three separate syndicated mortgage loans in the amounts of approximately \$3.8 million, \$3.1 million and \$6.4 million, respectively, each administered by BDMC.
153. On September 25, 2019, 5019203 Ontario Ltd. ("**5019 Ontario**"), the first priority mortgagee, served a Notice of Sale that would allow 5019 Ontario to sell the property after November 15, 2019 if its mortgage has not been repaid by the OML borrower. The Trustee has engaged in correspondence with 5019 Ontario's legal counsel since the issuance of the Notice of Sale. As of the date of this Report, the Trustee understands that 5019 Ontario's mortgage has not been repaid.
154. The Trustee understands that 5019 Ontario is currently obtaining appraisals and intends to list the property with a commercial real estate broker in a few weeks' time. The Trustee is also in discussions with a party who is interested in the OML Project and has advised 5019 Ontario's legal counsel of same. The Trustee will update the OML Project Investors with respect to any proceedings that may be commenced by the mortgagee.

OTHER MATERIAL PROJECT DEVELOPMENTS

155. As set out above, in order to provide the BDMC Investors with information on the status of their investment, the Trustee has updated the Project Analysis Summary attached as **Appendix “6”** to this Report and will be posting the updated Project Analysis Summary on the Trustee’s Website. In addition to the projects described above, the following projects have been the subject of material developments since the date of the Seventh Report. These material developments could be as a result of enforcement proceedings, the commencement of litigation or other changes in the development of the project that may affect the BDMC Investors.
156. Eden Project: 2309918 Ontario Inc. (“**Eden Borrower**”) is indebted to BDMC in respect of loans made in relation to a real estate development project in King City, Ontario, consisting of 28 residential homes (“**Eden Project**”). Construction of the Eden Project is complete and these homes have been sold. The senior loans have been discharged, though the mortgages in favour of BDMC have not been discharged and, to date, no payments have been made in respect of the BDMC mortgages. Investors in the Eden Project are owed in excess of \$7 million (including accrued interest).
157. In the summer of 2018, the Trustee was advised by PACE Developments Inc. (“**PACE**”), the developer of the Eden Project, that there would be no recovery to the Eden Investors, notwithstanding previous communications a few weeks earlier by Fortress that full payment would be made to the Eden Investors. PACE advised that certain cost overruns not previously accounted for had absorbed the over \$7 million owed to Eden Investors.
158. Based on information provided by the Eden Borrower and PACE, the Trustee was able to develop a preliminary flow of funds analysis for the Eden Project. However, the Eden Borrower and PACE could not adequately explain the significant, rapid, and unforeseen change in forecast recoveries to the Investors, which went from an anticipated full repayment to zero recovery in only a matter of weeks.
159. For these reasons and the reasons set out in the Seventh Report, on or about May 1, 2019, the Trustee served an application for a Bankruptcy Order against the Eden Borrower pursuant to section 43(2) of the BIA.
160. Pursuant to an Order of the Court made on June 19, 2019 (“**Eden Bankruptcy Order**”), the Eden Borrower was adjudged bankrupt and Grant Thornton Limited was appointed as

bankruptcy trustee (“**GT**”). A representative of the Trustee has been appointed as an inspector in the bankruptcy proceedings.

161. GT is currently conducting an investigation of the affairs of the bankrupt. Following its appointment, GT attended at PACE’s office and obtained certain of their electronic records that were deemed relevant for the purpose of its mandate. GT also contacted David Chong (“**Chong**”), the Eden Borrower’s counsel, to request trust ledgers relating to the Eden Borrower and closing books in respect of the Eden Project.
162. GT has obtained certain of the information requested from the Eden Borrower, PACE, and Chong, though other relevant information remains outstanding. GT continues to conduct its investigation and has reached out to the principals of the Eden Borrower, PACE and other related parties in this regard.
163. Shortly after the making of the Eden Bankruptcy Order, in violation of the stay of proceedings contained in the Appointment Order, the Trustee was provided with a third party claim issued by Chong (“**Third Party Claim**”) naming, among others, the Trustee as a third party in a lawsuit commenced by certain purchasers of houses in the Eden Project against Chong, the Eden Borrower, and certain related individuals (collectively, the “**Eden Project Litigation**”). The relief sought in the Third Party Claim includes, among other things, a mandatory Order that BDMC and Olympia Trust Company do all things necessary to discharge their security registered against the Eden Project.
164. On October 8, 2019, the parties to the Eden Project Litigation attended a chambers appointment before the Court where the Court directed the parties to meet to attempt to resolve the outstanding procedural issues with respect to the Eden Project Litigation. On October 21, 2019, the Trustee received a Notice of Discontinuance whereby Chong wholly discontinued the Third Party Claim as against the Trustee, without costs and without prejudice to the right of Chong to seek leave of the Court to initiate a third party proceeding as against BDMC.
165. In accordance with the Court’s direction, the Trustee and its counsel and counsel to the parties to the Eden Project Litigation met on a without prejudice basis to discuss the Eden Project Litigation. Since that meeting, the parties have continued to exchange information in advance of a second meeting scheduled for late November.

166. Peter Richmond Project: a real estate development project in downtown Toronto, Ontario currently comprised of multiple parcels of land ("**Peter Richmond Project**") with over \$27.4 million of third ranking syndicated mortgage loan debt administered by BDMC and approximately \$4.5 million of fourth ranking syndicated mortgage loan debt also administered by BDMC (collectively, the "**Peter Richmond Loans**"). There are several different senior lenders with separate first priority mortgages on the different parcels of land comprising the Peter Richmond Project, and other than 120 Peter (as defined and discussed below), all such mortgages appear to be in default.
167. The project plan of the Peter Richmond Project contemplated the acquisition of the final neighbouring parcel of land at 120 Peter Street ("**120 Peter**"). Following years of litigation with the owner of 120 Peter regarding the Peter Richmond borrower's right to acquire 120 Peter pursuant to an existing purchase and sale agreement, on November 4, 2019, the Court of Appeal of Ontario upheld the decision of Justice Perell of the Ontario Superior Court of Justice that, among other things, determined that the prior owner of 120 Peter ("**Prior 120 Owner**") was not entitled to terminate the agreement of purchase and sale between the Prior 120 Owner and the Peter Richmond borrower. Accordingly, the Trustee understands that the Peter Richmond borrower completed the purchase of 120 Peter in accordance with the agreement of purchase and sale. BDMC's loan agreement with the Peter Richmond borrower in respect of the \$35 million third-ranking charge provides that BDMC shall be entitled to a mortgage on 120 Peter once it has been acquired by the Peter Richmond borrower.
168. As set out in the Seventh Report, in March 2019, Rathcliffe Properties Limited ("**Rathcliffe**"), the first ranking vendor take-back ("**VTB**") mortgagee on the 128 Peter Street property ("**128 Peter**"), one of the parcels of land comprising the Peter Richmond Project, issued a Statement of Claim seeking foreclosure on the property. In response to the Statement of Claim, the Trustee filed a statutory form to convert the foreclosure proceedings to a power of sale, which would provide an opportunity for a better outcome for the Peter Richmond Investors. In August, 2019, the Peter Richmond borrower secured replacement financing for 128 Peter from PTI Developments Inc. ("**PTI**"), an entity related to the Peter Richmond borrower, and the entity that also holds the second priority mortgage on five parcels of land. The Trustee understands that PTI took assignment of Rathcliffe's first ranking VTB mortgage on 128 Peter and subsequently transferred it to

Windsor Capital Corporation. The Trustee was notified on October 23, 2019 that the Rathcliffe power of sale proceedings had been discontinued.

169. On September 23, 2019, Toopbin Management Ltd. ("**Toopbin**"), the first ranking VTB mortgagee on the 126 Peter Street property, another parcel comprising the Peter Richmond Project, issued a demand letter to the Peter Richmond borrower. The letter demanded payment of its mortgage, which had matured on March 1, 2019, and advised that failure to comply with the terms of its demand would result in steps being taken to enforce its remedies under its mortgage. The Trustee understands that Toopbin is still considering its next steps with respect to the enforcement of its mortgage.
170. In light of the status of the various priority mortgages on the parcels of land comprising the Peter Richmond Project, the significant amount owing under the BDMC loans and estimated time horizon for the completion of the project, the Trustee has been in discussions with the borrower and certain other interested parties regarding a potential transaction involving the Peter Richmond Loans. The Trustee has commenced a focused sales process to determine the best possible transaction in the circumstances for Investors on the Peter Richmond Project. The Trustee will consider the results of this sales process to determine if proceeding with a transaction is in the best interests of Investors at this time, including a potential transaction involving the assignment of BDMC's debt and security position in respect of the Peter Richmond Project.
171. Port Place 2 Project: a real estate development project involving four land parcels (collectively, "**Port Place 2 Lands**") in St Catharines, Ontario. The Trustee understands that the Port Place 2 Project is owned by an entity related to Fortress ("**Port Place 2 Borrower**"). At present, there are three mortgage charges on the Port Place 2 Lands that have the following relative priorities registered on title: (i) a first priority charge in respect of the mortgage loan from Magnetic, Olympia Trust Company and Canadian Western Trust Company ("**CWT**") in the approximate amount of \$700,000; (ii) a second priority charge ("**BDMC PP2 Charge**") in respect of over \$2.9 million of syndicated mortgage loan debt that was administered by BDMC; and (iii) a third priority charge in respect of the mortgage loan from Magnetic and CWT in the approximate amount of \$1.47 million ("**Magnetic/CWT Mortgage**").

172. The holders of the first ranking mortgage charge on the Port Place 2 Lands issued a 244 Notice and Notice of Sale, which required that the full amount of the then outstanding debt (totaling \$736,196, including interest and fees as at April 23, 2019) be paid by the Port Place 2 Borrower on or before May 30, 2019. The Trustee understands that this outstanding debt has not yet been repaid as of the date hereof. The Trustee also understands that such holders are in the process of negotiating the sale of one of the four land parcels for an amount that would be insufficient to repay, in full, the debt owing to such holders in connection with their first ranking mortgage charge.
173. As described in the Seventh Report, following the appointment of FAAN Mortgage as the independent manager of BDMC's business but prior to the appointment of the Trustee, Magnetic and CWT provided additional financing to the Port Place 2 Project pursuant to the Magnetic/CWT Mortgage. FAAN Mortgage was not aware of or involved with this mortgage transaction until after it closed.
174. In April 2019, First Canadian Title Insurance Company ("**FCT**"), the title insurer, on behalf of the holders of the Magnetic/CWT Mortgage, contacted the Trustee to dispute the second ranking priority of the BDMC PP2 Charge. The Trustee and FCT are currently in discussions aimed at resolving this priority dispute.
175. South Shore Project: a real estate development project in Keswick, Ontario ("**South Shore Project**") with over \$20.6 million of second ranking syndicated mortgage loan debt and approximately \$8.6 million of third ranking syndicated mortgage loan debt administered by BDMC. On January 24, 2019, Diversified Capital Inc. ("**Diversified**") issued a Notice of Sale in respect of priority construction financing in excess of \$6.9 million that has matured. The Trustee has corresponded with Diversified since the issuance of its Notice of Sale. Diversified advised that to date it had been informally marketing the South Shore property for sale, however, no offers for the South Shore property have been received. Diversified advised the Trustee in October 2019 that it is in the process of commencing a formal marketing process including retaining a commercial broker to list the property for sale. The Trustee intends to continue to engage with Diversified with respect to the sales process. Investor recoveries on the South Shore Project remain uncertain at this time.
176. Triple Creek Project: a real estate development project in Rocky View County, Alberta ("**TC Project**"), with over \$12.9 million of syndicated mortgage loan debt administered by

BDMC and approximately \$2.5 million of accrued interest for which the Investors have been given a separate mortgage administered by BDMC. The TC Project Investors have 4th and 5th ranking mortgages registered on the TC Project. The TC Project is a large block of land near Calgary that is outside of the existing built boundary. Prior to the issuance of the Appointment Order, the TC Project was subject to a Notice of Sale initiated by Romspen, the first priority mortgagee, in respect of senior financing in excess of \$3.4 million that had matured. Eagles Edge Capital Corporation, the second priority mortgagee, has also commenced enforcement proceedings against the TC Project in connection with outstanding debt in excess of approximately \$2.6 million.

177. On December 14, 2018, the Court of Queen's Bench of Alberta granted an order permitting the property that is the subject of the TC Project to be listed for sale for six months, with no offer deadline, at a list price of \$3 million. Since the date of the Seventh Report, the Trustee was advised that no formal offers were received for the property and that the property is no longer being listed for sale. Romspen is considering its options given the lack of market interest in the property. The Trustee notes that, given the priority debt on the TC Project is in excess of \$5.8 million, the property would need to sell for well in excess of the prior listing price in order to result in any recovery to the TC Project Investors.
178. Lake and East Project: a real estate development project in Oakville, Ontario ("**Lake and East Project**") with over \$9.1 million of second ranking syndicated mortgage debt administered by BDMC. As set out in the Seventh Report, the Lake and East Project had previously been subject to a Notice of Sale proceeding brought by Vector Financial Services Limited ("**Vector**"), the first mortgagee, in respect of over \$3.7 million of senior financing that had matured. The Lake and East Project was refinanced on or about November 7, 2018 with sufficient new funds to repay Vector and provide additional funding to continue its development. In connection with the refinancing, the Trustee agreed to subordinate BDMC's mortgage to the new first priority lender, Toronto Capital Corp ("**TCC**"), provided that the Lake and East borrower agreed to enhanced reporting obligations to the Trustee as part of a new reporting agreement between Symgine (Lake East) Inc. (the Lake and East borrower) and the Trustee ("**Symgine Reporting Agreement**").
179. The Symgine Reporting Agreement includes, among other things, a requirement to provide monthly accounting of the use of funds advanced by TCC. The Lake and East

borrower did not comply with its reporting obligations under the Symgine Reporting Agreement and on May 23, 2019, pursuant to the Omnibus Order, the Lake and East borrower was compelled to provide the required reporting within 15 days of the issuance of the Omnibus Order.

180. Despite the Trustee following up on several occasions, including by letter dated August 6, 2019 to the Lake and East borrower's counsel, to date the Lake and East borrower has not complied with the Omnibus Order. The Trustee has not received a response to the August 6, 2019 letter.
181. On May 22, 2019, TCC issued a Notice of Sale stating that the Lake and East borrower was in default of its mortgage and, unless the full amount of the outstanding debt in the amount of approximately \$5.3 million was paid on or before July 8, 2019, TCC would be in a position to list the property for sale. The Lake and East borrower did not repay the TCC mortgage and, accordingly, TCC listed the Lake and East Property for sale with CBRE on August 15, 2019. Offers were due on September 25, 2019. The Trustee understands that following the September 25, 2019 offer date, TCC accepted an offer that is scheduled to close in early 2020. As of the date of this Thirteenth Report, the financial details regarding this transaction are not final as the transaction is subject to a due diligence period.
182. As a result of the Lake and East borrower's failure to comply with its reporting obligations, the Trustee will not be in a position to properly consider any transaction until it is in receipt of the required information from the Lake and East borrower.
183. Treehouse Project: a real estate development project located in Scarborough, Ontario ("**Treehouse Project**") with over \$5.4 million of second ranking syndicated mortgage debt administered by BDMC. The Trustee understands that the Lake and East borrower and the Treehouse borrower are related parties. As set out in the Seventh Report, the Treehouse Project was subject to a 244 Notice and a Notice of Sale proceeding commenced by Firm, the first ranking mortgagee, in respect of over \$1.8 million of senior financing that had matured. BDMC's syndicated mortgage loan with respect to the Treehouse Project had also matured and the Treehouse borrower requested that the Trustee postpone to new financing from TCC in the amount of \$3.5 million to repay Firm and fund additional project costs.

184. Ultimately, after seeking Investor feedback, the Trustee agreed to postpone to the replacement first priority financing. In connection with such postponement request, the Trustee agreed to subordinate BDMC's mortgage and to extend the term of the loan to November 30, 2021 following extensive negotiations with Halo Townhomes Inc. (the Treehouse borrower). Those negotiations resulted in the Treehouse borrower agreeing to make a payment of \$200,000 of the interest then owing to the Trustee on behalf of BDMC Investors⁶ and agreeing to enhanced reporting obligations of the Treehouse borrower, including a monthly accounting of the use of funds advanced by TCC. These obligations were set out in an amending agreement to the BDMC loan agreement between the Treehouse borrower and the Trustee ("**Amending and Extension Agreement**"). The Treehouse borrower did not comply with its reporting obligations under the Amending and Extension Agreement and on May 23, 2019, pursuant to the Omnibus Order, the Treehouse borrower was compelled to provide the required reporting within 15 days of the issuance of the Omnibus Order. Despite the Trustee following up on several occasions, including by letter dated August 6, 2019 to the Treehouse borrower's counsel, the Treehouse borrower did not comply with the Omnibus Order. The Trustee has not received a response to the August 6, 2019 letter.
185. Similar to the Lake and East Project, on May 22, 2019, TCC issued a Notice of Sale stating that the Treehouse borrower was in default of its mortgage and, unless the full amount of the outstanding debt owed to TCC in the amount of approximately \$3.7 million was paid on or before July 8, 2019, TCC would be in a position to list the property for sale. The Treehouse borrower did not repay the TCC mortgage and, accordingly, TCC listed the Treehouse Property for sale with CBRE as an unpriced tender on August 15, 2019. Offers were due on September 25, 2019. Although CBRE has advised the Trustee that it ran a robust marketing process for the Treehouse Property, none of the offers received were sufficient to repay the first priority mortgage owing to TCC. Accordingly, TCC has not accepted any offers for the Treehouse Property.
186. The Trustee understands that TCC continues to pursue its options with respect to the sale of the Treehouse Property. As a result of the Treehouse borrower's failure to comply with

⁶ Interest paid by borrowers since the date of Appointment Order is Estate Property in accordance with the Interim Stabilization Order.

its reporting obligations, the Trustee will not be in a position to properly consider any transaction until it is in receipt of the required information from the Treehouse borrower.

QEWN ADMINISTRATION SETTLEMENT

187. QEWN Project: a real estate development project in Oakville, Ontario (“**QEWN Project**”) with over \$2.3 million of second ranking syndicated mortgage debt administered by BDMC. Unlike most of the projects administered by BDMC which are widely held, the QEWN Project has only 12 Investors (“**QEWN Investors**”), all of whom the Trustee understands are “friends and family” of the Chief Operating Officer of Fortress, Mr. Vince Petrozza.
188. In March 2019, at the request of the QEWN borrower, the Trustee entered into extensive negotiations regarding a potential postponement to additional funding that the QEWN borrower advised was necessary to prevent the project from going into default. The replacement lender ultimately did not provide the funding. The Trustee understands that, as a result, certain of the QEWN Investors individually funded the amount required by the QEWN borrower. Such Investors were granted a third-ranking mortgage on the property in the amount of \$600,000.
189. Following the postponement negotiations, the QEWN Investors inquired about the possibility of transferring the administration of the QEWN Project to the individual Investors. On May 29, 2019, counsel for the QEWN Investors formally requested the Trustee to transfer the administration of the QEWN Project to the Investors and relinquish the property associated with the QEWN Project, including the Loan Agreement, the charge registered in favour of BDMC on the properties comprising the QEWN Project, and any related monetary entitlements in the BDMC estate. On June 6, 2019, the Trustee’s counsel responded outlining certain preliminary criteria that would need to be met for the Trustee to consider a change in administration in light of the unique nature of the QEWN Project, including the need for a proper replacement administrator.
190. After several months, counsel for the QEWN Investors reengaged with counsel to the Trustee to indicate that his clients still wished to proceed with a change in administration and that the QEWN Investors had now arranged for a lawyer to be the proposed replacement administrator (“**Proposed Administrator**”) for the QEWN Investors.

191. The Trustee has reviewed all of the BDMC loans under its administration and has confirmed that, to the best of its knowledge, no other project has the same type of Investor composition as the QEWN Project (i.e., all other projects have numerous unrelated third-party Investors). Given the unique nature of circumstances surrounding the QEWN Project (notably, that each of the QEWN Investors is a family member or friend of Mr. Petrozza), and subject to Court approval and the granting of a Court-ordered release in favour of the Trustee, its counsel and Representative Counsel, the Trustee is prepared to transfer its administration of the project upon the satisfaction of the following conditions precedent ("**QEWN Administration Settlement**"):
- (a) a letter provided by the Proposed Administrator acknowledging its acceptance of the administration duties being assumed under the loan and security documents;
 - (b) each QEWN Investor acknowledging and agreeing, after having each received independent legal advice: (i) that it is their individual desire to have the Proposed Administrator appointed after being informed of the impact of the QEWN Administration Settlement, which includes no longer having the benefits of Court supervision, Representative Counsel and a licensed mortgage administrator to oversee the administration of their loan and security, and (ii) that the Trustee, its counsel and Representative Counsel shall receive a Court-ordered release in connection with all matters relating to the QEWN Project as part of the QEWN Administration Settlement;
 - (c) consent of the QEWN Project borrower to the appointment of the Proposed Administrator being obtained; and
 - (d) an agreement being reached between the Trustee and the QEWN Investors to compensate the BDMC estate for costs incurred directly with respect to the QEWN Project and an appropriate portion of costs incurred in respect of the general administration of the BDMC estate.
192. The Trustee developed the proposed QEWN Administration Settlement after consulting with both the Law Society of Ontario and the Financial Services Regulatory Authority of Ontario ("**FSRA**"). The Law Society of Ontario confirmed that as a general matter it does not object to the transfer of the administration of the QEWN Project. FSRA confirmed it

had no formal objection to the transfer on the basis that: (i) it does not regulate lawyers who are acting as administrators as they are exempt under the MBLAA; (ii) the transfer would be subject to the Court's approval; and (iii) the unique composition of the QEWN Investors among the BDMC portfolio. While not objecting, FSRA did raise a number of considerations that it asked the Trustee to include in this Report to bring to the Court's attention, including: (i) the Fortress projects warrant a higher degree of Court scrutiny given their history and context; (ii) Court supervision has been valuable with respect to these projects; and (iii) that FSRA considers the suitability and capacity of the Proposed Administrator important in the circumstances.

193. For the foregoing reasons, the Trustee is seeking approval of the proposed QEWN Administration Settlement as part of the proposed December 2019 Omnibus Order. Should the conditions precedent set out above be satisfied in the sole opinion of the Trustee, it is proposed that the Trustee would deliver a certificate to counsel for the QEWN Investors upon which time the Order in respect of the QEWN Administration Settlement and associated release would become effective and the Proposed Administrator would be appointed on behalf of the QEWN Investors.

SORRENTI MATTERS

Sorrenti Document Production

194. As set out in the Affidavit of Brendan Forbes sworn April 19, 2018 in support of the Appointment Order, since 2013, BDMC has acted as mortgage administrator in respect of syndicated mortgage loans on approximately 60% to 70% of the development projects involving Fortress (either as developer, owner or otherwise). The remaining 30% to 40% of syndicated mortgage loans advanced to Fortress-related projects are or were administered by lawyers who operate under the MBLAA exemption from licensing requirements applicable to lawyers. Derek Sorrenti, an Ontario lawyer, in his personal capacity or through his professional corporation, Sorrenti Law Professional Corporation (collectively, "**Sorrenti**") acted as administrator on several of these syndicated mortgage loans. Certain of these loans were still administered by Sorrenti prior to the Trustee's involvement with BDMC, while others were transferred to BDMC's administration by Sorrenti ("**Transferred Projects**").

195. As set out in the Seventh Report, the Trustee formally contacted Sorrenti on numerous occasions in order to obtain critical information related to the Transferred Projects. Sorrenti did not comply with the Trustee's repeated information requests. As a result of Sorrenti's failure to provide information required for the Trustee's administration of the BDMC estate, the Trustee sought and obtained the Omnibus Order, which, among other things, required Sorrenti to comply with the Appointment Order and to provide the Trustee with a detailed list of all information related to the Transferred Projects, along with a plan and proposed schedule of delivery of such documents, records and information to the Trustee, within 30 days of the date of the Omnibus Order.
196. Sorrenti did not comply with the Omnibus Order and failed to provide the plan and required schedule within 30 days. Sorrenti advised that staff shortages and other administrative issues made it difficult for him to comply with the requests. In order to facilitate obtaining the required information from Sorrenti, the Trustee attended at Sorrenti's office on July 3, 2019 and was provided with some of the information requested including certain trust account details for the Transferred Projects. The Trustee had also requested all emails related to the Transferred Projects and copies of Sorrenti's bank statements. This information was not made available to the Trustee at that time.
197. Despite Sorrenti agreeing that the Trustee could re-attend at the Sorrenti office at a later date to obtain the missing information, and despite the Trustee's numerous follow-up requests regarding same, ultimately Sorrenti did not provide an opportunity for the Trustee to re-attend at the Sorrenti office.

Sorrenti Appointment Order

198. On September 30, 2019, pursuant to an order of the Court, FAAN Mortgage was appointed as trustee over all the assets, undertakings and properties of Sorrenti that relate to Sorrenti's administration of syndicated mortgage loans ("**Sorrenti Proceedings**"). FAAN Mortgage's appointment was the result of an application made by the Law Society of Ontario under section 49.47 of the *Law Society Act* and section 101 of the *Courts of Justice Act*.
199. Immediately following FAAN Mortgage's appointment in the Sorrenti Proceedings, it attended at Sorrenti's office to, among other things, obtain information and documentation relating to the syndicated mortgage loans administered by Sorrenti. FAAN Mortgage was

also able to obtain certain of the outstanding information previously requested in its capacity as Trustee of BDMC and is continuing its review of this information.

200. Consistent with the BDMC proceedings, FAAN Mortgage will be prioritizing the dissemination of information to Sorrenti investors through project-specific notices, meetings and/or communications with individual investors and groups of investors, and through the filing of Court reports in respect of the Sorrenti Proceedings.
201. All Court materials filed in respect of the Sorrenti Proceedings are available on FAAN Mortgage's website and are reported separately from the BDMC proceedings.

FUNDING OF THESE PROCEEDINGS AND CASH FLOW PROJECTION

202. The Trustee continues to discharge its duties in accordance with the Appointment Order. These activities are complicated, time consuming and are being carried out in circumstances where BDMC has no revenue.
203. As previously reported, BDMC is functionally insolvent and has no sources of revenue. Pursuant to the Realized Property Order, as amended by the Braestone Settlement Approval Order and the Harlowe Settlement Approval Order, 15% of all Realized Property continues to be withheld to fund the Required Trustee Activities ("**Administrative Holdback**"). Accordingly, the Trustee's continued use of Estate Property and the Administrative Holdback is essential to fund these proceedings and to continue to carry out the Trustee's mandate in accordance with Orders of this Court.
204. As discussed below, portions of the Estate Property and the Administrative Holdback have been disbursed to pay BDMC's operating expenses and professional fees. Investors may receive a portion of the Administrative Holdback in the future; however, the timing and amount of a future distribution, if any, is unknown at this time.

Cash receipts and disbursements from April 1, 2019 to October 31, 2019

205. In the Seventh Report, the Trustee provided a forecast for the projected receipts and disbursements related to the administration of the BDMC estate for the period April 1, 2019 to October 31, 2019 ("**Period**").

206. The chart below provides a summary of the variance analysis for receipts and disbursements related to the administration of the BDMC estate during the Period. The detailed variance analysis is attached as **Appendix “7”**. This analysis does not include any Realized Property received during the Period which has been or will be distributed to Investors.

	Amount (\$000s)		
	Projected	Actual	Variance
Receipts			
Collections and other receipts	61	87	26
Administrative Holdback	1,558	2,970	1,412
Total receipts	1,619	3,057	1,438
Disbursements			
Operating costs	238	210	28
Appraisals	267	210	57
Professional fees	3,500	2,821	679
Total disbursements	4,005	3,241	764
Net cash flow	(2,386)	(184)	2,202

207. The significant variances during the Period are explained as follows:

Administrative Holdback: the positive variance relates to amounts withheld in respect of: (i) completed settlement transactions (Crestview and Humberstone); (ii) Dunsire Project payment; (iii) the Solterra Project Phase 3 recoveries to date; and (iv) the Residual Proceeds received from the Kemp Project transaction⁷, all of which were not included in the projection. This variance was partially offset by the late receipt of the CHAT 150-Day Payment, which was included in the projection but not received during the Period.

Professional fees: the positive variance relates to a timing difference.

⁷ Given the \$572,000 claim from Fortress, which has not been resolved, for the purposes of the variance analysis, the Administrative Holdback on the Residual Proceeds has been calculated net of this amount.

208. As the Thirteenth Report is being issued after the end of the Period, the actual receipts and disbursements from November 1, 2019 through to November 15, 2019 are summarized below.

	(\$000s)
Receipts	
Collections and other receipts	10
Administrative Holdback	2,167
Total receipts	2,177
Disbursements	
Operating costs	19
Appraisals	0
Professional fees	2,158
Total disbursements	2,177
Net cash flow	0

209. The Trustee notes the following with respect to the above chart: (i) the Administrative Holdback is related to amounts withheld from the Nobleton North Settlement Transaction; and (ii) the Professional Fees relate to certain fees accrued between April 1, 2019 and September 30, 2019 that were paid in November, 2019.

Funds in Possession of Trustee

210. BDMC continues to maintain multiple bank accounts. A summary of the Estate and Realized Property is in the table below.

Property Type	Primary Purpose	Amount (\$000s)	
		As at March 31, 2019	As at November 15, 2019
Estate	BDMC operating funds	\$4,750	\$4,568 ⁸
Realized	Held pending Investor distributions	674	20,780
		\$5,424	\$25,348

⁸ BDMC is required under the MBLAA to have a certain financial guarantee of \$25,000 available, which may include unimpaired working capital. Included in Estate Property in a separate bank account is \$26,278 in satisfaction of this

211. A summary of the Estate and Realized Property is provided below.

Realized Property – The funds held at November 15, 2019 relate primarily to the proceeds received from the CHAT and Kemp sale transactions, Solterra Phase 3 closings, the Dunsire Project and the Nobleton North Settlement Transaction, which will be distributed to the respective Investors in these projects. The balances are net of the Administrative Holdback transferred to Estate Property.

Also included in the Realized Property is the deposit (\$500,000) received in respect of the Castlemore Offer, which may have to be returned depending on the outcome of the Trustee's ongoing discussions with the Castlemore borrower and Castlemore Investors.

Estate Property – As noted previously, since the issuance of the Interim Stabilization Order, the funds maintained in these accounts have been used to fund BDMC's operating costs. Funds withheld on account of the Administrative Holdback have been transferred into these accounts.

obligation.

Projected receipt and disbursements for the period ending May 31, 2020

212. The Trustee has prepared a monthly cash flow projection (“**Cash Flow Projection**”) relating to the administration of the BDMC estate for the period November 16, 2019 to May 31, 2020 (“**Cash Flow Period**”), attached as **Appendix “8”**. A summary of the Cash Flow Projection is as follows:

	<u>\$000s</u>
Projected Receipts	209
Projected Disbursements	
Staffing costs	150
Office expenses and IT	18
Insurance	54
Bank charges	4
Other expenses	13
Total Operating Disbursements	<u>239</u>
Appraisal fees	100
Professional fees	4,080
Total disbursements	<u>4,419</u>
Projected Net Cash Flow	<u>(4,210)</u>
Opening cash	4,542
Net cash flow	<u>(4,210)</u>
Projected Closing cash	<u>332</u>

213. The projected receipts reflect the Administrative Holdback from: (i) the 150-Day Payment from the CHAT sale transaction; and (ii) the Solterra Project’s final Phase 3 closing. The Trustee notes that, similar to previous cash flow projections filed with the Court, the receipts during the Cash Flow Period are projected to be significantly lower than the projected expenses. However, the Trustee notes that considerable progress has been made with respect to potential transactions involving multiple projects. Accordingly, the Trustee expects to receive additional Realized Property during the Cash Flow Period, a portion of which will be used to offset the projected expenses. Due to the confidential nature of the ongoing negotiations with respect to these potential transactions, and similar to previous cash flow projections filed with the Court, the Trustee has not included a forecast for these receipts in the Cash Flow Period.

214. The Cash Flow Projection estimates total operating disbursements of approximately \$239,000. The Trustee notes that the administration of BDMC's estate continues to be run out of FAAN Mortgage's offices on a rent-free basis.
215. The Cash Flow Projection reflects payment of outstanding professional fees through to September 30, 2019 which remain unpaid as at the date of the Thirteenth Report, and estimated professional fees for the Cash Flow Period.

APPROVAL OF THE TRUSTEE'S REPORTS, ACTIVITIES AND FEES

216. The Trustee is seeking the approval of the Eighth Report, Ninth Report, Tenth Report, Eleventh Report, Twelfth Report and this Thirteenth Report, its activities as set out in the Eighth Report, Ninth Report, Tenth Report, Eleventh Report, Twelfth Report and this Thirteenth Report, and its fees and its counsel's fees from April 1, 2019 to September 30, 2019.
217. The Trustee's activities are described at length in the Eighth Report, Ninth Report, Tenth Report, Eleventh Report, Twelfth Report and this Thirteenth Report. These activities have included, among other things:
 - (a) communicating with borrowers, Investors, Fortress, lenders and other stakeholders regarding various matters including with respect to the status of these proceedings, the projects and relevant timelines;
 - (b) engaging with Representative Counsel on behalf of the Investors with respect to all aspects of the administration of the BDMC estate, including attending meetings and conference calls on a regular basis;
 - (c) drafting and sending 32 notices to Investors since May 2019;
 - (d) holding in-person meetings with certain Investors;
 - (e) responding to Investor inquiries;
 - (f) posting Court materials on the Trustee's Website;
 - (g) continuing the Trustee's review of the projects;
 - (h) continuing to engage with stakeholders to obtain information related to the projects;

- (i) reviewing periodic reporting provided by certain project borrowers;
- (j) reviewing updated appraisals commissioned by the Trustee;
- (k) engaging with appraisers to obtain updated market information as necessary;
- (l) continuing to engage with a planning consultant in order to obtain information relating to the development status of various projects;
- (m) continuing to engage and negotiate with borrowers and other stakeholders regarding certain requests for postponements in relation to refinancing transactions;
- (n) attending to partial discharges of BDMC's security interests to facilitate sales of individual units or the development of properties in the ordinary course;
- (o) continuing to engage and negotiate with borrowers and prospective purchasers regarding settlement and/or assignment transactions for certain properties;
- (p) preparing and circulating an offer letter to parties who expressed interest to the Trustee in entering into a transaction in respect of a BDMC loan;
- (q) corresponding with certain lenders who have expressed interest to the Trustee in refinancing certain projects and introducing such parties to borrowers, as appropriate;
- (r) continuing to engage and negotiate with borrowers, senior lenders and other relevant stakeholders regarding enforcement actions commenced by such lenders;
- (s) corresponding with commercial real estate agents engaged under enforcement proceedings in order to obtain information relating to sale processes;
- (t) continuing to assess circumstances where affirmative enforcement action could be taken by the Trustee on behalf of the Investors;
- (u) preparing and serving materials as required in connection with the matters before the Court;
- (v) preparing Reports to the Court and attending hearings before the Court;
- (w) making distributions in accordance with the various Court orders issued in these proceedings to the parties entitled to those distributions;

- (x) sending letters to certain plaintiffs in actions naming BDMC as defendant to advise such persons of the stay of proceedings set out in the Appointment Order;
 - (y) reviewing and responding to materials naming BDMC as a third-party claimant;
 - (z) engaging with FSRA and its legal counsel;
 - (aa) engaging with mortgage brokerage and administration licensing authorities outside of Ontario to discuss the Trustee's mandate and the Appointment Order and to address matters related to BDMC's licenses in such jurisdiction; and
 - (bb) attending to other business activities of BDMC and related administrative matters.
218. Investor communications remain a significant component of the Trustee's mandate. On average, the Trustee receives 10-15 calls a day and 15-20 emails a day, with increased call and email volumes following the issuance of notices or media attention on the projects, Fortress or the proceedings generally. Investors contact the Trustee to seek general information about the proceedings, the role of the Trustee and Representative Counsel, as well as specific information regarding the projects that are the subject of their investments. The Trustee endeavours to respond to all inquiries in a timely manner.
219. In addition to general inquiries, the Trustee also informs the affected Investors by way of notices, sent by email to the majority of Investors, when enforcement action is taken against a project they have invested in or when other material developments occur with respect to their project. Where appropriate, the Trustee seeks the consent of Investors with respect to actions proposed to be taken by the Trustee, such as settlement proposals.
220. In addition to corresponding with Investors by telephone and email, the Trustee has met and continues to meet both formally and informally with groups of Investors and agents for Investors.

Trustee Fees

221. Pursuant to the terms of the Appointment Order, the Trustee and its legal counsel shall be paid their reasonable fees and disbursements and shall pass their accounts from time to time.
222. The Trustee and its legal counsel are tracking their time by project. For certain tasks that affect all Investors, including general notices and the preparation of general reports to

Court and the related Court materials, the time will be charged to a general account that will, at a later date once the totality of realizations are more clear, be allocated to the various projects based on appropriate considerations and in accordance with further Court orders.

223. The fees of the Trustee for the period between April 1, 2019 to September 30, 2019, total \$947,426 before HST; and HST applicable to such amounts totals \$123,165, for an aggregate amount of \$1,070,591. Invoices for the fees of the Trustee, including summaries of the activities of the Trustee for the applicable period, are provided in the affidavit of Naveed Manzoor ("**Manzoor Affidavit**"), attached as **Appendix "9"**.
224. Detailed docket information in respect of the fees and disbursements of the Trustee for this period will be included in the confidential exhibit to the Manzoor Affidavit that is being filed separately with the Court ("**Confidential Manzoor Exhibit**"). The Trustee is seeking a sealing order with respect to the Confidential Manzoor Exhibit due to the fact that the information contained in the Trustee's detailed invoices includes privileged and commercially sensitive information regarding the projects and BDMC generally, and the disclosure of that privileged and/or commercially sensitive information could have a material adverse effect on the recoveries that may ultimately be available to Investors in these proceedings.
225. The average hourly rate for the Trustee over the referenced billing period was approximately \$376/hour.

Fees of the Trustee's Counsel

226. The fees (excluding disbursements and HST) of Osler, Hoskin & Harcourt LLP ("**Osler**") as counsel to the Trustee for the period between April 1, 2019 to September 30, 2019 total \$1,895,036; Osler incurred \$15,421 disbursements during the period; and HST applicable to such amounts totals \$248,104, for an aggregate amount of \$2,158,561. Invoices for the fees, reimbursable expenses and applicable taxes of Osler, including summaries of Osler's activities in relation thereto, are provided in the affidavit of Michael De Lellis ("**De Lellis Affidavit**"), attached as **Appendix "10"**.
227. Full accounts in respect of the fees and disbursements of Osler for this period will be included in the confidential exhibit to the De Lellis Affidavit that is being separately filed with the Court ("**Confidential De Lellis Exhibit**"). The Trustee is seeking a sealing order

with respect to the Confidential De Lellis Exhibit due to the fact that the information contained in Osler's detailed invoices includes privileged and commercially sensitive information regarding the projects and BDMC generally, and the disclosure of that privileged and/or commercially sensitive information could have a material adverse effect on the recoveries that may ultimately be available to Investors in these proceedings.

- 228. The average hourly rate for Osler over the referenced billing period was \$692/hour.
- 229. The Trustee is of the view that the hourly rates charged by Osler are consistent with the rates charged by major law firms practicing in the area of insolvency and restructuring in the Toronto market, and that the fees charged are reasonable in the circumstances.

Fee Recoveries

- 230. Since the date of the Appointment Order, the Trustee and its counsel have recovered approximately \$675,000 on account of professional fee reimbursements in connection with postponements in respect of refinancings and other significant transactions. The Trustee has succeeded in negotiating these fee recoveries on a case by case basis and continues to seek to recover fees when appropriate.

REPRESENTATIVE COUNSEL

- 231. Pursuant to the Interim Stabilization Order, Chaitons LLP was appointed as representative counsel to, among other things and subject to the terms of that Order, represent the common interests of the Investors who participate in mortgages administered by BDMC, including the common interests of Investors in any particular syndicated mortgage loan.
- 232. To date, 11 Investors with a total of \$608,000 invested through BDMC have opted out of representation by Representative Counsel.
- 233. The Trustee understands that Representative Counsel continues to receive a significant number of calls and written correspondence from Investors with respect to the status of their investments. Representative Counsel responds in a timely manner to such communications to the extent that they pertain to legal issues covered by Representative Counsel's mandate.
- 234. The Trustee understands that Representative Counsel continues to provide guidance to Investors with respect to their rights and remedies and potential sources of recovery other

than against the borrowers under the various BDMC loans, while urging Investors to individually seek independent legal advice with respect to any causes of action that they may have to pursue such remedies if so advised. Representative Counsel has also communicated with other law firms on a confidential basis to share information to assist such law firms in determining whether to commence class action litigation, and when requested to do so by individual or groups of Investors, has provided information to other law firms to facilitate their litigation initiatives. The Trustee also continues to regularly consult with Representative Counsel whenever appropriate, including with respect to (i) requests for Investor feedback regarding certain postponements and sale transactions, (ii) enforcement steps taken by senior lenders or by the Trustee, (iii) other potential sources of recovery on projects, including the Trustee's review of any sources and uses of funds received from borrowers and (iv) strategic decisions and steps being considered by the Trustee. Representative Counsel has also attended certain meetings with the Trustee and Investors and has taken active roles on certain projects that are subject to enforcement proceedings in a manner that ensures a non-duplication of efforts.

CONCLUSION AND RECOMMENDATION

235. The Trustee recommends that the December 2019 Omnibus Order be granted by the Court. The Trustee continues to work and engage with multiple stakeholders to fulfill its mandate to protect the interests of the Investors and enhance the prospects that the Investors will recover some or all of the amounts they advanced through BDMC. Among other things, the Trustee continues to administer the loans made by BDMC on behalf of the investing public and to make prudent decisions that are in the best interests of the Investors in the circumstances with respect to the administration and enforcement of the relevant loans.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 22nd day of November, 2019.

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.,
SOLELY IN ITS CAPACITY AS
COURT-APPOINTED TRUSTEE OF
BUILDING & DEVELOPMENT MORTGAGES CANADA INC.,
AND NOT IN ITS PERSONAL OR ANY OTHER CAPACITY**

Appendix 1:
Appointment Order dated April 20, 2018

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

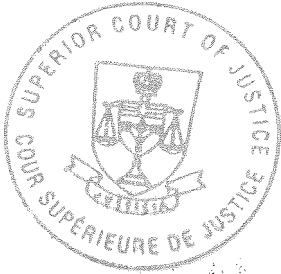
THE HONOURABLE MR.) FRIDAY, THE 20TH DAY
JUSTICE HAINEY) OF APRIL, 2018

BETWEEN:

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -



BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

APPLICATION UNDER SECTION 37 OF THE
MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT, 2006, S.O. 2006, c. 29 and SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c. C.43

APPOINTMENT ORDER

THIS APPLICATION, made by The Superintendent of Financial Services (the "Superintendent"), for an Order, *inter alia*, pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, S.O. 2006, c. 29, as amended (the "MBLAA"), and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA"), appointing FAAN Mortgage Administrators Inc. ("FAAN Mortgage") as trustee (in such capacity, the "Trustee"), without security, of all of the assets, undertakings and properties of Building & Development Mortgages Canada Inc. (the "Respondent"), was heard this day at 330 University Avenue, Toronto, Ontario;

ON READING the affidavit of Brendan Forbes sworn April 19, 2018 and the exhibits thereto (the "Supporting Affidavit") and the consent of FAAN Mortgage to act as the Trustee,

and on hearing the submissions of counsel for the Superintendent, counsel for FAAN Mortgage and such other counsel as were present, no one appearing for any other person on the service list, as appears from the affidavit of service of Miranda Spence sworn April 19, 2018, filed;

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing 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.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 37 of the MBLAA and section 101 of the CJA, FAAN Mortgage is hereby appointed Trustee, without security, of all of the assets, undertakings and properties of the Respondent, including, without limitation, all of the assets in the possession or under the control of the Respondent, its counsel, agents and/or assignees but held on behalf of any other party, including, but not limited to, lenders under any syndicate mortgage ("**Investors**"), brokers, or borrowers, in each case whether or not such property is held in trust or is required to be held in trust (collectively, the "**Property**"), which Property, for greater certainty, includes any and all real property charges in favour of the Respondent (the "**Real Property Charges**"), including, without limitation, any and all monetary and non-monetary entitlements in respect to the assets and values thereunder, the period of which appointment shall run from 12:01 a.m. on the date hereof until such date that all assets under all syndicated mortgage loans have been realized and all Property has been distributed to those entitled to it.

TRUSTEE'S POWERS

3. **THIS COURT ORDERS** that the Trustee 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 Trustee is hereby expressly empowered and authorized to do any of the following where the Trustee 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, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the holding of mortgage security in

trust on behalf of Investors, the administering of the mortgages, 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 Respondent, including, without limitation, the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Respondent;
- (d) to engage consultants, appraisers, agents, 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 Trustee'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 Respondent or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Respondent and to exercise all remedies of the Respondent in collecting such monies, including, without limitation, to enforce any security held by the Respondent, including, without limitation, such security held on behalf of Investors;
- (g) to settle, extend or compromise any indebtedness owing to the Respondent;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Trustee's name or in the name and on behalf of the Respondent for any purpose pursuant to this Order, including, without limitation, any documents in connection with any registration, discharge, partial discharge, transfer, assignment or similar dealings in respect of any mortgage ("**Land Title Document**") and, for greater certainty, the applicable land registry office, registrar or other official under the *Land Registration Reform Act* (Ontario), the *Land Titles Act* (Alberta), or any other comparable legislation in any other jurisdiction be and is hereby directed, upon being presented with a certified

true copy of this Order and such Land Title Document, to register, discharge, partially discharge, transfer or otherwise deal with such mortgage in accordance with such Land Title Document without any obligation to inquire into the propriety of the execution or effect of such Land Title Document;

- (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 the Respondent, the Property or the Trustee, 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 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 Trustee in its discretion may deem appropriate;
- (k) with the approval of this Court, to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, and in 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;
- (l) with the approval of this Court, to restructure the Property in a manner that the Trustee considers reasonable, including, without limitation, the conversion, in whole or in part, of the Property or any part or parts thereof, out of the ordinary course of business, into an alternative or different interest in the capital structure of the Property or any part or parts thereof, including, without limitation, an ownership interest therein;
- (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 defined below) as the Trustee deems appropriate on all matters relating to the Property and the

Trustee's mandate, and to share information, subject to such terms as to confidentiality as the Trustee 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 Trustee, in the name of the Respondent;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Respondent, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Respondent;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Respondent may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Trustee takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Respondent, without interference from any other Person and without regard to any arrangement in existence as of the date hereof between the Respondent and Investors as to how and when such actions or steps are to be taken. For greater certainty, the Trustee shall be and is empowered to take such actions or steps without seeking instructions from Investors where the Trustee determines, in its sole discretion, that it is necessary and appropriate to do so (having regard for the interests of Investors), and in all other cases, the Trustee is specifically authorized to continue to comply with the existing arrangements, including any deemed consent provisions contained therein.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE TRUSTEE

4. **THIS COURT ORDERS** that: (i) the Respondent; (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf; (iii) all other individuals, firms, corporations,

Canadian Development Capital & Mortgage Services
Inc. ("CDCM")

governmental bodies or agencies, or other entities having notice of this Order, including, without limitation, Tsunami Technology Group Inc., Fortress Real Developments Inc. ("FRDI"), all of its direct or indirect affiliates, and any entity under common control with FRDI (collectively with FRDI, the "Fortress Entities"), any entity that is a joint venture among a Fortress Entity and another entity, and each director, officer, employee and agent of any Fortress Entity (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Trustee of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Trustee, and shall deliver all such Property to the Trustee upon the Trustee's request.

GH

or
CDCM

GH

5. **THIS COURT ORDERS** that, pursuant to and without limiting the generality of paragraph 4 of this Order, all Persons shall, unless otherwise instructed by the Trustee: (i) deliver to the Trustee (or, in the case of RRSP or other registered funds administered by Olympia Trust Company ("OTC") or Computershare Trust Company of Canada ("Computershare"), not release to any Person without further Order of this Court) any and all monies held in trust that are related to the Respondent or its business (collectively, the "Trust Funds"), which Trust Funds, for greater certainty, include any and all monies in any OTC or Computershare account that are purported to be held in trust for the Investors in or beneficiaries under any of the Real Property Charges, including, without limitation, all monies held by way of interest reserves to satisfy interest payments to such Investors or beneficiaries, which Trust Funds are to be held or used by the Trustee in accordance with the terms of this Order and any further Order of this Court; and (ii) upon the Trustee's request, provide an accounting of all funds received from or on behalf of the Respondent or its associated businesses.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Trustee of the existence of any books, emails, user accounts, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Respondent, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information, including copies of any previously performed electronic back ups (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Trustee or permit the Trustee to make, retain and take away copies thereof and grant to the Trustee unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 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 Trustee due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer 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 Trustee for the purpose of allowing the Trustee 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 Trustee in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Trustee. Further, for the purposes of this paragraph, all Persons shall provide the Trustee with all such assistance in gaining immediate access to the information in the Records as the Trustee may in its discretion require including providing the Trustee with instructions on the use of any computer or other system and providing the Trustee with any and all access codes, account names and account numbers that may be required to gain access to the information. Paragraphs 6 and 7 of this Order do not apply to any materials obtained by the Royal Canadian Mounted Police pursuant to any warrant issued under the *Criminal Code*, R.S.C. 1985, c. C-46.

8. **THIS COURT ORDERS** that the Trustee shall provide each of the relevant landlords with notice of the Trustee's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Trustee's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Trustee, or by further Order of this Court upon application by the Trustee on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE TRUSTEE

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 Trustee except with the written consent of the Trustee or with leave of this Court.

NO PROCEEDINGS AGAINST THE RESPONDENT OR THE PROPERTY

10. **THIS COURT ORDERS** that, with the exception of the Suspension and Penalty Orders (as such term is defined in the Supporting Affidavit): (i) no Proceeding against or in respect of any of the Respondent, the Property or the Superintendent (in the last case, with respect to any matters arising from the Respondent or the Property) shall be commenced or continued except with the written consent of the Trustee or with leave of this Court; and (ii) any and all Proceedings currently under way against or in respect of any of the Respondent 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, with the exception of the Suspension and Penalty Orders, all rights and remedies against the Respondent, the Trustee, or affecting the Property (including, without limitation, pursuant to any arrangement in existence as of the date hereof between the Respondent and Investors as to how and when the actions or steps contemplated by paragraph 3 of this Order are to be taken), are hereby stayed and suspended except with the written consent of the Trustee 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 *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), and further provided that nothing in this paragraph shall: (i) empower the Trustee or the Respondent to carry on any business which the Respondent is not lawfully entitled to carry on; (ii) exempt the Trustee or the Respondent 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; (iv) prevent the registration of a claim for lien; or (v) prevent the filing and service of a statement of claim solely to permit the perfection of a lien, provided that no further proceedings on such statement of claim shall be permitted other than pursuant to paragraph 10.

NO INTERFERENCE WITH THE TRUSTEE

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 the Respondent, without written consent of the Trustee or leave of this Court, including, for greater certainty, any licenses granted to the Respondent to act as an administrator of or lender under or administer syndicated mortgage loans under the MBLAA, *The Mortgage Brokers Act* (Manitoba), *The Mortgage Brokerages and Mortgage*

Administrators Act (Saskatchewan), the *Real Estate Act* (Alberta), the *Mortgage Brokers Act* (British Columbia) or any other comparable legislation in any other jurisdiction where the Respondent is currently licensed.

CONTINUATION OF SERVICES

13. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Respondent, or statutory or regulatory mandates for the supply of goods and/or services, including, without limitation, all computer software, communication and other data services (including, for greater certainty, all goods and/or services provided by Tsunami Technology Group Inc. in respect of the Respondent), centralized banking services, payroll services, insurance, transportation services, utility or other services to the Respondent 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 Trustee, and that the Trustee shall be entitled to the continued use of the Respondent's 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 Trustee in accordance with normal payment practices of the Respondent or such other practices as may be agreed upon by the supplier or service provider and the Trustee, or as may be ordered by this Court.

TRUSTEE TO HOLD FUNDS

14. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Trustee 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 accounts controlled by the Trustee or, if the Trustee determines it is advisable, new accounts to be opened by the Trustee (the "**Post Trusteeship Accounts**") and the monies standing to the credit of such Post Trusteeship Accounts from time to time, net of any disbursements provided for herein, shall be held by the Trustee to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. **THIS COURT ORDERS** that all employees of the Respondent shall remain the employees of the Respondent until such time as the Trustee, on the Respondent's behalf, may terminate the employment of such employees. The Trustee 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 Trustee may specifically agree in writing to pay, or in respect of its obligations under subsections 81.4(5) and 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

16. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* and any other applicable privacy legislation, the Trustee 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 Trustee, 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 the Respondent, and shall return all other personal information to the Trustee, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. **THIS COURT ORDERS** that nothing herein contained shall require the Trustee 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*, 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 Trustee from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Trustee shall not, as a result of this Order or anything done in pursuance of the Trustee'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 TRUSTEE'S LIABILITY

18. **THIS COURT ORDERS** that the Trustee 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 Trustee by section 14.06 of the BIA or by any other applicable legislation.

TRUSTEE'S ACCOUNTS

19. **THIS COURT ORDERS** that the Trustee and counsel to the Trustee 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, which fees and disbursements shall be added to the indebtedness secured by the Real Property Charges and that the Trustee and counsel to the Trustee shall be entitled to and are hereby granted a charge (the "**Trustee'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 Trustee's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to subsections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

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

21. **THIS COURT ORDERS** that prior to the passing of its accounts, the Trustee 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 Trustee or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE APPOINTMENT

22. **THIS COURT ORDERS** that the Trustee be at liberty and it is hereby empowered to borrow 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 \$1,000,000 (or such greater amount 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 Trustee 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 "**Trustee'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, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Trustee's Charge and the charges as set out in subsections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

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

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

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

SERVICE AND NOTICE

26. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in these proceedings, 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/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* (the "Rules"), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules. Subject to Rule 3.01(d) of the Rules 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: www.faanmortgageadmin.com.

27. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Trustee 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 the Respondent's creditors or other interested parties at their respective addresses as last shown on the records of the Respondent 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.

GENERAL

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

29. **THIS COURT ORDERS** that nothing in this Order shall prevent the Trustee from acting as a trustee in bankruptcy of the Respondent.

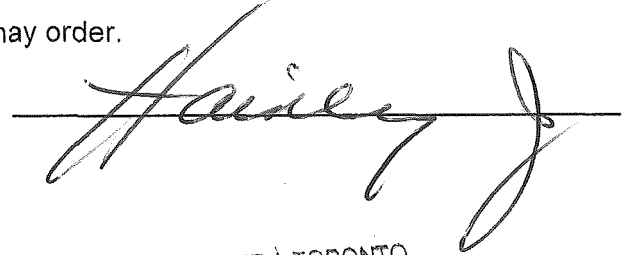
30. **THIS COURT ORDERS** that Confidential Exhibits (as defined in the Supporting Affidavit) be and are hereby sealed until further Order of this Court.

31. **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 Trustee 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 Trustee, as an officer of

this Court, as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.

32. **THIS COURT ORDERS** that the Trustee 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 Trustee 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.

33. **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, or such shorter period of time as the Court may permit, to the Trustee 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.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

APR 20 2018

PER / PAR:



SCHEDULE "A"

TRUSTEE CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. **THIS IS TO CERTIFY** that FAAN Mortgage Administrators Inc., the Trustee (in such capacity, the "**Trustee**") of all of the assets, undertakings and properties of Building & Development Mortgages Canada Inc. (the "**Respondent**"), including, without limitation, all of the assets in possession or under the control of the Respondent, its counsel, agents and/or assignees but held on behalf of any other party, including, but not limited to, lenders under any syndicate mortgage ("**Investors**"), brokers, or borrowers, in each case whether or not such property is held in trust or is required to be held in trust (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 20th day of April, 2018 (the "**Order**") made in an application having Court file number CV-18-596204-00CL, has received as such Trustee from the holder of this certificate (the "**Lender**") the principal sum of \$<*>, being part of the total principal sum of \$<*> which the Trustee 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 Royal Bank of Canada 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 Trustee pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), 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*, and the right of the Trustee 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 Trustee

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 Trustee to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Trustee 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 _____, 2018.

FAAN MORTGAGE ADMINISTRATORS INC.,
solely in its capacity as Trustee of the Property (as
defined in the Order), and not in its personal
capacity

Per: _____
Name:
Title:

Applicant

Respondent

Court File No. CV-18-596204-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

APPOINTMENT ORDER

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Lawyers for The Superintendent of Financial Services

Appendix 2:
Interim Stabilization Order dated June 26, 2018

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**



THE HONOURABLE MR.

JUSTICE HAINEY

BETWEEN:

) TUESDAY, THE 26th DAY
)
) OF JUNE, 2018

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

**APPLICATION UNDER SECTION 37 OF THE
MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT, 2006, S.O. 2006,
c. 29 and SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43**

**ORDER FOR THE APPROVAL OF INTERIM STABILIZATION MEASURES
AND APPOINTMENT OF REPRESENTATIVE COUNSEL**

THIS MOTION, made by FAAN Mortgage Administrators Inc. ("**FAAN Mortgage**"), in its capacity as Court-appointed trustee (in such capacity, the "**Trustee**"), of all of the assets, undertakings and properties of Building & Development Mortgages Canada Inc. (the "**Respondent**") pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, S.O. 2006, c. 29, as amended (the "**MBLAA**"), and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, for an Order, *inter alia* (i) appointing representative counsel to represent Investors in respect of these proceedings; and (ii) approving certain interim

stabilization measures in connection with the Respondent's estate, was heard this day at 330 University Avenue, Toronto, Ontario;

ON READING the First Report of the Trustee dated June 19, 2018 (the "**First Report**"), and on hearing the submissions of counsel for the Trustee, counsel for The Superintendent of Financial Services, and Chaitons LLP, and such other counsel as were present, no one appearing for any other person on the service list, as appears from the affidavit of service of David Williams sworn June 20, 2018, filed;

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record herein is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. **THIS COURT ORDERS** that any capitalized terms used but not defined herein shall have the meanings given in the Order of the Court in respect of the Respondent dated April 20, 2018 (the "**Appointment Order**") or in the First Report.

REPRESENTATIVE COUNSEL

3. **THIS COURT ORDERS** that, subject to Paragraph 8 below, Chaitons LLP is hereby appointed as counsel ("**Representative Counsel**") for all Investors in respect of these proceedings (including, without limitation, all those persons who are Investors as a result of having investments held through registered retirement savings plans ("**RRSPs**") or other registered accounts or funds with RRSP Trustees (defined below)) regarding their common interests in the loans and other indebtedness administered by the Respondent, including the common interests of Investors in any particular loan or other indebtedness administered by the Respondent, unless and until written notice is provided by a particular Investor to Representative Counsel that such Investor does not wish to be represented by Representative Counsel. Notwithstanding the foregoing, Representative Counsel shall not represent Investors in respect of any syndicated mortgage loan made to Dunsire (Landsdown) Inc.

4. **THIS COURT ORDERS** that, in fulfilling its mandate under Paragraph 3, Representative Counsel shall act in the best interests of the Investors and shall take such necessary and appropriate steps or actions as Representative Counsel deems fit from time to time, including, where appropriate, to give such consents on behalf of Investors that may be necessary or desirable in the circumstances, provided however that Representative Counsel shall not be obligated to take any step or action where Representative Counsel determines (in consultation with the Trustee) that the best interests of Investors would not be served by any such step or action.

5. **THIS COURT ORDERS** that Representative Counsel shall have no obligation to consult with, follow the instructions of, or provide an opinion to, any individual Investor in connection with the discharge of its duties under this Order.

6. **THIS COURT ORDERS** that the Trustee shall provide to Representative Counsel, without charge to the Investors, the following information, documents and data (including personal information), to the extent such information, documents or data is in the Trustee's possession or control in respect of these proceedings (the "**Information**"):

- (a) the names, last known addresses and last known email addresses (if any) of the Investors (the "**Investor Contact Information**"); and
- (b) such additional information, documents and data (including personal information) as may be reasonably requested in writing by Representative Counsel and which is (i) relevant to the Investors' participation in these proceedings and (ii) reasonably necessary for Representative Counsel to fulfill its mandate in these proceedings, or as ordered by the Court,

provided that the Trustee and its counsel may recover their time and expenses for so doing at their standard rates. This Order shall be sufficient legal authority for the Trustee to disclose the Information to Representative Counsel under the *Personal Information Protection and Electronic Documents Act* (Canada), other applicable privacy legislation, or any other applicable law without the knowledge or consent of the individual Investors or any other person, the Trustee is not required to obtain any consent from any Investor or any other person to authorize disclosure of the Information to Representative Counsel, and

the Trustee shall have no liability whatsoever for making such disclosures in accordance with the terms hereof.

7. **THIS COURT ORDERS** that notice of the granting of this Order, substantially in the form attached hereto as **Schedule "A"**, shall be sent by Representative Counsel (or by the Trustee on behalf of Representative Counsel) to each Investor by electronic or regular mail at the address for such Investor provided pursuant to Paragraph 6(a), within seven business days of the date of receipt by Representative Counsel of the Investor Contact Information, and that the notice shall also be posted on the Trustee's website at www.faanmortgageadmin.com.

8. **THIS COURT ORDERS** that any Investor who does not wish to be represented by Representative Counsel in these proceedings shall notify the Trustee and Representative Counsel, in writing, that he, she or it is opting out of representation by delivering a notice by electronic or regular mail substantially in the form attached as **Schedule "B"** hereto, and such Investor shall thereafter not be bound by the actions of Representative Counsel and shall represent himself, herself or itself or be represented by any counsel that he, she or it may retain exclusively at his, her or its own expense.

9. **THIS COURT ORDERS** that Representative Counsel may communicate with any Investor who has not opted out pursuant to Paragraph 8 hereof by electronic or regular mail at the addresses provided pursuant to Paragraph 6(a) or such other addresses provided by the applicable Investor to Representative Counsel.

10. **THIS COURT ORDERS** that Representative Counsel shall have no liability as a result of its appointment or the performance of its duties or in carrying out the provisions of this Order and any subsequent Orders in these proceedings, save and except for any gross negligence or willful misconduct on its part.

11. **THIS COURT ORDERS** that, subject to prior approval by the Trustee or further Order of the Court, Representative Counsel shall be paid its reasonable fees and disbursements, at its standard rates and charges, and shall be entitled to and is hereby granted a charge (the "**Representative Counsel Charge**") on the Property as security for its fees and disbursements in respect of these proceedings, both before and after the making of this Order, and that the

Representative Counsel Charge shall form a charge on the Property ranking immediately subordinate in priority to the Trustee's Charge but ranking in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person.

12. **THIS COURT ORDERS** that, subject to prior approval by the Trustee or further Order of the Court, Representative Counsel is entitled to be paid its fees and disbursements from any distributions to be made to the Investors in these proceedings.

13. **THIS COURT ORDERS** that all reasonable professional fees and disbursements that may be incurred by Representative Counsel, whether incurred prior to or after the date of this Order, will form part of the indebtedness owing to the Investors.

14. **THIS COURT ORDERS** that Representative Counsel shall be given notice of all motions in these proceedings, and that the giving of notice to Representative Counsel shall constitute service on all of the Investors who have not opted out pursuant to Paragraph 8 hereof.

15. **THIS COURT ORDERS** that Representative Counsel shall be at liberty and is authorized at any time to apply to this Court for advice and directions in the performance or variation of its powers and duties.

INTERIM STABILIZATION MEASURES

16. **THIS COURT ORDERS** that the Trustee shall:

- (a) distribute 50% of the principal amount held by the Trustee in respect of each of the Victoria Medical SML Loans (as defined in the First Report) to the applicable Investors pro rata based on each such Investor's respective portion of such Victoria Medical SML Loans;
- (b) hold, until further Order of the Court, in a separate account all (I) funds that are currently in the Respondent's or the Trustee's possession or that may come into the Respondent's or the Trustee's possession, other than such amounts to be distributed pursuant to paragraph 16(a), in each case as a result of a repayment (in whole or in part) of principal on any loan or other indebtedness owing to or administered by the

Respondent on behalf of Investors, whether or not (i) secured by any Real Property Charges in the name of the Respondent or in the name of OTC, Computershare or any other person acting for Investors in respect of investments held through RRSPs or other registered accounts or funds (each an “**RRSP Trustee**”), (ii) received before or after the date of the Appointment Order, or (iii) paid or payable in trust, plus (II) all interest paid or payable to the Respondent or the Trustee at the time such repayment (in whole or in part) of principal is made (collectively “**Realized Property**”) and shall report to the Court by no later than October 31, 2018 with a recommendation regarding next steps with respect to the Realized Property, including any potential distribution of any Realized Property to the Investors; and

- (c) hold in a separate account all funds (other than Realized Property) that were in the Respondent’s possession on or prior to the date of the Appointment Order as well as any amounts (other than Realized Property) paid or payable to the Respondent or the Trustee (in trust or otherwise) after the date of the Appointment Order, including in respect of interest where principal is not repaid, fees, expenses or other amounts, (collectively “**Estate Property**”) and shall be authorized to use such Estate Property as set out in the Appointment Order and as further clarified herein.

For greater certainty, Realized Property and Estate Property shall be included within the definition of “Property” as set out in the Appointment Order.

17. **THIS COURT ORDERS** and confirms that, with the exception of Realized Property, which shall be held as provided for in Paragraph 16(b), the Trustee is hereby empowered and authorized, but not obligated, to use any Property to aid the Trustee in complying with the Appointment Order and carrying out its mandate, as the Trustee, in its sole discretion, considers necessary or desirable for the effective administration of the estate including, without in any way limiting the generality of the foregoing, to do any of the following:

- (a) to provide a retainer for and to pay the professional fees, expenses and disbursements of the Trustee, its counsel, and any experts or other advisors retained by the Trustee pursuant to the Appointment Order;

- (b) to pay expenses of the Respondent, including, without limitation, payroll, rent, utilities, taxes, and other statutory remittances;
- (c) to pay expenses incurred in the administration of any loan or indebtedness administered by the Respondent, including, without limitation, in connection with obtaining new appraisals of any property or, if necessary, taking any enforcement action;
- (d) to make protective disbursements to or on behalf of a borrower or in respect of a project, provided that any such disbursement shall be an advance made to the applicable borrower in respect of such project and the amount of such advance plus any applicable expenses incurred in connection therewith shall be added to the sum owing by the borrower and shall be added to the Real Property Charge in respect of same; or
- (e) to pay general expenses of the Respondent or the Trustee, in that capacity, not covered by the foregoing,

in each case without interference from any other Person and without regard to any arrangement in existence as of the date hereof between the Respondent, any borrower, any Investor or any other Person.

18. **THIS COURT ORDERS** that, in using any Property in accordance with the Appointment Order or this Order, the Trustee shall keep detailed records regarding the source and use for such payments and shall report to the Court from time to time regarding same.

19. **THIS COURT ORDERS** that the Trustee be and is at liberty, but is not obligated, to surrender the Respondent's mortgage administrator license issued under the MBLAA and any corresponding license in any other jurisdiction at such time as the Trustee may determine, with the concurrence of the applicable regulatory authorities, that it is no longer necessary or desirable for the Respondent to maintain such license(s). In addition, the Trustee is authorized, but not required, to apply for such other licenses as the Trustee determines are necessary or desirable for it to hold in connection with its mandate.

LAND TITLE DOCUMENTS

20. In addition to any powers granted to the Trustee in the Appointment Order, the Trustee is hereby empowered:

- (a) to direct the applicable land registry office, registrar, other official or similar government authority under *The Land Titles Act* (Ontario), the *Land Registration Reform Act* (Ontario), the *Land Titles Act* (Alberta), or any other comparable legislation in any province, including for greater certainty the Registrar of Land Titles of Alberta, (“**Real Property Authority**”) to register a copy of this Order and any other Orders in respect of the Property, notwithstanding the requirements of s. 191 of the *Land Titles Act*, RSA 2000, c L-4, or the provisions of any other similar provincial enactment, and notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is, for the purposes of this paragraph 20, expressly waived, and for such purposes the Trustee shall be treated as if it were a receiver appointed pursuant to the *Bankruptcy and Insolvency Act*, RSC, 1985, c B-3;
- (b) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Trustee’s name or in the name and on behalf of the Respondent for any purpose pursuant to this Order, including, without limitation, any documents in connection with any registration, discharge, partial discharge, transfer, assignment, postponement, subordination or similar dealings in respect of any mortgage or interest in land (each, a “**Land Title Document**”) and, for greater certainty, the applicable Real Property Authority is hereby directed, following (i) registration of this Order or being presented with a certified true copy of this Order and (ii) being presented with such Land Title Document, to register such Land Title Document to register, discharge, partially discharge, transfer, assign, postpone, subordinate or otherwise deal with such mortgage in accordance with such Land Title Document without any obligation to inquire into the propriety of the execution or effect of such Land Title Document.

GENERAL

21. **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 Trustee 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 Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.

22. **THIS COURT ORDERS** that the Trustee 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 Trustee 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.

A handwritten signature in cursive script, appearing to read "Hainey J.", is written over a horizontal line.

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LE / DANS LE REGISTRE NO:

JUN 26 2018

PER / PAR:

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SCHEDULE "A"

You are receiving this notice because you have invested in certain syndicated mortgage loan products or other indebtedness administered by Building & Development Mortgages Canada Inc. ("**BDMC**"). As previously advised, by an Order issued by the Ontario Superior Court of Justice ("**Court**") on April 20, 2018 on application by The Superintendent of Financial Services, FAAN Mortgage Administrators Inc. was appointed trustee of BDMC by the Court (the "**Trustee**").

By Order dated June 9, 2018 (the "**Representation Order**") granted by the Court, Chaitons LLP was appointed as representative counsel ("**Representative Counsel**") for all Investors in respect of their interests in the loans and other indebtedness administered by BDMC, including where such loans or other indebtedness is held through RRSPs or other registered accounts or funds, unless and until written notice is provided by a particular Investor to Representative Counsel that such Investor does not wish to be represented by Representative Counsel.

A copy of the Representation Order is attached hereto. All capitalized terms not defined above are used as defined in the Representation Order.

You have no obligation to pay or otherwise compensate Representative Counsel in respect of its efforts on your behalf, but Representative Counsel's fees and disbursements will be added to the indebtedness that was administered by BDMC and paid in priority to a distribution to you or to any other Investor, whether or not you or any other Investor opts out of the group.

If you do not wish to be represented by Representative Counsel, you may opt-out of the group in accordance with Paragraph 8 of the Representation Order by completing the form attached hereto.

If you have any questions concerning this matter, please contact either Representative Counsel at BDMC@chaitons.com or the Trustee at:

Email:	Info@FAANMortgageAdmin.com
Local Telephone Number:	416-606-3338
Toll-Free Telephone Number:	1-833-495-3338

SCHEDULE "B"

Court File No. CV-18-596204-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

OPT-OUT FORM

TO: Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9
Email: BDMC@chaitons.com

I, _____ am an Investor as defined in the Order dated April 20, 2018 (the "**Appointment Order**") granted by the Ontario Superior Court of Justice (Commercial List) in the proceeding commenced under Court File No. CV-18-596204-00CL (the "**Trusteeship Proceeding**"), in that I invested the sum of \$_____ with respect to the project known as _____ administered by Building & Development Mortgages Canada Inc.

Under Paragraph 8 of the Order dated June ●, 2018, Investors who do not wish Chaitons LLP to act as their representative counsel may opt out.

I hereby notify you that I wish to exercise my option to opt out of representation by Chaitons LLP under the Order and will be represented as an independent individual party at my own expense to the extent I wish to appear or participate in the Trusteeship Proceeding.

Date

Print Name:

THE SUPERINTENDENT OF FINANCIAL SERVICES

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Applicant

Respondent

Court File No. CV-18-596204-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

ORDER: INTERIM STABILIZATION PROCESS

OSLER, HOSKIN & HARCOURT LLP
P.O. Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Jeremy Dacks (LSUC# 41851R)
Michael De Lellis (LSUC# 48038U)
Patrick Riesterer (LSUC# 60258G)

Tel: (416) 362-2111
Fax: (416) 862-6666

Lawyers for FAAN Mortgage Administrators Inc., in its
capacity as Court-appointed Trustee

Appendix 3:
Realized Property Order dated October 30, 2018

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) TUESDAY, THE 30th DAY
JUSTICE HAINEY) OF OCTOBER, 2018

BETWEEN:

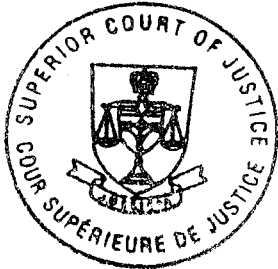
THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent



**APPLICATION UNDER SECTION 37 OF THE
MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT, 2006, S.O. 2006,
c. 29 and SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43**

REALIZED PROPERTY ORDER

THIS MOTION, made by FAAN Mortgage Administrators Inc. (“**FAAN Mortgage**”), in its capacity as Court-appointed trustee (in such capacity, the “**Trustee**”), of all of the assets, undertakings and properties of Building & Development Mortgages Canada Inc. (the “**Respondent**”) pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, S.O. 2006, c. 29, as amended (the “**MBLAA**”), and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, for an Order, *inter alia*, (i) requiring the Trustee to distribute certain Realized Property, as more fully set out herein; and (ii) authorizing the Trustee to utilize certain Realized Property to fund the Required Trustee Activities (as defined herein), was heard this day at 330 University Avenue, Toronto, Ontario;

ON READING the Second Report of the Trustee dated October 23, 2018 (the “**Second Report**”), and on hearing the submissions of counsel for the Trustee, Chaitons LLP, in its capacity as Representative Counsel, counsel for The Superintendent of Financial Services, and such other counsel as were present, no one appearing for any other person on the service list, as appears from the affidavit of service of Jacob Schmidt sworn October 24, 2018, filed;

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record herein is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. **THIS COURT ORDERS** that any capitalized terms used but not defined herein shall have the meanings given in the Order of the Court in respect of the Respondent dated June 26, 2018 (the “**Interim Stabilization Order**”) or in the Second Report.

REALIZED PROPERTY

3. **THIS COURT ORDERS** that the Trustee shall:

- (a) distribute a further amount equal to 20% of the Realized Property obtained with respect to the Victoria Medical SML Loans *pro rata* to the Investors entitled to such funds, such that, when combined with the distribution made pursuant to the Interim Stabilization Order, 70% of such funds shall have been distributed on a *pro rata* basis; and
- (b) distribute 70% of all other Realized Property obtained *pro rata* to the Investors entitled to such funds, whether received before or after the date of this Order.

4. **THIS COURT ORDERS** that the Trustee is hereby authorized to use all or any portion of the retained Realized Property to aid the Trustee in complying with the Appointment Order and in carrying out its mandate, as the Trustee, in its sole discretion, considers necessary or desirable

for the administration of the estate, including those matters set out in paragraph 17 of the Interim Stabilization Order (collectively, the “**Required Trustee Activities**”).

5. **THIS COURT ORDERS** that the Trustee shall report to the Court by no later than April 30, 2019 regarding the Required Trustee Activities undertaken following the date of this Order.

GENERAL

6. **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 Trustee 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 Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.

7. **THIS COURT ORDERS** that the Trustee 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 Trustee 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.

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OCT 30 2018

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Haines J

THE SUPERINTENDENT OF FINANCIAL SERVICES

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Applicant

Respondent

Court File No. CV-18-596204-00CL

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

Proceedings commenced at Toronto

REALIZED PROPERTY ORDER

OSLER, HOSKIN & HARCOURT LLP
P.O. Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Michael De Lellis (LSUC# 48038U)
Jeremy Dacks (LSUC# 41851R)
Patrick Riesterer (LSUC# 60258G)

Tel: (416) 362-2111
Fax: (416) 862-6666

Lawyers for FAAN Mortgage Administrators Inc., in its
capacity as Court-appointed Trustee

Appendix 4:

Harlowe Settlement Approval Order dated December 20, 2018

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.

)

THURSDAY, THE 20TH

JUSTICE HAINEY

)

DAY OF DECEMBER, 2018

)

BETWEEN:



THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

**APPLICATION UNDER SECTION 37 OF THE
*MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT, 2006, S.O. 2006,
c. 29* and SECTION 101 OF THE *COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43***

HARLOWE SETTLEMENT APPROVAL ORDER

THIS MOTION, made by FAAN Mortgage Administrators Inc. ("**FAAN Mortgage**"), in its capacity as Court-appointed trustee (in such capacity, the "**Trustee**"), of all of the assets, undertakings and properties of Building & Development Mortgages Canada Inc. (the "**Respondent**") pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, S.O. 2006, c. 29, as amended (the "**MBLAA**"), and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, for an Order, *inter alia*, (i) approving and

ratifying the Settlement Agreement dated as of November 6, 2018 (the “**Harlowe Settlement Agreement**”) among The Harlowe Inc. (“**Harlowe**”), the Trustee and Olympia Trust Company (“**OTC**”); (ii) ordering Harlowe to pay \$15,562,896.38 to the Trustee pursuant to the Harlowe Settlement Agreement; (iii) ordering Harlowe, the Trustee and OTC to comply with the Harlowe Settlement Agreement; and (iv) authorizing the Trustee to, upon the delivery of the Trustee’s Certificate (as defined below), make a further distribution of Realized Property to Investors, was heard this day at 330 University Avenue, Toronto, Ontario;

ON READING the Fourth Report of the Trustee dated December 13, 2018 (the “**Fourth Report**”), and on hearing the submissions of counsel for the Trustee, Chaitons LLP, in its capacity as Representative Counsel, counsel to Harlowe and such other counsel as were present, no one appearing for any other person on the service list, as appears from the affidavit of service of Justine Erickson sworn December 14, 2018, filed;

SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Fourth Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that all capitalized terms used but not defined herein shall have the meanings given to them in the Fourth Report and the Harlowe Settlement Agreement.

APPROVAL OF THE HARLOWE SETTLEMENT AGREEMENT

3. **THIS COURT ORDERS** that (i) the Harlowe Settlement Agreement be and is hereby approved in its entirety, with such minor amendments as the Trustee and the other parties to the Harlowe Settlement Agreement may agree upon to permit the completion of the transaction contemplated thereby; (ii) Harlowe is hereby directed to pay \$15,562,896.38 forthwith to the Trustee in accordance with the terms of the Harlowe Settlement Agreement (such funds the “**Harlowe Realized Property**”); and (iii) the execution of the Harlowe Settlement Agreement by the Trustee and OTC is hereby ratified and approved, and the Trustee and OTC are hereby

authorized and directed to comply with all of their obligations under the Harlowe Settlement Agreement.

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Trustee's certificate to Harlowe substantially in the form attached as Schedule "A" hereto (the "**Trustee's Certificate**"), all of Harlowe's obligations to Building & Development Mortgages Canada Inc. ("**BDMC**"), OTC, and the individual lenders (the "**Harlowe Individual Lenders**") under the Loan Agreement dated as of June 10, 2013 between BDMC and Harlowe (the "**Loan Agreement**"), the Security and the Loan Documents (each as defined in the Loan Agreement) (collectively, the "**Harlowe Loan Obligations**") and all security interests granted to BDMC, OTC or the Harlowe Individual Lenders in and to the assets of Harlowe to secure the Harlowe Loan Obligations and related registrations on title (the "**Loan Encumbrances**") are hereby released, extinguished, expunged, discharged and deleted and that none of the Trustee, BDMC, OTC or any Harlowe Individual Lender shall have any claim against Harlowe in respect of the Harlowe Loan Obligations or the Loan Encumbrances; provided, however, that Harlowe shall not be released from any obligations under the Harlowe Settlement Agreement.

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of the Trustee's Certificate, the Harlowe Realized Property is and shall be deemed to be "Realized Property" as defined in the Order of this Court dated June 26, 2018 (the "**Interim Stabilization Order**") and that all of the Harlowe Individual Lenders' rights and claims under the Loan Agreement, the Security and the Loan Documents shall attach to the Harlowe Realized Property and shall have the same nature and priority as they had prior to the consummation of the Harlowe Settlement Agreement, including pursuant to the Appointment Order and the Interim Stabilization Order.

6. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Registry Division of Toronto (#66) of an Application for Vesting Order in the form prescribed by the applicable Land Registry Office and attaching a copy of this Order and the executed Trustee's Certificate, the Land Registrar is hereby directed to delete and expunge from title to the real property identified in Schedule "B" hereto (the "**Real Property**") all of the Loan Encumbrances listed in Schedule "C" hereto.

7. **THIS COURT ORDERS** that upon the delivery of the Trustee's Certificate, the release agreement in the form attached as Schedule "D" hereto ("**Release Agreement**") to be given to the Trustee, BDMC, OTC, and each Harlowe Individual Lender who loaned funds through BDMC or OTC to Harlowe pursuant to the Loan Agreement and all related Loan Documents, each of their respective officers, directors, agents, employees, and each of their respective successors and assigns (collectively, the "**Releasees**") by Harlowe on behalf of itself, its affiliates, and their respective shareholders, agents, directors, officers, employees, and each of their respective successors and assigns (collectively, the "**Releasers**") shall be binding and effective on the Releasers in favour of the Releasees.

8. **THIS COURT ORDERS AND DIRECTS** the Trustee to file with the Court a copy of the Trustee's Certificate, as soon as practicable after delivery thereof.

REALIZED PROPERTY

9. **THIS COURT ORDERS** that upon the delivery of the Trustee's Certificate, the Trustee shall make a further distribution to Investors in an amount equal to 5% of the Realized Property held on or received after the date of the Appointment Order, including the Realized Property obtained with respect to the Victoria Medical SML Loans, *pro rata* to the Investors entitled to such funds, such that, when combined with the distributions made pursuant to the Interim Stabilization Order, the Order of this Court dated October 30, 2018 ("**Realized Property Order**") and the Order of this Court dated November 28, 2018, 85% of such funds shall have been distributed on a *pro rata* basis to the Investors entitled to such funds.

10. **THIS COURT ORDERS** that upon the delivery of the Trustee's Certificate, paragraph 3(b) of the Realized Property Order is hereby further amended to provide that the Trustee shall distribute 85% of all other Realized Property obtained, including the Harlowe Realized Property, *pro rata* to the Investors entitled to such funds, whether received before or after the date of this Order.

Schedule “A” – Form of Trustee’s Certificate

Court File No.: CV-18-596204-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

**APPLICATION UNDER SECTION 37 OF THE
*MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT, 2006, S.O. 2006,
c. 29* and SECTION 101 OF THE *COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43***

TRUSTEE’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Hailey of the Ontario Superior Court of Justice [Commercial List] (the “**Court**”) dated April 20, 2018, FAAN Mortgage Administrators Inc. was appointed as the trustee (the “**Trustee**”) of the undertaking, property and assets of Building & Development Mortgages Canada Inc. (“**BDMC**”).

B. Pursuant to an Order of the Court dated [DATE] (the “**Harlowe Settlement Approval Order**”), the Court approved and ratified the Settlement Agreement made as of November 6, 2018 (the “**Harlowe Settlement Agreement**”) among The Harlowe Inc. (“**Harlowe**”), the Trustee and Olympia Trust Company (“**OTC**”) and ordered that all of Harlowe’s obligations to BDMC, OTC, and the individual lenders (“**Harlowe Individual Lenders**”) under the Loan

Agreement, the Security and the Loan Documents (each as defined in the Loan Agreement) (collectively, the “**Harlowe Loan Obligations**”) and all security interests granted to BDMC, OTC or the Harlowe Individual Lenders in and to the assets of Harlowe to secure the Harlowe Loan Obligations (the “**Loan Encumbrances**”) are hereby released, extinguished, expunged and discharged and that none of the Trustee, BDMC, OTC or any Harlowe Individual Lender shall have any claim against Harlowe in respect of the Harlowe Loan Obligations or the Loan Encumbrances; provided, however, that Harlowe shall not be released from any obligations under the Harlowe Settlement Agreement; and that the release of the Harlowe Loan Obligations and the Loan Encumbrances is to be effective upon the delivery by the Trustee to Harlowe of a certificate confirming (i) the payment of \$15,562,896.38 to the Trustee by Harlowe; (ii) that the conditions precedent to the Harlowe Settlement Agreement as set out in section 9 of the Harlowe Settlement Agreement have been satisfied or waived by the Trustee; and (iii) the settlement has been completed to the satisfaction of the Trustee.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Harlowe Settlement Approval Order.

THE TRUSTEE CERTIFIES the following:

1. Harlowe has paid and the Trustee has received \$15,562,896.38 pursuant to the Harlowe Settlement Agreement;
2. Harlowe has provided the Release Agreement to the Releasees;
3. Harlowe has certified that all of the representations and warranties contained in this Harlowe Settlement Agreement continue to be true as of the Effective Date;
4. Harlowe continues to be, in the reasonable opinion of the Trustee, in compliance with all of the terms of the Harlowe Settlement Agreement;
5. The other conditions set out in the Harlowe Settlement Agreement have been satisfied or waived by the Trustee; and
6. The settlement has been completed to the satisfaction of the Trustee.

This Certificate was delivered by the Trustee at _____ [TIME] on _____ [DATE].

**FAAN Mortgage Administrators Inc., solely
in its capacity as Court-appointed Trustee of
the undertaking, property and assets of
Building & Development Mortgages Canada
Inc., and in no other capacity**

Per: _____

Name:

Title:

Schedule "B" – Real Property

PIN 21239-0519 (LT)

PART OF LOTS 21 TO 26 PLAN D111, PARTS 1, 3, 4, 5, 6, 7 AND 8 PLAN 66R29958; SUBJECT TO AN EASEMENT AS IN AT3640549; SUBJECT TO AN EASEMENT IN FAVOUR OF LOT 8 PLAN D111 AS IN AT4127651; SUBJECT TO AN EASEMENT OVER PART 3 PLAN 66R29958 IN FAVOUR OF PART OF LOTS 21 TO 26 PLAN D111, PART 2 PLAN 66R29958 AS IN AT4939549; TOGETHER WITH AN EASEMENT OVER PART OF LOTS 21 TO 26 PLAN D111, PART 2 PLAN 66R29958 AS IN AT4939549

Schedule "C" – Loan Encumbrances

Registration No.	Date	Type of Instrument
AT3428381	October 10, 2013	Charge
AT3428575	October 10, 2013	Transfer of Charge
AT3436925	October 24, 2013	Transfer of Charge
AT3439420	October 28, 2013	Transfer of Charge
AT3485881	December 20, 2013	Transfer of Charge
AT3497057	January 13, 2014	Transfer of Charge
AT3530200	February 28, 2014	Notice of Amending Agreement
AT3530201	February 28, 2014	Transfer of Charge
AT3537271	March 13, 2014	Transfer of Charge
AT3561924	April 22, 2014	Transfer of Charge
AT3624957	July 4, 2014	Notice of Amending Agreement
AT3671510	August 26, 2014	Transfer of Charge
AT3706643	October 3, 2014	Transfer of Charge
AT3728529	October 31, 2014	Transfer of Charge
AT3738320	November 12, 2014	Transfer of Charge
AT3749625	November 26, 2014	Transfer of Charge
AT3763762	December 11, 2014	Transfer of Charge
AT3783153	January 9, 2015	Transfer of Charge
AT3811062	February 13, 2015	Notice of Amending Agreement
AT3812523	February 18, 2015	Transfer of Charge
AT3945778	July 14, 2015	Notice of Amending Agreement
AT3945995	July 14, 2015	Transfer of Charge
AT3974731	August 12, 2105	Transfer of Charge
AT4014833	September 21, 2015	Notice of Amending Agreement
AT4020009	September 28, 2015	Transfer of Charge
AT4095416	December 15, 2015	Transfer of Charge
AT4127132	January 26, 2016	Postponement
AT4138805	February 5, 2016	Postponement
AT4166503	March 14, 2016	Transfer of Charge
AT4197452	April 20, 2016	Transfer of Charge
AT4224419	May 24, 2016	Transfer of Charge
AT4233310	June 1, 2016	Transfer of Charge
AT4271518	July 7, 2016	Transfer of Charge
AT4282089	July 18, 2016	Transfer of Charge
AT4483560	February 9, 2017	Transfer of Charge
AT4486694	February 14, 2017	Transfer of Charge

Schedule "D" – Release Agreement

[Date]

TO: FAAN Mortgage Administrators Inc. (the "Trustee")

AND TO: Olympia Trust Company ("OTC")

Re: Release granted in connection with repayment and settlement of the Obligations pursuant to Harlowe Settlement Agreement

Dear Sirs/Mesdames

Reference is made to the Loan Agreement dated as of June 10, 2013 (the "Loan Agreement") between The Harlowe Inc. ("Harlowe") and Building & Development Mortgages Canada Inc. ("BDMC") and the related Security and Loan Documents. All capitalized terms used in this agreement (the "Release Agreement") shall, unless otherwise defined herein, have the same meanings given to them in the Loan Agreement or the Settlement Agreement dated as of November 6, 2018 among Harlowe, the Trustee and OTC (the "Settlement Agreement").

1. Harlowe hereby certifies that all of the representations and warranties contained in the Settlement Agreement are true and accurate as of the date hereof and that it is in compliance with all covenants, terms and provisions of the Settlement Agreement.
2. Harlowe has paid the Trustee \$15,562,896.38 pursuant to the Settlement Agreement and waives any right of set-off or any other defence.
3. In consideration of the acceptance of \$15,562,896.38 in full and final satisfaction of Obligations payable to BDMC by Harlowe under the Loan Agreement in excess of \$20,779,460 and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Harlowe (on behalf of itself, its affiliates, and their respective shareholders, agents, directors, officers, employees, and each of their respective successors and assigns) (collectively, the "Releasors") hereby releases, discharges and acquits the Trustee, BDMC, OTC, and each lender or investor who loaned funds through BDMC or OTC to Harlowe pursuant to the Loan Agreement and all related Loan Documents, each of their respective officers, directors, agents, employees, and each of their respective successors and assigns (collectively, the "Releasees") from any and all claims, demands, rights, liabilities, and causes of action, whether in law or in equity, whether known or unknown, that any Releasor, at any time had or has, or that they or their respective successors or assigns hereafter have or may have against the Releasees directly or indirectly arising out of or in any way related to the Loan Agreement, the Loan Documents, the proceedings initiated by the Order of the Ontario Superior Court of Justice (Commercial List) dated April 20, 2018, or any transactions hereunder or thereunder.

This Release Agreement shall be effective immediately upon the delivery of the Trustee's Certificate and may be relied upon by any of the Releasees, whether or not such Releasee is a party to this Release Agreement or the Settlement Agreement.

This Release Agreement may be executed in any number of counterparts and by the different parties hereto in separate counterparts, and may be executed and delivered by facsimile or .pdf file transmitted by email, and all such counterparts, .pdf files and facsimiles when so executed and delivered shall be deemed to be an original and all of which when taken together shall constitute but one and the same Release Agreement.

This Release Agreement shall be construed in accordance with and governed by the laws of the Province of Ontario.

Yours truly,

THE HARLOWE INC.

By:

Name:

Title:

Accepted and agreed to by:

FAAN MORTGAGE

ADMINISTRATORS INC., solely in its
capacity as Court-appointed Trustee of
Building & Development Mortgages Canada
Inc. and in no other capacity

By:

Name:

Title:

OLYMPIA TRUST COMPANY

By:

Name:

Title:

THE SUPERINTENDENT OF FINANCIAL SERVICES

- and -

**BUILDING & DEVELOPMENT MORTGAGES CANADA
INC.**

Applicant

Respondent

Court File No. CV-18-596204-00CL

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

Proceedings commenced at Toronto

HARLOWE SETTLEMENT APPROVAL ORDER

OSLER, HOSKIN & HARCOURT LLP
P.O. Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Michael De Lellis (LSUC# 48038U)
Jeremy Dacks (LSUC# 41851R)
Patrick Riesterer (LSUC# 60258G)

Tel: (416) 362-2111
Fax: (416) 862-6666

Lawyers for FAAN Mortgage Administrators Inc.,
in its capacity as Court-appointed Trustee

Appendix 5:
Omnibus Order dated May 23, 2019

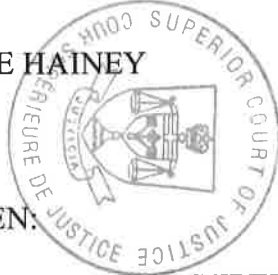
**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)

THURSDAY, THE 23RD

JUSTICE HAINES)

DAY OF MAY, 2019



BETWEEN:

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

**APPLICATION UNDER SECTION 37 OF THE
MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT, 2006, S.O. 2006,
c. 29 and SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43**

OMNIBUS ORDER

THIS MOTION, made by FAAN Mortgage Administrators Inc., in its capacity as Court-appointed trustee (in such capacity, the “Trustee”) pursuant to an Order of this Court made on April 20, 2018 (“Appointment Order”) of all of the assets, undertakings and properties of Building & Development Mortgages Canada Inc. pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, S.O. 2006, c. 29, as amended, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, for an Order, *inter alia*, (i)

approving the Trustee Transaction Process (as defined herein), (ii) directing the Trustee to make a further distribution of Realized Property in respect of the Victoria Medical SML Loans to applicable Investors, (iii) approving the execution of the Direction to Pay in respect of the Bayview Project by the Trustee, (iv) compelling the production of certain documents, records and information from Derek Sorrenti and Sorrenti Law Professional Corporation, (v) compelling the production of certain documents, records and information from Halo Townhomes Inc. (the “**Treehouse Borrower**”) and Symgine (Lake East) Inc. (the “**Lake & East Borrower**”) and (vi) approving the Fourth Report, the Fifth Report, the Sixth Report and the Seventh Report (as defined herein) (collectively, the “**Trustee’s Reports**”), the Trustee’s activities as set out in the Trustee’s Reports and the fees and disbursements of the Trustee and its legal counsel for the period from October 1, 2018, to March 31, 2019, was heard this day at 330 University Avenue, Toronto, Ontario;

ON READING the Seventh Report of the Trustee dated May 10, 2019 (the “**Seventh Report**”), the affidavit of Naveed Manzoor sworn May 10, 2019 and attached as Appendix “15” to the Seventh Report (the “**Manzoor Affidavit**”) and the affidavit of Michael De Lellis sworn May 10, 2019 and attached as Appendix “16” to the Seventh Report (the “**De Lellis Affidavit**”) and, collectively with the Manzoor Affidavit, the “**Fee Affidavits**”), and on hearing the submissions of counsel for the Trustee, Chaitons LLP, in its capacity as Representative Counsel, and such other counsel as were present, no one appearing for any other person on the service list, as appears from the affidavit of service of Justine Erickson sworn May 10, 2019, filed;

SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Seventh Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that all capitalized terms used in this Order but not defined herein shall have the meanings given to them in the Seventh Report.

TRUSTEE TRANSACTION PROCESS

3. **THIS COURT ORDERS** that the Trustee Transaction Process attached as Schedule “A” hereto, be and is hereby approved and the Trustee is hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the Trustee Transaction Process.

VICTORIA MEDICAL REALIZED PROPERTY

4. **THIS COURT HEREBY AUTHORIZES AND DIRECTS** the Trustee to distribute:

(a) \$372,650 to the Original Victoria Medical Investors on a *pro rata* basis, and

(b) \$301,086 to the Hybrid Victoria Medical Investors on a *pro rata* basis,

from the amounts held by the Trustee as Realized Property in respect of the Victoria Medical SML Loans.

DIRECTION TO PAY

5. **THIS COURT ORDERS** that the Trustee be and is hereby authorized to execute the Direction to Pay upon receipt of its fees and expenses incurred in connection with matters relating to the Sorrenti Affidavit, the Direction to Pay and obtaining this Order, in an amount not to exceed \$25,000.

PRODUCTION OF DOCUMENTS, RECORDS & INFORMATION

6. **THIS COURT ORDERS** that, in accordance with paragraphs 4, 5, 6 and 7 of the Appointment Order, Derek Sorrenti and the Sorrenti Law Professional Corporation, and each of their respective successors, assigns, agents, trustees, executors, guardians and heirs (collectively, the “**Sorrenti Parties**”), shall (a) preserve any and all documents, records and information of any kind related to the Transferred Projects that are or ought to be in such person’s possession or control (whether in paper, electronic or other form), (b) take all reasonable steps to regain possession or control of any such documents, records or information that was but is no longer in such person’s possession or control, including by providing the Trustee with the names and last known contact information of any person who may have such documents, records or information

in his, her or its possession or control, (c) forthwith provide any and all such documents, records and information to the Trustee or its legal counsel, and (d) otherwise comply with the Appointment Order.

7. **THIS COURT ORDERS** that Derek Sorrenti and the Sorrenti Law Professional Corporation shall provide the Trustee with a detailed list of all documents, records and information of any kind related to the Transferred Projects and with a plan and proposed schedule for the delivery of such documents, records and information to the Trustee as soon as reasonably practicable, and in any event within 30 days of the date of this Order, and the Trustee shall have the right to approve or negotiate the proposed timetable and, following the Trustee's approval thereof, the Sorrenti Parties shall deliver such documents, records and information to the Trustee no later than the date set out in the approved schedule or such later date as the Trustee may agree in writing.

8. **THIS COURT ORDERS** that the Treehouse Borrower and the Lake & East Borrower, and each of their respective successors, assigns, agents, trustees, executors, guardians and heirs (each collectively, the "**Treehouse Borrower Parties**" and the "**Lake & East Borrower Parties**", respectively), shall (a) comply with their respective reporting obligations contained in the Amending and Extension Agreement (including Sections 2.6 and 2.7 thereof), and in the Symgine Reporting Agreement (including Article 2 thereof), as applicable, and (b) otherwise comply with the Appointment Order, including paragraphs 4, 5, 6 and 7 thereof.

9. **THIS COURT ORDERS** that the Treehouse Borrower Parties and the Lake & East Borrower Parties shall provide the Trustee with all documents, records and information necessary to satisfy the reporting obligations required by the Amending and Extension Agreement and the Symgine Reporting Agreement, as applicable, and the Treehouse Borrower and the Lake & East Borrower shall provide the Trustee with a plan and proposed schedule for the delivery of such documents, records and information to the Trustee as soon as reasonably practicable, and in any event within 15 days of the date of this Order, and the Trustee shall have the right to approve or negotiate the proposed timetable and, following the Trustee's approval thereof, the Treehouse Borrower Parties and the Lake & East Borrower Parties shall each deliver such documents, records and information to the Trustee no later than the date set out in the approved schedule or such later

date as the Trustee may agree in writing.

TRUSTEE'S REPORTS, ACTIVITIES, FEES AND DISBURSEMENTS

10. **THIS COURT ORDERS** that each of the Trustee's Reports and all the actions, conduct and activities of the Trustee as set out in each of the Trustee's Reports, be and are hereby approved.

11. **THIS COURT ORDERS** that the fees and disbursements of the Trustee and its counsel, as set out in the Seventh Report and the Fee Affidavits, be and are hereby approved, as follows:

(a) the following fees and disbursements of the Trustee for the period from October 1, 2018 to March 31, 2019 are approved: fees of \$866,270.35 (plus applicable taxes of \$112,615.15 for an aggregate amount of \$978,885.50), and

(b) the following fees and disbursements of Osler, Hoskin & Harcourt LLP, counsel to the Trustee, for the period from October 1, 2018 to March 31, 2019 are approved: fees of \$1,540,161.50 and disbursements of \$20,019.68 (plus applicable taxes of \$202,571.06 for an aggregate amount of \$1,762,752.24).

SEALING

12. **THIS COURT ORDERS** that Exhibit "D" of the Manzoor Affidavit and Exhibit "D" of the De Lellis Affidavit shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of the Court.

GENERAL

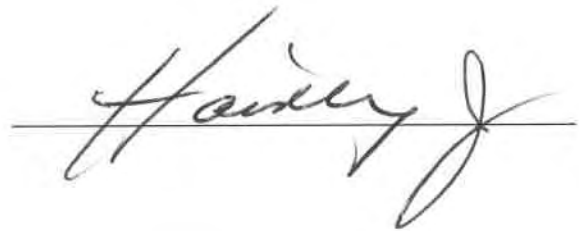
13. **THIS COURT ORDERS** that the Trustee and its affiliates, partners, employees and agents shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing any of their duties in carrying out the provisions of this Order, including in connection with the Trustee Transaction

Process, the Trustee's execution of the Direction to Pay and the distribution of any funds in respect of the Bayview Project, except to the extent that such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Trustee, as determined by this Court.

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

15. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada to give effect to this Order and to assist the Trustee 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 Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.

16. **THIS COURT ORDERS** that the Trustee 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.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 23 2019

PER / PAR: 
Stacey Hutchison
Registrar Superior Court of Justice

SCHEDULE "A"

Trustee Transaction Process

This Trustee Transaction Process has been developed by FAAN Mortgage Administrators Inc., in its capacity as Court-appointed Trustee ("Trustee") of Building & Development Mortgages Canada Inc. ("BDMC") to summarize the process and key materials that will be required by the Trustee in order to approve any sale, financing, refinancing, payout or other restructuring offer affecting any real estate development project (a "Project") where: (i) BDMC holds a mortgage on title to the relevant property comprising the Project; (ii) such BDMC mortgage would not be repaid in full as part of the proposed transaction; and (iii) Fortress, its principals or any other related entity of Fortress (such entity, a "Fortress Party") is anticipated to, directly or indirectly, receive or otherwise control, consideration of any kind (including without limitation fees, proceeds or new security) in connection with such proposed transaction (each, a "Proposed Transaction").

The Trustee will review any Proposed Transaction presented by any stakeholder on any Project. The Trustee will seek detailed information regarding, without limitation, the sale or financing process conducted, the number of proposals received, the status of project development, the project budget and estimated remaining cost to complete, the proposed distribution of proceeds and consideration, the reason for the Proposed Transaction and the viability of any alternative solutions. The Trustee shall be entitled to also seek any information that it deems appropriate from third parties in order to develop a comprehensive analysis regarding the impact of the Proposed Transaction on the relevant BDMC investors. The borrowers, the relevant Fortress Party or any other parties to the Proposed Transaction, shall be required to provide documentation reasonably requested by the Trustee in connection with its review of the Proposed Transaction on a timely basis, including an explanation as to why any subordinate interest (equity or otherwise) is receiving compensation in a situation where the BDMC investors are not being paid in full.

If the Trustee determines, following its review of the Proposed Transaction, that it is appropriate for BDMC investors to consider the Proposed Transaction, the Trustee will seek investor consent or feedback in a manner determined by the Trustee in its sole discretion, including requiring investors to have a minimum of 10 days to respond to a request for consent or feedback.

Following receipt and consideration of investor feedback, the Trustee shall determine, in its sole discretion, whether it believes that the Proposed Transaction is in the best interests of the relevant investors on the Project and should be pursued.

If the Trustee chooses to proceed with a Proposed Transaction that involves: (i) fees of any kind that exceed 5% of the purchase price, the amount of new or replacement financing, or the settlement amount, as the case may be (such amount, the "Transaction Price") being paid, directly or indirectly, to a Fortress Party, or (ii) any new security being granted, directly or indirectly, to a Fortress Party, the Trustee shall seek Court approval of such Proposed Transaction prior to entering into such Proposed Transaction on behalf of BDMC. Prior to any motion for approval of a Proposed Transaction:

- i. the Trustee shall prepare a report to the Court describing its recommendation and any remaining concerns the Trustee or the investors may have with respect to the Proposed Transaction; and
- ii. the relevant Fortress Party shall be required to file appropriate evidence with the Court justifying the consideration being proposed to be provided to the Fortress Party in connection with the Proposed Transaction.

If Court approval is obtained, the Trustee will proceed with the Proposed Transaction on behalf of the BDMC investors.

If the Trustee chooses to proceed with a Proposed Transaction that does not involve fees exceeding 5% of the Transaction Price being paid to a Fortress Party nor security being granted to a Fortress Party, the Trustee shall be entitled, but not required, to seek Court approval prior to entering into the Proposed Transaction on behalf of BDMC.

THE SUPERINTENDENT OF FINANCIAL SERVICES

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Applicant

Respondent

Court File No. CV-18-596204-00CL

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

Proceeding commenced at Toronto

OMNIBUS ORDER

OSLER, HOSKIN & HARCOURT LLP

1 First Canadian Place, P.O. Box 50

Toronto, ON M5X 1B8

Phone: 416-362-2111

Fax: 416-862-6666

Michael De Lellis (LSO# 48038U)

Jeremy Dacks (LSO# 41851R)

**Lawyers for FAAN Mortgage Administrators
Inc., in its capacity as Court-Appointed Trustee**

Appendix 6:

Project Analysis Summary dated November 15, 2019

Derived from BDMC records, information provided by Fortress, project borrowers, a planning consultant and other third parties, as of November 15, 2019. The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 15, 2019
(Unaudited)

LEGEND	
Development	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
Pre-construction	Rezoning and development approvals are submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.
Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
Completed	Construction is complete, units remain unsold.
Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
1	6th and Tenth	207	Completed	1st: \$6.3M, First National 2nd: \$3.9M BJL Loan 3rd: \$8.8M BDMC	December 27, 2014 (extend date June 27, 2015) MATURED.	Completed condominium with 32 units remaining for sale. Seven units have sold since the Trustee's Seventh Report.	n/a
2	Bauhaus	110	Development	1st: \$10M Firm Capital Corporation 2nd: \$5.6M BDMC	September 15, 2021 (extend date September 15, 2022).	Development approvals needed. The Local Planning Appeal Tribunal ("LPAT") hearing, which is for both a Zoning By-Law amendment and site plan approval, took place in September, 2019. A decision is expected to be released during Summer 2020.	n/a
3	Bowmanville	103	Development	1st: \$4.2M Hillmount Capital Inc. 2nd: \$1.5M Jaekel Capital Inc. 3rd: \$5.3M BDMC	September 4, 2021 (extend date September 4, 2022, if plan of subdivision has registered, can extend one more year to September 4, 2023).	Development approvals needed. An update to Brookhill Secondary Plan is underway (initiated by the Town). The first Public Information Centre meeting for the Secondary Plan Update was held in November 2018 and with a second meeting held on June 25, 2019. A draft of the secondary plan for comments and potential presentation to Town Council is anticipated by the end of 2019 or early 2020. Regional Approval to begin following Secondary Plan approval with a draft plan of subdivision application to follow thereafter.	Enforcement proceedings resolved.
4	Bradford Bond Head	186	Development	1st: \$7.6M Sugarcrest Developments Inc. - VTB 2nd: \$4.7M Quincy Investments Ltd. (Bridge) ("Quincy") 3rd: \$1.2M Quincy Investments Ltd (Bridge) 4th: 2.9M 2635837 Ontario Inc 5th: \$8.3M BDMC	June 28, 2019 (extend date June 28, 2020) extension not exercised. MATURED	Development approvals needed. The development team is seeking a Draft Plan of Subdivision and a Zoning By-Law Amendment concurrently. The Draft Plan of Subdivision and Zoning By-law Amendment applications have been deemed complete by the Municipality of Bradford West Gwillimbury. A Public Planning meeting took place on January 23, 2018. The development team is preparing resubmission materials to address the comments received in anticipation of a complete resubmission to the Town originally expected to occur in early 2019. To date the resubmission has not been completed due to a lack of funds.	Sugarcrest Developments, the priority lender, has issued a s. 244 Notice and a Notice of Sale Under Mortgage ("Notice of Sale"). On July 23, 2019, Quincy, second priority mortgagee, sought and obtained an order of the Court appointing Rosen Goldenberg Inc. as receiver over the property ("Receiver"). A sale process was administered by the Receiver. The Receiver is in the process of finalizing an offer.
5	Braestone	250	Exited	n/a	n/a	On November 28, 2018, the Trustee sought and obtained court approval of a settlement agreement in connection with the Braestone payout of \$10,000,000.	n/a

Derived from BDMC records, information provided by Fortress, project borrowers, a planning consultant and other third parties, as of November 15, 2019. The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 15, 2019
(Unaudited)

LEGEND	
Development	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
Pre-construction	Rezoning and development approvals are submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.
Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
Completed	Construction is complete, units remain unsold.
Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
6	Brookdale	491	Exited	1st: \$20.1 M Firm Capital Corporation ("Firm") PAID OUT 2nd: \$4.8M AG PAID OUT 3rd: \$485K Jaekel PAID OUT 4th: \$4.6M BDMC Mezz* 5th: \$20.7M BDMC Original * *construction lien claimants and bondholders are making claims, the priority and quantum of which remain undetermined.	n/a	Court order granted October 18, 2018 approving sale of the property.	Sale of property approved on October 18, 2018 pursuant to court order. Sale transaction closed on October 24, 2018. After repayment of amounts owing to the first, second and third mortgagees, approximately \$20.4M (" Residual Proceeds ") remains held in trust by the Court. There are significant disputes regarding priority and entitlement to the Residual Proceeds, which are being resolved through the Court process. The Trustee continues to be actively involved in the Court process. The Trustee and the lien claimants have scheduled a mediation for December 12, 2019.
7	Capital Pointe	728	Construction	1st: \$1.6M KEB Hana Bank of Canada ("KEB") 2nd: \$2.9M JYR Real Capital Mortgage Investment Corporation ("JYR") 3rd: \$1.6M BDMC Mezz 4th: \$9.375M BDMC Hybrid 5th: \$6.7M BDMC Original 6th: \$15.6M BDMC CP3 7th: \$2M Fortress Capital Pointe	Mezz: June 30, 2019. MATURED Hybrid: October 15, 2018 (extend date October 15, 2019) extension not exercised MATURED . Original: July 26, 2014 MATURED . CP3: April 15, 2017 (extend date Oct 15, 2017, which changed in later closings to Oct 15, 2018) MATURED .	Construction has ceased. The City of Regina appeared before the Appeal Board again in January 2019 requesting an order requiring the site to be backfilled. On February 4, 2019 the Appeal Board issued its decision concluding that backfilling the site was the most appropriate remedy in the circumstances. The city retained a contractor and the backfilling of the site was recently completed. The City added the costs incurred to backfill the site to the property taxes. Property taxes payable by the borrower exceed \$2 million.	KEB, the priority lender, has issued a Claim in Mortgage Action. On March 4, 2019, an order was granted permitting the property to be listed for sale through a commercial realtor. The list price for the property was originally set at \$8.5 million, however, in August, 2019 the realtor dropped the list price to \$2 million, with a requirement for any buyer to assume the property taxes associated with the property. The property taxes owed by the borrower to the City are currently over \$2 million as this amount is inclusive of the costs to backfill and remediate the site. The realtor ultimately received two offers and has accepted an offer of \$2.2 million plus assumption of certain property tax obligations and is seeking court approval of the proposed sale. If the order is granted in respect of the proposed sale, there will be insufficient funds to make any distribution to the Capital Pointe investors. The hearing for approval is scheduled for December 2, 2019.
8	Castlemore (Cachet)	453	Development	1st: \$10.5 M Cameron Stephens 2nd: \$21.2M BDMC 3rd: \$22M 2429730 Ontario Ltd	September 30, 2019 (extend date September 30, 2021) extension not exercised. MATURED .	Development approvals needed. The Block Plan application to amend the Official Plan has been appealed to the LPAT as the municipality has not made a decision on the application. A hearing regarding the Block Plan application has been scheduled for September 8 to October 9, 2020 and a pre-hearing conference was held in November 2019. Zoning By-Law Amendment and Draft Plan of Subdivision are expected to be submitted together once Block Plan has been approved. The Trustee received a settlement offer from the borrower for \$10.45 million (" Offer "). Initially Investor feedback was in support of the Trustee accepting the Offer and the Trustee served a motion seeking approval of same. During the period between October 31 and November 13, 2019 ongoing Investor feedback resulted in a materially lower level of support for the Offer. As such, the Trustee determined that it would not be moving forward with its motion seeking approval of the Offer and has adjourned this motion.	n/a

Derived from BDMC records, information provided by Fortress, project borrowers, a planning consultant and other third parties, as of November 15, 2019.
The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 15, 2019
(Unaudited)

LEGEND	
Development	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
Pre-construction	Rezoning and development approvals are submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.
Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
Completed	Construction is complete, units remain unsold.
Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
9	Charlotte Adelaide Tower [CHAT/LH1]	301	Exited	n/a	n/a	The Borrower entered into an agreement of purchase and sale for the property that was the subject of the CHAT Project for an initial cash purchase price of \$16.5 million, which resulted in net proceeds of \$3.6 million paid to BDMC. Additional payments totaling \$1.95 million have since been paid by the purchaser, with the opportunity for a further final payment of up to \$5.2 million depending on the achievement of a development milestone at a later date, the timing of which is estimated to be 18 to 24 months from the time of the sale transaction (April, 2019).	n/a
10	Collier Center	949	Exited	n/a	n/a	n/a	The property was listed for sale in July 2018. On or around the beginning of May 2019, Morrison advised the Trustee that no formal offers for the property had been received. On May 8, 2019 Morrison transferred the Property to Morrison Financial Realty Corporation for a price of \$18.457 million ("Takeout Price"). Given that the Takeout Price is substantially less than the amount owed to Morrison, which, based on the payout statement included with the materials received by the Trustee, is \$35.4 million (including interest and fees to May 8, 2019), neither the Morrison debt nor the debts ranking immediately subordinate to the Morrison debt (totaling approximately \$7.1 million) will be repaid in full. Accordingly, there are no recoveries available for distribution to BDMC.
11	Crestview Commons (Manors of Mineola)	166	Exited	n/a	n/a	On May 23, 2019, the Trustee sought and obtained court approval of a settlement agreement in connection with the Crestview payout of \$4,475,000.	n/a
12	Eden (King City)	129	Completed	1st: \$5.9M to BDMC	March 31, 2015 (extend date March 31, 2016) MATURED.	Construction of the homes has been completed and the homes have been sold. BDMC mortgage remains registered on title.	The borrower advised that there would be no recovery to investors on the project due to cost overruns. Based on available information, the Trustee completed a preliminary review of the sources and uses of funds for the project. The analysis identified several areas requiring further investigation. Accordingly, on May 1, 2019, the Trustee served an application for a bankruptcy order on the borrower as a bankruptcy trustee has broad investigative powers. On June 19, 2019, a Bankruptcy Order was granted and Grant Thornton ("GT") was appointed as bankruptcy trustee. A representative of the Trustee was appointed as an inspector in the bankrupt estate. GT's investigation into the affairs of the bankrupt entity is ongoing. The Trustee is involved in ongoing negotiations with the stakeholders in the Eden Project with respect to the BDMC mortgage.

Derived from BDMC records, information provided by Fortress, project borrowers, a planning consultant and other third parties, as of November 15, 2019. The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 15, 2019
(Unaudited)

LEGEND	
Development	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
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Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
Completed	Construction is complete, units remain unsold.
Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
13	Nobleton South	137	Development	1st: \$3.21M VTB 2nd: \$7.7M BDMC	March 11, 2020 (extend date March 11, 2022).	Development approvals needed. Property is not in the built boundary and does not have Official Plan Approval. The Borrower is part of a group of landowners that are consulting with regional and provincial governments to have the built boundary extended. Formal planning applications to the municipality can not be submitted until Official Plan Approval is obtained. Timeframe for approval continues to be unknown.	n/a
14	Glens of Halton Hills (Georgetown, GHH)	306	Exited	n/a	n/a	n/a	Notice of Intention ("NOI") to make a proposal was filed by the Borrower August 24, 2018. Multiple lenders sought to enforce prior to NOI filing. Sale and marketing process was undertaken by Proposal Trustee. Proceeds from the transactions were used, among other things, to repay the first mortgagees on the Project. As there was a shortfall in the amounts owing to JYR, in its capacity as second ranking mortgagee, there were no recoveries available for distribution to BDMC. On February 5, 2019, the Borrower was deemed bankrupt. The Trustee has undertaken a preliminary review of the sources and uses of funds on the project, which was provided to the bankruptcy trustee. A representative of the Trustee was appointed as an Inspector of the bankrupt estate. The bankruptcy trustee's review is ongoing.
15	Highlands of York Region (East Gwillimbury)	59	Development	1st: Listed below per property: \$500K – 19851 2nd Concession Rd. \$2.2M – 19879 2nd Concession Rd. \$2.3M – 19935 2nd Concession Rd. 2nd: \$6M RW Fortress Inc. 3rd: \$2.5M BDMC	April 15, 2021 (extend date April 15, 2022 / April 15, 2023).	Development approvals needed. The Draft Plan of Subdivision and Zoning By-Law applications were submitted to the Town of East Gwillimbury in June 2018. A notice of complete application has been received and a Public Planning Meeting has been held. Comments from the Town were sent to the borrower in the fall of 2018. No resubmission addressing the Town's comments have been submitted to date.	n/a
16	Humberstone	94	Exited	n/a	n/a	On September 11, 2019, the Trustee sought and obtained court approval of a settlement agreement in connection with the Humberstone first settlement payout of \$1,750,000 and a possible future second settlement payment ranging from \$600,000 to \$800,000.	n/a
17	Jasper House	163	Pre-construction	1st: \$2.2M Firm 2nd: \$8.3M to BDMC	June 30, 2018 (extend date June 30, 2019 with further extension to June 30, 2021) extension not exercised on time. MATURED.	All development approvals have been obtained. Property has been listed for sale by the borrower with CBRE Land Services Group ("CBRE") at a list price of \$7.8 million with no deadline for offers.	n/a

Derived from BDMC records, information provided by Fortress, project borrowers, a planning consultant and other third parties, as of November 15, 2019. The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 15, 2019
(Unaudited)

LEGEND	
Development	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
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Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
Completed	Construction is complete, units remain unsold.
Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
18	King Square	176	Completed	1st: \$58.5M Firm 2nd: \$3.8M* (\$50M charge), Aviva 3rd: \$8.6M BDMC 4th: \$6M OYSX Inc. 5th: \$7M 2198136 Ontario Ltd. *Estimated based on closings to date	August 31, 2019 (extend date February 28, 2020) extension was not requested by borrower. MATURED.	Condominium registered on August 12, 2019, which was 3.5 months later than expected. The closing of units currently subject to sale agreements is ongoing. After closing borrower will recommence actively marketing remaining units for lease or for sale.	n/a
19	Kingridge Square (Speers)	45	Exited	n/a	n/a	On January 29, 2019, the Trustee sought and obtained approval of a settlement agreement in connection with the Speers payout of \$1,950,000.	n/a
20	Lake & East	154	Development	1st: \$5.3M Toronto Capital Corp. In Trust ("TCC") (as at May 22, 2019) 2nd: \$9.1M BDMC	May 28, 2019 (extend date May 28, 2020) extension not exercised. MATURED.	Development approvals needed.	On May 22, 2019, TCC issued a Notice of Sale. As its debt was not repaid by the maturity date, TCC retained CBRE to market the property for sale. Multiple offers were received and the highest and best offer has been accepted by TCC. The transaction remains subject to due diligence and is expected to close in early 2020.
21	Mississauga Meadows 1 ("MM1")	130	Exited	n/a	n/a	n/a	The project was subject to both a 244 Notice and a Notice of Sale issued by Firm, the priority lender. A sales process was undertaken by Firm and an offer has been accepted for both MM1 and MM2 which closed July 3, 2019. The purchase price resulted in a shortfall to the second priority mortgagee and no recovery to the MM1 investors.
22	Mississauga Meadows 2 ("MM2")	82	Exited	n/a	n/a	n/a	The project was subject to both a 244 Notice and a Notice of Sale issued by Firm, the priority lender. A sales process was undertaken by Firm and an offer has been accepted for both MM1 and MM2 which closed July 3, 2019. The purchase price resulted in a shortfall to the second priority mortgagee and no recovery to the MM2 investors.
23	Estates of Nobleton (Nobleton North)	353	Exited	n/a	n/a	On November 5, 2019, the Trustee obtained court approval of a settlement agreement in the net amount of \$14,450,000 in respect of the Nobleton North project.	n/a

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Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 15, 2019
(Unaudited)

LEGEND	
Development	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
Pre-construction	Rezoning and development approvals are submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.
Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
Completed	Construction is complete, units remain unsold.
Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
24	North	152	Pre-construction	1st: \$2.8M Firm 2nd: \$8.2M BDMC	July 9, 2018 (extend date July 9, 2019, with a further extension to July 9, 2021) extension not exercised on time. MATURED.	All development approvals have been obtained. Property has been listed for sale by the borrower with CBRE at a list price of \$8.25 million with no deadline for offers.	n/a
25	Old Market Lane	241	Pre-construction	1st: \$5.62M 5019203 Ontario Ltd. BDMC Debt: \$3.8M Original, \$3.1M Hybrid, \$6.4M OML3	Original: October 4, 2016 extended to October 4, 2018 (extend date October 4, 2019) MATURED. Hybrid: October 4, 2018 (extend date October 4, 2019). MATURED. OML 3: October 4, 2018 (extend date October 4, 2019). MATURED.	OMB approved condominium project, subject to a few remaining conditions. The OMB requested further information from the borrower regarding the status of the development. The Trustee understands that this information has been provided.	On September 25, 2019, 5019203 Ontario Ltd. (" 5019 Ontario ") issued a Notice of Sale. 5019 Ontario has taken the position that the borrower is in default under its mortgage. As the full amount of the outstanding debt was not paid on or before November 15, 2019, 5019 Ontario is currently in a position to list the properties for sale.
26	Peter Richmond Land Assembly (LH2)	604	Development	1st: Mortgage on 122-124 Peter Street: \$5M Wenvor Technologies Inc. 1st: Mortgage on 126 Peter Street: \$2.1M Toopbin Management 1st: Mortgage on 128 Peter Street: \$4.7M Windsor Capital Corporation 1st: Mortgage on 357 Richmond Street West: \$1.6M Shamir Jamal 1st: Mortgage on 359 Richmond Street West: \$2.8M D Lindsay and B McIntosh 2nd: \$3.5M PTI Developments Inc. 3rd: \$27.4M BDMC 4th: \$4.5M BDMC (LH2) (only registered on 122-124 Peter Street)	January 2, 2019 (extend date 1 year, interest accrues for the 1 year). Extension not exercised. MATURED.	Development approvals needed. Appeal of Zoning By-law Amendment application to permit the development of a 42 storey mixed use building is ongoing. A settlement was reached between the borrower and the City of Toronto to approve a 42 storey mixed use building, with the understanding that 120 Peter Street (" 120 Peter "), a neighbouring parcel, will be included in the development proposal and is owned by the borrower. The borrower was in litigation with the owner of 120 Peter in respect of the acquisition of same, however that litigation has now been resolved and the borrower has completed the purchase of 120 Peter. The Trustee understands that the ratification meeting with the LPAT is scheduled for January, 2020. The Trustee has commenced a process with respect to a potential transaction in respect of the BDMC debt on this project.	The enforcement action commenced by the first priority mortgagee on 128 Peter Street has been resolved. A demand letter has been issued by the 126 Peter Street mortgagee for the repayment of its mortgage which matured in March of 2019.

Derived from BDMC records, information provided by Fortress, project borrowers, a planning consultant and other third parties, as of November 15, 2019.
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Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 15, 2019
(Unaudited)

LEGEND	
Development	Rezoning and development approvals are being sought prior to the launch of sales and marketing or lease up.
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Completed	Construction is complete, units remain unsold.
Exited	All of the assets have been sold or the loan has been paid in full or in part, and the BDMC mortgage(s) has been discharged.

NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
27	Port Place 2	67	Development	1st: \$736K Magnetic Capital Group ("Magnetic") 2nd: \$2.9M BDMC* 3rd: \$1.47M to Magnetic* *There is currently a dispute between the priority of the 2nd and 3rd ranking mortgages.	January 30 2017 (extend date January 30, 2018) MATURED.	Property consists of 4 separate 2 storey parcels that are retail properties. Three of the buildings are closed and one is tenanted.	The project is subject to a 244 Notice and a Notice of Sale issued by Magnetic, the priority lender. One of the 4 parcels is being sold by Magnetic. Upon closing of this sale transaction Magnetic's first position will be partially repaid.
28	Pivot (Rutherford)	176	Construction	1st: \$13.6M Bank of Nova Scotia ("BNS") 2nd: \$768K Jaekel Capital Inc. 3rd: \$8.6M BDMC	July 30, 2017 (extend date July 30, 2018) MATURED.	To date 47 out of the 136 homes have been sold. 37 of those sale transactions have closed. 17 more are complete or nearly complete and 8 new starts have commenced.	n/a
29	Prescott	53	Construction	1st: \$0 BNS * 2nd: \$2.89M 1984125 Alberta Ltd 3rd: \$2.4M BDMC *BNS will fund the buildout of the 5 remaining properties	July 10, 2016 (extend date July 10, 2017) MATURED.	To date 27 out of the 32 homes in the development have been sold and all 27 homes have closed. Construction of the 5 remaining units will commence in the near term.	n/a
30	QEWN – Oakville East	12	Development	1st: \$1.65M Vector 2nd: \$2.3M BDMC 3rd: \$600K charge (syndicate of private lenders)	September 3, 2017 and December 3, 2017 (extend date December 4, 2018) MATURED.	The project is the development of a three-storey office condominium building with approximately 40,000 sf. The sales and marketing program has commenced and the borrower is projecting the construction of 45 units. Site plan submission took place in May 2019 and site plan approval is anticipated to be received in late 2019/early 2020. Construction is expected to commence in the spring of 2020.	n/a

Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 15, 2019
(Unaudited)

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NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
31	SkyCity Winnipeg	649	Pre-construction	1st: \$3.9M Firm 2nd: \$3.2M JYR 3rd: \$24.9 BDMC Original 4th: \$3.5 BDMC Hybrid 5th: \$1.3M BDMC WSL 6th: \$2M BDMC BOW 7th: \$586K Overflow	Original: August 2019 (term changed in later closings from 2018 to 2019, extend date August 2020) extension not exercised. MATURED. Hybrid: August 2019 (term changed in later closings from 2018 to 2019, extend date August 2020) extension not exercised. MATURED. WSL: August 31, 2018 MATURED. BOW: August 31, 2018 MATURED.	The Project is significantly behind schedule. Deposits have been returned to condo buyers. The borrower is continuing to consider its options for this project as the preliminary design has proven to be too tall and with too much commercial space. The site is currently being used as a surface parking lot, the income for which is being used to service the priority debt.	n/a
32	Solterra (Fusion)	362	Construction	1st: \$186K TD Bank* 2nd: \$14.2M BDMC** *Balance will fluctuate in connection with the construction of Phase 4 homes **Net of partial repayment of approximately \$2.1 million received by the Trustee in October, 2019.	March 8, 2021.	Construction is ongoing. The final home in Phase 3 of this project is set to close in early 2020. House construction in Phase 4 has commenced and closings are ongoing. Expected completion of all construction is currently forecast into 2024 due a slow down in sales of homes with larger lot sizes.	n/a
33	The Greenwood (Danforth)	162	Construction	1st: \$26.5M (per commitment letter from Cameron Stephens dated Jan 2018) 2nd: \$10M charge to Aviva 3rd: \$7.2M BDMC	December 7, 2018 (extend date December 7, 2020).	Construction is ongoing. Below grade work is complete. The above grade concrete structure has reached the 5th floor. Unit occupancies are expected to commence in late July 2020.	n/a
34	The Harlowe	303	Exited	n/a	n/a	On December 20, 2018, the Trustee sought and obtained approval of a settlement agreement in connection with the Harlowe payout offer of \$15,562,896.	n/a
35	The Woodsworth (formerly The James)	130	Exited	n/a	n/a	On April 26, 2019, the Trustee sought and obtained court approval of a settlement agreement in connection with the James payout of \$4,842,531.	n/a

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Building & Development Mortgages Canada Inc.
Summary of Project Status as at November 15, 2019
(Unaudited)

LEGEND	
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NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
36	The Kemp	360	Exited	n/a	April 26, 2016 (extend date October 26, 2016) MATURED.	n/a	On June 27, 2019 Romspen, the first priority mortgagee accepted an offer for the properties. The transaction closed on September 10, 2019. After repayment of amounts owing to first, second and third mortgagees, approximately \$2.2 million remains (" Remaining Proceeds ") and was transferred to the Trustee's legal counsel, in trust. Counsel to Fortress Real Developments Inc. (" Fortress ") has submitted a claim to the Trustee for approximately \$572,000 of the Remaining Proceeds in priority to the BDMC Investors, which the Trustee has denied. Should Fortress maintain a claim to this amount, the Trustee will bring a motion seeking to distribute the entire Remaining Proceeds to the Investors. In the interim, the Trustee intends to shortly distribute a portion of the undisputed amount.
37	The Orchard	382	Pre-construction	1st: \$2.3 M Lanyard 2nd: \$2M BJL Properties Inc. 3rd: \$14.2M BDMC 3rd: \$1.6M BDMC (hybrid)	April 16, 2018 (extend date April 16, 2019 with a further extension to April 16, 2021) extension not exercised on time. MATURED.	No significant movement on this project. Development approvals have been obtained. The borrower is continuing to explore its options with respect to this property. The site is currently being used as a surface parking lot.	n/a
38	The South Shore	639	Construction	1st: \$6.895M Diversified Capital Inc. (" Diversified ") (as at January 24, 2019) 2nd (pari passu): \$10.5M BDMC SS Hybrid 2nd (pari passu): \$10.1M BDMC SS2 3rd: \$8.6M BDMC Original	Hybrid: April 21, 2018 (extend date April 21, 2019) MATURED. SS2: July 21, 2016 (extend date July 21, 2017) MATURED. Original: January 21, 2014, amending agreement to July 21, 2017 MATURED.	This project is composed of two sites. Phase 1 comprises two mid-rise condominium apartment buildings. Borrower has completed servicing and grading, installation of support piles and poured foundation. The foundation work began in 2017 but has not moved forward due to a lack of financing. Borrower does not have sufficient pre-sales to obtain construction financing. Units with waterfront views have sold well. Phase 2 comprises a 140-unit hotel, conference centre and spa as well as a small live/work building. The Phase 2 development is conceptual at this time.	The project is subject to a Notice of Sale issued by Diversified. Diversified's efforts to market the property for sale are ongoing.
39	The Wade (Victoria Medical)	118	Exited	n/a	n/a	n/a	n/a
40	Treehouse (Halo)	115	Development	1st: \$3.7M TCC (as at May 22, 2019) 2nd: \$5.4M BDMC	November 30, 2021	The units comprising the project were originally sold in March, 2015, however the Borrower cancelled the sales in June/July 2017, with the intention of reselling them in the future. The site is fully zoned and the project is nearing the point of site plan approval. Discussions are ongoing for a transaction for the sale of the property.	On May 22, 2019, TCC issued a Notice of Sale. As its debt was not repaid by the deadline, TCC retained CBRE to market the property for sale. Offers were due September 25, 2019. Multiple offers were received, however, none of the offers received were sufficient to repay TCC in full. TCC is considering its options.

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Summary of Project Status as at November 15, 2019
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NO.	Project Name	Number of Investors	Status	Capital Stack (See Note 1)	Maturity Date (See Note 2)	Project	Enforcement Proceeding
41	Triple Creek	280	Development	1st: \$3.4M Romspen (as at December 7, 2018) 2nd: \$2.6M Eagles Edge Capital Corp (as at February 28, 2018) 3rd: \$1.4M Jaekel Inc. 4th: \$12.9M BDMC 5th: \$2.5M BDMC (accrued interest)	May 15 2017 MATURED.	The property is a long term holding property located within Rocky View County. The property currently is classified as 'Ranch and Farmland District' which permits agricultural uses and to date the Borrower has been unsuccessful in having the parcel re-designated to allow for residential development. Site is approximately 5 km from the existing built boundary. The property's future development is dependent on the subject lands being identified as an area for growth/development by the Calgary Growth Management Board.	Notice of Sale issued by first priority lender, Romspen, and other enforcement actions taken by the second priority lender, prior to the Trustee's appointment. On December 14, 2018, an order was granted permitting the property to be listed for sale through a commercial realtor. The list price for the property is \$3M. No formal offers were received. At this time the property is no longer being listed. Romspen is considering its options given the lack of interest in the market for the project.
42	Union Waterfront	353	Exited	n/a	n/a	n/a	A Receiver was appointed August 3, 2018 and a sale process was completed. Sale of the properties was approved on February 15, 2019 pursuant to a court order. As there was a shortfall in amounts owing to FirstOntario Credit Union, the first priority lender, no recoveries were available for distribution to BDMC.
43	Wellington House	139	Development	1st: \$6.7M (charge \$8M) Cameron Stephens Financial Corporation 2nd: \$6.3M BDMC	May 1, 2020 (extend date May 1, 2021).	Development approvals needed. The Borrower advised purchasers that in order achieve an approvable design it altered the design of the Wellington House reducing the number of levels from 23 to 17 together with floorplate alterations. Deposits were returned to purchasers. The Zoning By-law Amendment was appealed to the LPAT and a hearing took place October 29, 2018. The LPAT decision has not yet been released and the timing of its release is unknown.	n/a
44	Whitby Commercial Park (Rosewater)	257	Development	1st: \$12M Downing Street Financial Inc. 2nd: \$14.7M BDMC	December 31, 2019 (three 6-month extensions at the discretion of the Trustee to an outside date of June 30, 2021)	Development approvals needed. The Secondary Plan was approved by Whitby Council and adopted by the Region of Durham. An appeal to the secondary plan related to a District Park designation north of the subject lands was filed. Since the issue is isolated to a specific property, the appeal was scoped to allow the approval of the secondary plan to proceed. On June 24, 2019, Whitby Council approved a Zoning By-law Amendment on the subject lands to 'Prestige Industrial' and 'Greenbelt' which permits the development of the subject lands.	Enforcement proceedings resolved.
45	White Cedar Estates (Dunsire Guelph)	42	Exited	n/a	n/a	n/a	Property sold through a Court appointed receivership. The net remaining after collection of ancillary receipts and payment of, among other things, the debt in priority to BDMC and professional fees is approximately \$490,000 (" Residual Funds "). The Receiver made a distribution to the Trustee of \$450,000 on September 13, 2019. A second and final payment is expected to be paid to the Trustee in the near term, following which the Trustee will make a distribution to the BDMC investors.

Building & Development Mortgages Canada Inc.

Project Analysis Summary as at November 15, 2019 - Notes

(Unaudited)

Note 1: The Trustee cautions that the Project Analysis Summary is only intended to summarize the results of certain aspects of the Trustee's analysis to November 15, 2019. The Trustee continues to refine its analysis on each project as well as to respond to new developments and information. New developments and new information can at times have a significant impact on the Trustee's review for that project and its related recommendations. Further, certain confidential information has been excluded from the Project Analysis Summary.

Note 2: Capital stack contains information provided to the Trustee at different points in time by various sources regarding the amounts advanced under the various registered charges. The registered charges may be different than the amount due. Actual balances may vary and those variances may be material. The capital stack information is provided for reference only and the Trustee or any other party may dispute the quantum and/or priority of any mortgage. Other encumbrances may exist that have not been registered on title.

Note 3: The Trustee has identified that the loan agreements on certain projects reflect maturity dates that vary depending on when the Investor entered into its agreement with BDMC. In some cases, Investors that advanced funds in a later tranche have loan agreements that reflect maturity dates that are later than the maturity dates reflected in the loan agreements of Investors that advanced funds earlier. As such, an individual Investor's loan maturity date may differ from the dates herein. The Trustee has not reviewed each Investor's individual closing package, and, accordingly, cannot confirm how many projects might be affected by varying maturity dates within a loan.

Appendix 7:
Variance Analysis for the Period Ending October 31, 2019

Variance Analysis for the Period April 1, 2019 to October 31, 2019

(Unaudited; \$C)

	Note	Projected	Actual	Variance
Collections and other receipts		60,708	86,628	25,921
Administrative Holdback	1	1,558,436	2,970,465	1,412,029
Total receipts		1,619,143	3,057,094	1,437,950
Staff		143,951	117,184	26,767
IT fees		7,000	12,657	(5,657)
Office expenses		5,250	5,129	121
Insurance		54,106	54,106	-
Other		24,000	17,599	6,401
Interest & bank charges		3,500	2,924	576
Operating costs		237,807	209,600	28,208
Appraisals		267,000	209,898	57,103
Professional fees	2	3,500,000	2,820,744	679,256
Total disbursements		4,004,807	3,240,241	764,566
Net cash inflow (outflow)		(2,385,664)	(183,148)	2,202,516

Notes

1. Represents the Administrative Holdback of 15% retained by the Trustee during the period from: (i) the James, Crestview and Humberstone settlements; (ii) the Dunsire Guelph payment received from RSM; (iii) payments received from the CHAT sale transaction; (iv) Residual Proceeds from the Kemp sale transaction less the claim asserted by Fortress; and (v) partial repayment received on account of the Solterra Phase 3 discharges.
2. Relates to the amount paid in the period in respect of: (i) fees incurred by the Trustee, its legal counsel and Representative Counsel, which were approved by the Court; (ii) prepaid fees to the mediator on account of the December 2019 Brookdale mediation; and (iii) the Court ordered legal costs of the LH1 lender. The positive variance is a timing difference as there are outstanding professional fees.

Appendix 8:
Cash Flow Projection for the Period Ending May 31, 2020

Cash Flow Projection for the Period Ending May 31, 2020

(Unaudited; \$C)

	Note	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
Administrative holdback	1	164,250	-	45,000	-	-	-	-	209,250
Total receipts		164,250	-	45,000	-	-	-	-	209,250
Staff	2	20,564	26,761	20,564	20,564	20,564	20,564	20,564	150,148
IT fees		2,804	2,304	2,892	1,167	1,167	1,167	1,167	12,668
Office expenses		750	750	750	750	750	750	750	5,250
Insurance		7,729	7,729	7,729	7,729	7,729	7,729	7,729	54,106
Other	3	2,600	1,000	2,100	3,500	2,100	1,000	1,000	13,300
Interest & bank charges		500	500	500	500	500	500	500	3,500
Operating costs		34,948	39,045	34,536	34,211	32,811	31,711	31,711	238,972
Appraisals	4	8,910	5,585	5,585	20,000	20,000	20,000	20,000	100,080
Professional fees	5	430,000	1,500,000	430,000	430,000	430,000	430,000	430,000	4,079,999
Total disbursements		473,858	1,544,630	470,121	484,211	482,811	481,711	481,711	4,419,052
Opening cash	6	4,541,537	4,231,929	2,687,299	2,262,178	1,777,967	1,777,967	1,295,157	4,541,537
Net cash inflow (outflow)		(309,608)	(1,544,630)	(425,121)	(484,211)	(482,811)	(481,711)	(481,711)	(4,209,802)
Closing cash		4,231,929	2,687,299	2,262,178	1,777,967	1,295,157	1,296,257	813,446	331,735

Notes

- The Administrative Holdback forecast for November is the 150-Day Payment on account of the CHAT sale transaction. Included in January is the Solterra Project's final Phase 3 closing. The Trustee notes that, similar to previous cash flow projections filed with the Court, the receipts during the Cash Flow Period are projected to be significantly lower than the projected expenses. Notwithstanding this, the Trustee notes that considerable progress has been made with respect to potential transactions involving multiple projects. Accordingly, the Trustee expects to receive additional Realized Property during the Cash Flow Period, a portion of which will be used to offset the projected expenses. Due to the confidential nature of the ongoing negotiations with respect to these potential transactions, and similar to previous cash flow projections filed with the Court, the Trustee has not included a forecast for these receipts in the Cash Flow Period.
- Represents gross BDMC staff and contractor costs.
- Includes the cost of storing BDMC's books and records offsite, a planning consultant and tax return completion.
- Fees are estimates for consulting services provided by the appraisal firms, plus the estimated costs to obtain updated appraisals for certain projects as needed.
- Represents the payment of fees (including HST) to the Trustee, its legal counsel, Representative Counsel and other professionals engaged by the Trustee in order to attempt, in the circumstances, to protect/improve the interests of Investors. These payments do not reflect all amounts that may become due and owing to the professionals throughout the cash flow period.
- Opening cash flow is comprised of Estate Property, excluding the term deposit required under the MBLAA.

Appendix 9:
Manzoor Affidavit

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

BETWEEN

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

APPLICATION UNDER SECTION 37 OF THE
MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT, 2006, S.O. 2006, c. 29
and SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c. C.43

**AFFIDAVIT OF NAVEED MANZOOR
(sworn November 22, 2019)**

I, Naveed Manzoor, of the Town of Oakville, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a managing director of FAAN Mortgage Administrators Inc., the Court-Appointed Trustee (the “**Trustee**”), without security, of all of the assets, undertakings and properties of the Respondent in these proceedings and as such have knowledge of the matters

hereinafter deposed. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.¹

2. I make this affidavit in support of a motion by the Trustee for, among other things, approval of the fees and disbursements of the Trustee.

3. In addition to the description of the activities of the Trustee contained in its Eighth Report dated May 17, 2019, Ninth Report dated July 30, 2019, Tenth Report dated September 4, 2019, Eleventh Report dated October 31, 2019, Twelfth Report dated October 31, 2019, and Thirteenth Report dated November 22, 2019, attached hereto as Exhibit "A" is a copy of each invoice issued by the Trustee for the period between April 1, 2019 and September 30, 2019 (the "**Approval Period**") setting out the Trustee's fees, reimbursable expenses and applicable taxes for the relevant period, along with a summary of the activities undertaken by the Trustee in connection with such invoice. I confirm that these accounts accurately reflect the services provided by the Trustee in this matter for the Approval Period and the fees and disbursements claimed by it for the Approval Period.

4. Attached hereto as Exhibit "B" is a schedule of the accounts rendered by the Trustee for the fees and disbursements incurred in connection with the activities summarized in Exhibit "A" undertaken in these proceedings during the Approval Period.

5. Attached hereto as Exhibit "C" is a schedule summarizing the individuals who have worked on this matter, including their roles, hours and rates during the Approval Period.

¹ Capitalized terms used and not otherwise defined in this affidavit have the meanings given to them in the Thirteenth Report to Court of the Trustee dated November 22, 2019.

6. Confidential Exhibit "D" (the "**Confidential Manzoor Exhibit**") hereto contains true copies of the dockets rendered by the Trustee for activities undertaken during the Approval Period. The Trustee is seeking a sealing order with respect to the Confidential Manzoor Exhibit due to the fact that the information contained in the Trustee's detailed dockets includes privileged and commercially sensitive information regarding the projects and BDMC generally, and the disclosure of that privileged and/or commercially sensitive information could have a material adverse effect on the recoveries that may ultimately be available to Investors in these proceedings.

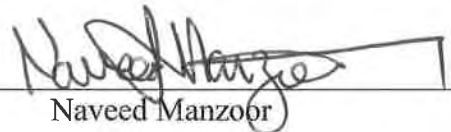
7. To the best of my knowledge, the total hours, fees and disbursements incurred by the Trustee for the period between April 1, 2019 and September 30, 2019 are reasonable and appropriate in the circumstances.

SWORN BEFORE ME at the City of Toronto,
in the Province of Ontario, on November 22,
2019



Commissioner for Taking Affidavits

JAMES SMITH



Naveed Manzoor

THIS IS EXHIBIT "A" REFERRED TO IN
THE AFFIDAVIT OF NAVEED MANZOOR
SWORN BEFORE ME ON THIS 22ND DAY OF NOVEMBER, 2019



A Commissioner for Taking Affidavits

Exhibit A



Invoice 012

April 30, 2019

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee ("Trustee") of Building & Development Mortgages Canada Inc. ("BDMC")**

Invoice for the period April 1 to April 30, 2019

The Trustee's activities for the period April 1 to April 30, 2019 ("**Period**"), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP ("**Osler**"), the Trustee's counsel, and Chaitons LLP ("**Chaitons**"), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Bradford Bond Head Project - reviewing and compiling investor feedback on the options presented by the borrower in response to the enforcement proceedings commenced by two of the priority lenders and corresponding with Osler and Chaitons regarding same;
 - Brookdale Project - reviewing matters related to the construction lien claims and corresponding extensively with Osler regarding same;
 - Capital Pointe Project - commencing review and detailed analysis of the borrower's sources and uses of funds;
 - CHAT Project - extensively negotiating terms of the sale transaction with the borrower, the purchaser and Fortress Real Development Inc. ("**Fortress**"). Reviewing and commenting on documentation related to same, including the agreement of purchase and sale, the memorandum of understanding and various other documents related to the transaction. Corresponding with Osler regarding the transaction and the ongoing negotiation of same. Drafting of investor notice. Reviewing matters with Osler regarding a Langston Hall 1 investor;
 - Crestview Project - engaging in discussions with the borrower, Fortress and other stakeholders regarding a potential settlement offer and following up with the borrower regarding confirmation of financing in respect of same;

- King City/Eden Project – drafting the investor notice and attending a meeting with proposed bankruptcy trustee and Osler;
 - Danforth Project – dealing with matters related to the status of the project and the go forward plans for the project and corresponding extensively with the borrower regarding same;
 - James Project - reviewing and compiling investor votes and feedback on the settlement offer from the borrower and corresponding with the Osler regarding same;
 - King Square Project – drafting, finalizing and distributing a notice to the investors regarding the postponement and standstill agreement;
 - Peter Richmond Project – continuing discussions with the Borrower regarding matters related to the acquisition of 120 Peter Street. Drafting a detailed notice to the investors regarding the postponement executed by the Trustee in favour of the related party financing in respect of the project (“**PTI Charge**”), the steps taken by the Trustee in reviewing that postponement and matters related to the enforcement proceeding commenced by a first mortgagee on one of the Peter Richmond project’s parcels of land. Corresponding with Chaitons regarding the PTI Charge and the notice that was released to the Langston Hall 2 Investors registered on title to the Peter Richmond Project;
 - Whitby Project – reviewing the monthly reporting package provided by the borrower related to the use of funds advanced by the new priority lender;
 - Old Market Lane Project – continuing to correspond with the borrower regarding a potential sale transaction for the properties comprising the Old Market Lane Project and reviewing supporting documentation provided related to same. Corresponding with, including attending calls with the borrower and the prospective purchaser; and
 - Treehouse Project – continuing discussions with the principals of Fortress and other stakeholders regarding a potential sale transaction for the property and reviewing supporting documentation provided related to same (“**Treehouse Potential Sale**”). Corresponding with Fortress and the prospective purchaser regarding the Treehouse Potential Sale including attending a meeting regarding same.
- Reviewing and finalizing the Trustee’s Sixth Report to Court dated April 18, 2019 in respect of the motion returnable April 26, 2019 (“**April 26th Motion**”), and corresponding extensively with Osler and Chaitons regarding same;

- Reviewing and commenting on the draft notice of motion and the draft Court order in



respect of the April 26th Motion and corresponding with Osler regarding same;

- Drafting and finalizing a notice to investors in respect of the April 26th Motion;
- Drafting and reviewing the Trustee's Seventh Report to court and corresponding extensively with Osler and Chaitons regarding same;
- Reviewing draft appraisals in connection with project reviews and corresponding with the appraisers regarding same;
- Finalizing certain appraisals in connection with project reviews;
- Attending calls, not otherwise described above, with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion; and
- Providing project specific updates to the investors upon request.

Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - King Square notice dated April 10, 2019;
 - Peter Richmond Land Assembly - BDMC notice dated April 12, 2019;
 - Peter Richmond Land Assembly - LH2 notice dated April 12, 2019; and
 - James notice dated April 18, 2019.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Meeting with the principals of Fortress on a periodic basis regarding the status of various projects, including potential sale and repayment opportunities being undertaken by those parties;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Corresponding with Computershare Trust Company on a periodic basis regarding various matters related to the BDMC loans;



- Attending periodic investor meetings at the Trustee's office;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary;
- Maintaining the Trustee's website;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	193,733.55
HST		25,185.36
Total	\$	<u>218,918.91</u>

FAAN Mortgage Administrators Inc.
Building & Development Mortgages Canada Inc.
Time Summary
For the Period April 1 to 30, 2019

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	475	101.05	47,998.75
Lana Bezner	Managing Director	475	126.50	60,087.50
Naomi Lieberman	Manager	330	133.01	43,893.30
Nick Niktikakis	Manager	300	139.18	41,754.00
			<u>499.74</u>	<u>193,733.55</u>
Average Hourly Rate				<u>387.67</u>



Invoice 013

May 31, 2019

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee ("Trustee") of Building & Development Mortgages Canada Inc. ("BDMC")**

Invoice for the period May 1 to May 31, 2019

The Trustee's activities for the period May 1 to May 31, 2019 ("**Period**"), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP ("**Osler**"), the Trustee's counsel, and Chaitons LLP ("**Chaitons**"), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Brookdale Project – reviewing matters related to the construction lien claims and corresponding with Osler regarding same;
 - Castlemore Project – corresponding with the borrower regarding the use of funds analysis prepared by the Trustee including attending several calls regarding same. Corresponding with the borrower regarding the end of term provisions in the Castlemore loan agreement and preparing an analysis regarding same. Corresponding with Osler regarding the Castlemore loan agreement, including the end of term clause;
 - CHAT Project – finalizing a notice to lenders in respect of the CHAT sale transaction. Reviewing matters regarding a dispute from a Langston Hall 1 lender with respect to the Trustee's proposed distribution of the sale proceeds and corresponding extensively with Osler and Chaitons regarding same;
 - Crestview Project – corresponding with the borrower, Fortress Real Developments Inc. ("**Fortress**") and other stakeholders regarding the borrower's settlement offer. Drafting and finalizing a notice to the investors regarding the Crestview settlement offer. Reviewing and compiling investor votes and feedback in response to the settlement offer;
 - King City/Eden Project – discussions with Osler and proposed bankruptcy trustee regarding bankruptcy application matters including attending several calls regarding same;

- Danforth Project – dealing with matters related to the status of the project and the go forward plans for the project and corresponding with the borrower regarding same;
- Solterra/Fusion Project – preparing and reviewing an analysis of the borrower’s sources and uses of funds. Reviewing partial discharges provided by the borrower;
- James Project – engaging in discussions with the borrower regarding correspondence received from the priority lender. Preparing and reviewing the schedule for the distribution to investors and facilitating payment of same. Populating, drafting and distributing individual investor notices;
- Lake & East Project – drafting of notice to investors regarding the issuance of the Notice of Sale Under Mortgage (“**Notice of Sale**”) by the priority lender;
- Nobleton North Project – engaging in discussions with the borrower regarding a potential settlement offer. Preparing and reviewing an analysis of the borrower’s sources and uses of funds;
- Old Market Lane Project – continuing to correspond with the borrower regarding a potential sale transaction for the properties and reviewing supporting documentation related to same. Drafting an investor notice regarding the proposed sale transaction;
- Port Place 2 Project - drafting a notice to investors regarding the Notice of Sale issued by the priority lender and work orders received from the City of St. Catharines and corresponding with Osler regarding same;
- Treehouse Project – continuing to correspond with the principals of Fortress , a prospective purchaser and other stakeholders regarding a potential sale transaction for the property and reviewing supporting documentation provided related to same;
- Victoria Medical Project – drafting a notice to investors regarding the Court approved equalization payments for the Victoria Medical project investors. Reviewing the schedule for the distribution to investors;
- Harlowe Project – reviewing a letter drafted by Osler requested by counsel to the borrower and corresponding with Osler regarding same;
- Kemp Project – corresponding with the principals of Fortress regarding the Notice of Sale process initiated by the priority lender;
- Humberstone Project – corresponding with the borrower regarding the projects’ cash flow constraints and the borrower’s efforts to secure new financing including attending calls regarding same;

- Brookdale – corresponding with Osler regarding certain document production requests by the construction lien claimants;
 - Triple Creek Project - drafting notice to investors regarding the order of sale granted by the Court of Queen’s Bench of Alberta; and
 - Whitby Project – reviewing the monthly reporting package provided by the borrower related to the use of funds advanced by the new priority lender.
- Reviewing and finalizing the Trustee’s Seventh and Eighth Reports to Court dated May 10, 2019 and May 17, 2019 respectively, in respect of the motion returnable May 23, 2019 (“**May 23rd Motion**”), and corresponding with Osler and Chaitons extensively regarding same;
 - Reviewing and commenting on the draft notices of motion and the draft Court orders in respect of the May 23rd Motion and corresponding with Osler regarding same;
 - Drafting and finalizing notices to investors in respect of the May 23rd Motion;
 - Compiling information required by the appraisers for the preparation of additional appraisals commissioned by the Trustee and responding to the various appraisers’ inquiries and requests for additional information;
 - Reviewing draft appraisals in connection with ongoing project reviews and corresponding with the appraisers regarding same;
 - Attending calls not otherwise described above, with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion; and
 - Providing project specific updates to the investors upon request.

Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - Charlotte Adelaide notice dated May 1, 2019;
 - Crestview notice dated May 7, 2019;
 - Seventh Report to Court notice dated May 10, 2019;
 - Crestview notice dated May 17, 2019; and
 - Port Place 2 notice dated May 31, 2019.



General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Corresponding with, including attending periodic meetings with the principals of Fortress on a periodic basis regarding the status of various projects, including potential sale and repayment opportunities being undertaken by those parties;
- Corresponding with Olympia Trust Company (“**Olympia**”) on a periodic basis regarding various matters related to the BDMC loans, including but not limited to, requesting Olympia to waive its monthly fee charged to investors on projects where there is expected to be little or no recovery to investors;
- Corresponding with Computershare Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Paying operating expenses;
- Overseeing the process established to prepare summaries of the various tranche closings on each BDMC loan in the portfolio to understand the use of the funds advanced by investors;
- Managing the BDMC staff, responding to their questions and providing direction as necessary;
- Maintaining the Trustee’s website;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	168,103.25
HST		21,853.42
Total	\$	<u>189,956.67</u>

FAAN Mortgage Administrators Inc.
Building & Development Mortgages Canada Inc.
Time Summary
For the Period May 1 to 31, 2019

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	475	66.25	31,468.75
Lana Bezner	Managing Director	475	95.73	45,471.75
Daniel Sobel	Managing Director	475	9.75	4,631.25
Shelby Draper	Senior Director	400	18.37	7,348.00
Naomi Lieberman	Manager	330	112.15	37,009.50
Nick Niktikakis	Manager	300	140.58	42,174.00
			<u>442.83</u>	<u>168,103.25</u>
Average Hourly Rate				<u>379.61</u>



Invoice 014

June 30, 2019

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee ("Trustee") of Building & Development Mortgages Canada Inc. ("BDMC")**

Invoice for the period June 1 to June 30, 2019

The Trustee's activities for the period June 1 to June 30, 2019 ("**Period**"), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP ("**Osler**"), the Trustee's counsel, and Chaitons LLP ("**Chaitons**"), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - 6th & 10th Project - reviewing matters related to a postponement requested by the borrower in connection with funds advanced by the borrower for project costs;
 - Bauhaus Project - reviewing matters related to a postponement requested by the borrower in connection with funds advanced by the borrower for project costs;
 - Bradford Bond Head Project - drafting a notice to investors regarding the receivership application;
 - Brookdale Project - reviewing matters related to the construction lien claims and corresponding with Osler regarding same including attending two meetings regarding a document production request made by the construction lien claimants at the case management conference. Drafting a notice to the investors regarding matters relating to the lien claimants;
 - Castlemore Project - continuing to correspond with the borrower regarding the end of term provision in the loan agreement and the Trustee's review of the waterfall should the end of term provision be triggered by the borrower. Corresponding with the Trustee's appraiser and with its planning consultant regarding the current status of the project;
 - CHAT Project - preparing information for counsel to a Langston Hall 1 lender ("**LH1 Counsel**") in response to a letter sent by LH1 Counsel and corresponding extensively with Osler regarding same. Attending a meeting with the purchaser of CHAT property. Drafting a notice of default ("**Notice of Default**") to the purchaser

pursuant to terms of the memorandum of understanding. Drafting a notice to the investors regarding the Notice of Default;

- Colliers Project – drafting a notice to the investors regarding the sale of the property;
- Crestview Project – corresponding with the borrower regarding payment of the settlement amount and the filing of the Trustee’s certificate with the Court;
- King City/Eden Project – corresponding with Osler and the bankruptcy trustee regarding the bankruptcy application. Drafting and finalizing a notice to investors regarding the granting of the bankruptcy order;
- Danforth Project – engaging in ongoing discussions with the borrower related to the status of the project and the go forward plans in respect of same. Preparing an analysis of potential payout scenarios and discussing same internally;
- Solterra/Fusion Project – engaging in discussions with the borrower related to the status of the project and the go forward plans regarding same. Reviewing the project general ledger provided by the borrower and the use of funds advanced by BDMC. Reviewing and discussing aspects of the loan agreement with Osler;
- Georgetown Project – Reviewing the memorandum prepared by the trustee in bankruptcy of the Georgetown borrower, which included, among other things, information pertaining to certain transactions entered into by the borrower with respect to the parcels of land that comprise the Georgetown Project and discussing same internally;
- Humberstone Project – corresponding with the borrower, including attending a meeting, regarding a potential settlement agreement. Reviewing the project budget provided by the borrower and corresponding with the Trustee’s planning consultant regarding same. Discussing certain aspects of the project budget with the borrower. Preparing an analysis of the settlement offer for internal review and corresponding with Osler regarding same;
- Jasper Project – reviewing matters related to a postponement requested by the borrower in connection with funds advanced by the borrower for project costs;
- Kemp Project – corresponding with the principals of Fortress Real Developments Inc. (“**Fortress**”) regarding a potential sale transaction for the KEMP property and reviewing supporting documentation related to same. Reviewing supporting documentation relating to a postponement proposed by the borrower. Corresponding with Osler and the prospective purchaser regarding same;
- Lake and East Project – corresponding internally and with Osler regarding



unanswered requests made to the borrower for the financial reporting it is obligated to provide to the Trustee;

- Nobleton North Project - ongoing discussions with the borrower regarding a potential settlement offer;
 - North Project - reviewing matters related to a postponement requested by the borrower in connection with funds advanced by the borrower for project costs;
 - Old Market Lane Project – continuing discussions with the borrower regarding a potential sale transaction for the properties and reviewing supporting documentation provided related to same. Discussions with Osler regarding the same. Drafting notice to investors regarding proposed sale transaction;
 - Orchard Project - reviewing matters related to a postponement requested by the borrower in connection with funds advanced by the borrower for project costs;
 - Port Place 2 Project - discussions with Osler and the priority lender regarding the priority of the relative charges on title to the Port Place 2 Project;
 - Treehouse Project – corresponding internally and with Osler regarding the unanswered requests made to the borrower for the financial reporting it is obligated to provide to the Trustee;
 - Victoria Medical Project – finalizing the schedule for the distribution to investors and facilitating payment of same. Populating, drafting and distributing individual investor notices in respect of the distribution;
 - Wellington House Project – reviewing matters related to a postponement requested by the borrower in connection with funds advanced by the borrower for project costs; and
 - Winnipeg Project – reviewing matters related to a postponement requested by the borrower including preparing an analysis for internal review. Corresponding with the appraiser, including attending a call, regarding its current views on the value of the property in light of the postponement request.
- Reviewing draft appraisals in connection with project reviews and corresponding with the appraisers regarding same;
 - Overseeing the attendance at Derek Sorrenti’s law office (“**Sorrenti**”) by BDMC staff to obtain information on BDMC administered loans that were transferred from Sorrenti’s office to BDMC prior to the Trustee’s involvement;
 - Attending calls not otherwise described above, with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;

and

- Providing project specific updates to the investors upon request.

Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - Triple Creek notice dated June 3, 2019;
 - Treehouse notice dated June 7, 2019;
 - Lake & East notice dated June 12, 2019;
 - Kemp notice dated June 12, 2019;
 - Brookdale notice dated June 14, 2019;
 - Charlotte Adelaide notice dated June 18, 2019;
 - Collier notice dated June 25, 2019; and
 - Eden notice dated June 28, 2019.

General Matters

- Overseeing the process established to prepare summaries of the various tranche closings on each BDMC loan in the portfolio to understand the use of the funds advanced by investors;
- Logging and responding to numerous investor calls and emails during the Period;
- Meeting with a lender who expressed interest in providing financing on certain BDMC projects to discuss whether there were any opportunities regarding same;
- Corresponding with the principals of Fortress on a periodic basis regarding the status of various projects, including potential sale and repayment opportunities being undertaken by those parties;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Corresponding with Computershare Trust Company on a periodic basis regarding various matters related to the BDMC loans;



- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary;
- Maintaining the Trustee's website;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	142,995.35
HST		18,589.40
Total	\$	<u>161,584.75</u>

FAAN Mortgage Administrators Inc.
Building & Development Mortgages Canada Inc.

Time Summary

For the Period June 1 to 30, 2019

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	475	58.10	27,597.50
Lana Bezner	Managing Director	475	65.05	30,898.75
Daniel Sobel	Managing Director	475	1.50	712.50
Shelby Draper	Senior Director	400	46.01	18,404.00
Naomi Lieberman	Manager	330	91.62	30,234.60
Nick Niktikakis	Manager	300	117.16	35,148.00
			<u>379.44</u>	<u>142,995.35</u>
Average Hourly Rate				<u>376.86</u>



Invoice 015

July 31, 2019

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee ("Trustee") of Building & Development Mortgages Canada Inc. ("BDMC")**

Invoice for the period July 1 to July 31, 2019

The Trustee's activities for the period July 1 to July 31, 2019 ("**Period**"), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP ("**Osler**"), the Trustee's counsel, and Chaitons LLP ("**Chaitons**"), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Bauhaus Project – ongoing review of postponement requested by the borrower in connection with funds advanced by the borrower for project costs and corresponding with the borrower regarding support for same;
 - Bradford Bond Head Project – drafting and finalizing a notice to the investors regarding the granting of the receivership order. Discussions with the priority lender's counsel, the Receiver and Osler regarding matters pertaining to the receivership;
 - Brookdale Project – reviewing matters related the construction lien claims and the bondholder claims and corresponding with Osler regarding same. Reviewing materials recalled from BDMC's storage in connection with the document production request from the lien claimants. Meeting with Osler and Chaitons to discuss bondholder matter and construction lien matter;
 - Castlemore Project – ongoing discussions with the borrower regarding the end of term provisions in the loan agreement, a possible settlement agreement and the Trustee's review of the distribution of funds pursuant to the waterfall;
 - Capital Pointe Project – discussions with Osler on matters related to the backfilling of the site by the City of Regina and on matters related to the listing of the property for sale;

- CHAT Project – attending a meeting with the Langston Hall 1 lender who previously expressed concerns regarding the distribution of proceeds from the sale transaction and discussions with Osler and Chaitons regarding same;
- Crestview Project – preparing and reviewing the distribution schedule for the distribution to investors and facilitating payment of same. Populating, drafting and distributing individual investor notices;
- King City/Eden Project – meeting with Osler and Chaitons to discuss matters regarding the bankruptcy proceeding. Attending the first meeting of creditors. Discussions with the bankruptcy trustee regarding its review of estate information and the borrower’s use of funds;
- Danforth Project – continuing to correspond with the borrower related to the status of the project and the go forward plans regarding same. Continuing to internally review the Trustee’s analysis of potential payout scenarios with the borrower;
- Solterra/Fusion Project – continuing to correspond with the borrower regarding its use of funds, including the funds provided by BDMC and the bridge loans used to acquire the property. Corresponding with the borrower regarding its go forward plans in respect of the project and discussions with Osler regarding same;
- Humberstone Project – corresponding extensively with the borrower, including attending meetings, regarding its postponement request and its settlement offer. Reviewing the postponement and subordination agreement for interim financing required by the project and corresponding with Osler regarding same;
- Jasper Project – ongoing review of postponement requested by the borrower in connection with funds advanced by the borrower for project costs;
- Kemp Project – corresponding extensively with various stakeholders and the listing agent regarding the power of sale process commenced by the first priority lender (“**Sale Process**”) and discussing the status of same with Osler. Corresponding with Fortress Real Developments Inc. regarding its communication with a prospective purchaser and it’s request for a transaction fee in connection with any potential sale of the property;
- Nobleton North Project – ongoing correspondence with the borrower regarding its settlement offer including attending calls regarding same. Reviewing the Trustee’s internal analysis regarding the settlement offer and corresponding with Osler regarding same;
- Old Market Lane Project – continuing to correspond with the borrower regarding a potential sale transaction for the properties and reviewing supporting documentation provided related to same. Reviewing and commenting on a draft

memorandum of understanding related to a proposed sale transaction. Preparing a notice to the investors regarding the proposed sale transaction. Reviewing documentation in respect of the three BDMC loans registered on title in order to determine the relative priorities of same ("**Loan Priority Matter**"). Corresponding extensively with Osler and Chaitons regarding the Loan Priority Matter including attending a meeting regarding same;

- Peter Richmond Project – continuing discussions with the borrower regarding a potential settlement offer. Internal meetings and discussions related to the settlement offer and potential alternatives to entering into a settlement with the borrower. Corresponding extensively with Osler regarding the same;
 - Wellington House Project – ongoing review of postponement requested by the borrower in connection with funds advanced by the borrower for project costs; and
 - Winnipeg Project – reviewing matters related to a postponement requested by the borrower and corresponding with the borrower regarding same.
- Drafting and preparing the Trustee’s Ninth Report to Court dated July 30, 2019 in respect of the motion returnable July 30, 2019 ("**July 30th Motion**"), and corresponding with Osler and Chaitons regarding same;
 - Reviewing and commenting on the draft notice of motion and the draft Court order in respect of the July 30th Motion and corresponding with Osler regarding same;
 - Drafting and finalizing a notice to the investors in respect of the July 30th Motion;
 - Attending calls not otherwise described above, with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
 - Attending a call with Derek Sorrenti regarding document production matters and internal discussions regarding same; and
 - Providing project specific updates to the investors upon request.

Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - Bradford Bond Head notice dated July 17, 2019;
 - Peter Richmond Land Assembly - BDMC notice dated July 19, 2019;
 - Peter Richmond Land Assembly - LH2 notice dated July 19, 2019; and

- Charlotte Adelaide notice dated July 30, 2019.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Continuing to oversee the process established to prepare summaries of the various tranche closings on each BDMC loan in the portfolio to further understand the use of the funds advanced by investors;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Corresponding with Computershare Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Attending periodic investor meetings at the Trustee’s office;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary;
- Reviewing and updating the Trustee’s website;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	159,489.80
HST		20,733.67
Total	\$	<u>180,223.47</u>

FAAN Mortgage Administrators Inc.
Building & Development Mortgages Canada Inc.
Time Summary
For the Period July 1 to 31, 2019

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	475	58.50	27,787.50
Lana Bezner	Managing Director	475	14.50	6,887.50
Daniel Sobel	Managing Director	475	8.40	3,990.00
Shelby Draper	Senior Director	400	100.75	40,300.00
Naomi Lieberman	Manager	330	131.26	43,315.80
Nick Niktikakis	Manager	300	124.03	37,209.00
			<u>437.44</u>	<u>159,489.80</u>
Average Hourly Rate				<u>364.60</u>



Invoice 016

August 31, 2019

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee ("Trustee") of Building & Development Mortgages Canada Inc. ("BDMC")**

Invoice for the period August 1 to August 31, 2019

The Trustee's activities for the period August 1 to August 31, 2019 ("**Period**"), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP ("**Osler**"), the Trustee's counsel, and Chaitons LLP ("**Chaitons**"), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - 6th and 10th Project – review of partial discharges and correspondence with Osler regarding same;
 - Brookdale Project – corresponding with, including attending a meeting with, a representative of the bondholder group (the "**Bondholder Representative**") regarding issues surrounding the quantum and priority of the various claims to the residual proceeds generated from the sale of the Brookdale property (including, among others, the bondholder claims, and the construction lien claims). Corresponding with Osler regarding the meeting with the Bondholder Representative;
 - Castlemore Project – continuing to correspond with the borrower regarding the end of term provisions in the loan agreement and a possible settlement agreement. Corresponding with Osler regarding same;
 - CHAT Project – corresponding extensively with Osler and Chaitons regarding issues raised by a Langston Hall 1 investor ("**LH1 Investor**") in respect of the relative priorities of the two BDMC loans registered on title to the CHAT property, being the December 1, 2014 loan ("**CHAT Loan**") and the 2010 LH1 loan ("**LH1 Loan**"). Reviewing the following affidavits which were filed in connection with the Trustee's motion to distribute the CHAT sale transaction proceeds: (i) the two August 15, 2019 affidavits filed by syndicated mortgage lenders who advanced funds to BDMC pursuant to the CHAT Loan; (ii) the August 23, 2019 affidavit of the LH1 Investor; and (iii) the August 23, 2019 supplemental affidavit of the LH1 Investor (collectively, the "**Affidavits**"). Corresponding with Osler and with Chaitons

regarding the Affidavits and considering next steps in light of same;

- King City/Eden Project – corresponding with Osler and with the bankruptcy trustee regarding bankruptcy matters. Reviewing a third-party claim issued in connection with BDMC’s charge on title to the King City/Eden property and discussing same with Osler;
- Danforth Project – continuing to correspond with the borrower related to the status of the project and the go forward plans regarding same. Continuing to internally review the Trustee’s analysis of potential payout scenarios with the borrower;
- Solterra/Fusion Project – corresponding with the borrower regarding its proposed use of funds from the remaining phase 3 home closings and discussing same with Osler;
- Dunsire Guelph/White Cedars Estate Project – corresponding with the Court appointed receiver regarding the timing and quantum of the anticipated distribution to BDMC;
- Georgetown Project – Corresponding with Osler and Chaitons regarding the memorandum prepared by the trustee in bankruptcy of the Georgetown borrower, which included, among other things, information pertaining to certain transactions entered into by the borrower with respect to the parcels of land that comprise the Georgetown Project;
- Humberstone Project – drafting, finalizing and distributing a notice to investors in respect of a proposed settlement agreement with the borrower and responding to investor inquiries regarding same. Engaging in extensive discussions with Osler and the lender that is financing the proposed settlement agreement regarding matters relating to the security to be provided to BDMC for the future second settlement payment. Attending numerous calls with Osler, the lender, and the lender’s counsel regarding same;
- Jasper Project – discussions with the priority lender regarding status of the BDMC loan;
- King Square Project – engaging in preliminary discussions with the priority lender in anticipation of the partial discharges to be provided by the Trustee. Corresponding with the borrower regarding the status of the project and the reasons for delayed condominium registration and unit closings;
- Kemp Project – drafting and finalizing a notice to the investors regarding the sale transaction;
- Mississauga Meadows 1 & Mississauga Meadows 2 Projects – corresponding with



the priority lender's legal counsel regarding the sale of the properties including making requests and follow-up requests for certain supporting documentation in order for the Trustee to complete its review of the flow of funds from the sale transaction;

- Nobleton North Project - ongoing discussions with the borrower regarding its settlement offer. Beginning to draft a notice to investors in respect of a proposed settlement agreement with the borrower. Reviewing a draft settlement agreement. Corresponding with a party that expressed interest in entering into a transaction with the Trustee in respect of the Nobleton North loan by way of assignment of the debt;
 - Peter Richmond Project – continuing to correspond with the borrower regarding a potential settlement offer including attending several calls regarding same. Corresponding with parties that expressed interest in entering into a transaction with the Trustee in respect of the Peter Richmond loans by way of assignment of the debt. Convening internal meetings and discussions related to the settlement offer and potential alternatives including extensive correspondence with Osler regarding same;
 - Whitby Project – reviewing the monthly reporting package provided by the borrower and related correspondence with borrower; and
 - Winnipeg Project – corresponding with, including attending a meeting with, a priority lender regarding a proposed refinancing.
- Drafting and preparing the Trustee's Tenth Report to Court dated September 4, 2019 in respect of the motion returnable September 4, 2019 ("**September 4th Motion**"), and corresponding with Osler and Chaitons regarding same;
 - Reviewing and commenting on the draft notice of motion and the draft Court order in respect of the September 4th Motion and corresponding with Osler regarding same;
 - Attending calls not otherwise described above, with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion; and
 - Providing project specific updates to the investors upon request.



Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - Bradford Bond Head notice dated August 1, 2019;
 - Kemp notice dated August 7, 2019;
 - Eden notice dated August 7, 2019; and
 - Humberstone notice dated August 23, 2019.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Corresponding with Computershare Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary;
- Maintaining the Trustee's website;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	129,166.65
HST		16,791.66
Total	\$	<u>145,958.31</u>

FAAN Mortgage Administrators Inc.
Building & Development Mortgages Canada Inc.
Time Summary
For the Period August 1 to 31, 2019

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	475	73.30	34,817.50
Daniel Sobel	Managing Director	475	3.85	1,828.75
Shelby Draper	Senior Director	400	96.70	38,680.00
Naomi Lieberman	Manager	330	84.48	27,878.40
Nick Niktikakis	Manager	300	86.54	25,962.00
			<u>344.87</u>	<u>129,166.65</u>
Average Hourly Rate				<u>374.54</u>



Invoice 017

September 30, 2019

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee ("Trustee") of Building & Development Mortgages Canada Inc. ("BDMC")**

Invoice for the period September 1 to September 30, 2019

The Trustee's activities for the period September 1 to September 30, 2019 ("**Period**"), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP ("**Osler**"), the Trustee's counsel, and Chaitons LLP ("**Chaitons**"), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - 6th and 10th Project – reviewing matters related to partial discharges, executing same and corresponding with Osler regarding same;
 - Bauhaus Project – corresponding internally and with Osler regarding the borrower's request that the Trustee enter into a subordination and standstill agreement in respect of a new first priority mortgage. Discussions with Osler, the appraiser, Computershare Trust Company ("**Computershare**") and the borrower regarding the same;
 - Brookdale Project – reviewing matters related to the August 28, 2019 case management conference and discussing the same internally. Drafting, reviewing and finalizing a notice to the investors regarding same;
 - Castlemore Project – reviewing and analysing the settlement offer presented by the borrower and negotiating extensively with the borrower regarding same. Corresponding with Osler regarding the settlement offer. Drafting a notice to the investors seeking their feedback in respect of the settlement offer;
 - CHAT Project – continuing to review and consider the responding affidavits filed in connection with the Trustee's motion to distribute the proceeds from the CHAT sale transaction. Corresponding with Osler and Chaitons regarding the affidavits and proposed next steps;
 - Dunsire Guelph/White Cedar Estates Project – reviewing the Court appointed receiver's report and corresponding internally regarding same. Preparing a notice

to the investors regarding the receiver's report and the interim distribution received by the Trustee;

- King City/Eden Project – corresponding with Osler and with the bankruptcy trustee regarding certain bankruptcy matters including attending calls regarding same. Corresponding with Osler and the bankruptcy trustee regarding the third-party claim issued in connection with BDMC's charge on title to the King City/Eden property;
- Danforth Project – engaging in ongoing discussions with the borrower related to the status of the project and the go forward plans regarding same. Continuing to internally review the Trustee's analysis of potential payout scenarios;
- Solterra/Fusion Project – continuing to correspond with the borrower regarding the partial discharges requested in connection with phase 3 home closings and the related flow of funds from such closings. Corresponding with Osler regarding same;
- Georgetown Project – attending an inspector meeting and reviewing minutes regarding same. Corresponding internally regarding certain outstanding questions from the memorandum prepared by the trustee in bankruptcy, which, among other things, provided information regarding transactions entered into by the borrower, and inquiring with Fortress Real Developments Inc. and the trustee in bankruptcy regarding same.
- Humberstone Project – continuing to correspond with Osler and the lender that is financing the proposed settlement agreement regarding matters relating to the security to be provided to BDMC for the future settlement payment. Attending numerous calls with Osler, the lender, and the lender's counsel regarding same. Gathering and recording feedback from the investors in respect of the settlement offer.
- Kemp Project – drafting a notice to the investors regarding the sale transaction. Reviewing the payout statements provided by the priority lenders following the closing of the sale transaction. Negotiating the amounts owing in priority to BDMC with the second priority lender and corresponding with Osler regarding same;
- King Square Project - corresponding with the borrower regarding the status of the project and the go forward plan regarding same. Reviewing closing summaries provided by the borrower in connection with the borrower's request for partial discharges and corresponding internally and with Osler regarding same;
- Mississauga Meadows 1 & Mississauga Meadows 2 Projects – corresponding with the priority lender's legal counsel regarding the sale of the properties and requesting further documentation in order for the Trustee to complete its review of the flow of funds from the sale transaction. Attempting to obtain information from

the second priority lender in connection with the Trustee's review of the flow of funds from the sale transaction;

- Nobleton North Project – continuing to correspond with the borrower regarding the proposed settlement offer. Continuing to correspond with a party interested in entering into a transaction with the Trustee in respect of the Nobleton North loan by way of assignment. Corresponding extensively with Osler and Chaitons regarding the proposed settlement offer and the proposed assignment offer. Drafting a notice to the investors regarding the assignment offer;
 - Peter Richmond Project – continuing to correspond with the borrower regarding a potential settlement agreement. Continuing to correspond with and meet with other parties interested in entering into a transaction in respect of BDMC's debt. Corresponding extensively with Osler regarding same;
 - Port Place 2 Project – reviewing documentation provided by counsel to the priority lender regarding the relative priorities of the various charges on title to the Port Place 2 parcels of land and corresponding with Osler regarding same. Corresponding with the priority lender regarding a proposed sale transaction for one of the four parcels of land that comprise the Port Place 2 Project;
 - Prescott Project - reviewing matters related to partial discharges, executing partial discharges, and corresponding with Osler regarding same; and
 - Rutherford Project - reviewing matters related to partial discharges, executing partial discharges, and corresponding with Osler regarding same.
- Finalizing the Trustee's Tenth Report to Court dated September 4, 2019 in respect of the motion returnable September 11, 2019 ("**September 11th Motion**"), and corresponding with Osler and Chaitons regarding same;
 - Finalizing the draft notice of motion and the draft Court order in respect of the September 11th Motion and corresponding with Osler regarding same;
 - Drafting and finalizing the notice to the investors, in respect of the September 30th Motion;
 - Updating project status summary chart to be posted to the Trustee's website;
 - Attending calls not otherwise described above, with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion; and
 - Providing project specific updates to the investors upon request.



Investor Notices

- Drafting, finalizing and distributing the following project specific notices:
 - Humberstone notice dated September 6, 2019;
 - Brookdale notice dated September 12, 2019; and
 - Dunsire Guelph (White Cedar Estates) notice dated September 16, 2019;

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the BDMC loans;
- Corresponding with Computershare on a periodic basis regarding various matters related to the BDMC loans;
- Attending periodic investor meetings at the Trustee's office;
- Paying operating expenses;
- Managing the BDMC staff, responding to their questions and providing direction as necessary including investment of current cash reserves;
- Maintaining the Trustee's website;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	153,937.80
HST		20,011.91
Total	\$	<u>173,949.71</u>

FAAN Mortgage Administrators Inc.
Building & Development Mortgages Canada Inc.
Time Summary
For the Period September 1 to 30, 2019

Professional	Role	Rate (\$)	Hours	Total (\$)
Naveed Manzoor	Managing Director	475	93.40	44,365.00
Daniel Sobel	Managing Director	475	7.40	3,515.00
Shelby Draper	Senior Director	400	84.75	33,900.00
Naomi Lieberman	Manager	330	101.46	33,481.80
Nick Niktikakis	Manager	300	128.92	38,676.00
			<u>415.93</u>	<u>153,937.80</u>
Average Hourly Rate				<u>370.11</u>

THIS IS EXHIBIT "B" REFERRED TO IN
THE AFFIDAVIT OF NAVEED MANZOOR
SWORN BEFORE ME ON THIS 22ND DAY OF NOVEMBER, 2019



A Commissioner for Taking Affidavits

EXHIBIT B

FAAN Mortgage Administrators Inc.
Building & Development Mortgages Canada Inc.

Invoice Summary

(Unaudited; \$C)

Invoice No.	Date	Billing Period	Fees	HST	Total
012	30-Apr-19	April 1 to 30, 2019	193,733.55	25,185.36	218,918.91
013	31-May-19	May 1 to 31, 2019	168,103.25	21,853.42	189,956.67
014	30-Jun-19	June 1 to 30, 2019	142,995.35	18,589.40	161,584.75
015	31-Jul-19	July 1 to 31, 2019	159,489.80	20,733.67	180,223.47
016	31-Aug-19	August 1 to 31, 2019	129,166.65	16,791.66	145,958.31
017	30-Sep-19	September 1 to 30, 2019	153,937.80	20,011.91	173,949.71
Total			<u>947,426.40</u>	<u>123,165.43</u>	<u>1,070,591.83</u>

THIS IS EXHIBIT "C" REFERRED TO IN
THE AFFIDAVIT OF NAVEED MANZOOR
SWORN BEFORE ME ON THIS 22ND DAY OF NOVEMBER, 2019



A Commissioner for Taking Affidavits

EXHIBIT C

FAAN Mortgage Administrators Inc.
Building & Development Mortgages Canada Inc.
Summary of Hours and Fees by Staff Member
(Unaudited; \$C)

Professional	Role	Rate (\$)	Hours	Amount (\$)
Naveed Manzoor	Managing Director	475	450.60	214,035.00
Lana Bezner	Managing Director	475	301.78	143,345.50
Daniel Sobel	Managing Director	475	30.90	14,677.50
Shelby Draper	Senior Director	400	346.58	138,632.00
Naomi Lieberman	Manager	330	653.98	215,813.40
Nick Niktikakis	Manager	300	736.41	220,923.00
Total			<u>2,520.25</u>	<u>947,426.40</u>
Average Hourly Rate				<u>375.93</u>

THIS IS CONFIDENTIAL EXHIBIT "D" REFERRED TO IN
THE AFFIDAVIT OF NAVEED MANZOOR
SWORN BEFORE ME ON THIS 22ND DAY OF NOVEMBER, 2019



A Commissioner for Taking Affidavits

Exhibit D

**THIS EXHIBIT IS REDACTED IN ITS ENTIRETY
AND IS SUBJECT TO A REQUEST FOR A SEALING ORDER**

THE SUPERINTENDENT OF FINANCIAL SERVICES

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Applicant

Respondent

Court File No. CV-18-596204-00CL

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

Proceeding commenced at Toronto

**AFFIDAVIT OF NAVEED MANZOOR
(sworn November 22, 2019)**

OSLER, HOSKIN & HARCOURT LLP

1 First Canadian Place, P.O. Box 50

Toronto, ON M5X 1B8

Phone: 416-362-2111

Fax: 416-862-6666

Michael De Lellis (LSO# 48038U)

Jeremy Dacks (LSO# 41851R)

**Lawyers for FAAN Mortgage Administrators
Inc., in its capacity as Court-Appointed Trustee**

Appendix 10:
De Lellis Affidavit

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

BETWEEN

THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

APPLICATION UNDER SECTION 37 OF THE
MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT, 2006, S.O. 2006, c. 29
and SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c. C.43

**AFFIDAVIT OF MICHAEL DE LELLIS
(sworn November 22, 2019)**

I, Michael De Lellis, of the Town of Oakville, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and am a partner with Osler, Hoskin & Harcourt LLP ("**Osler**"), counsel for FAAN Mortgage Administrators Inc., in its capacity as Court-Appointed Trustee (the "**Trustee**"), without security, of all of the assets, undertakings and properties of the Respondent in these proceedings and as such

have knowledge of the matters hereinafter deposed. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.¹

2. I make this affidavit in support of a motion by the Trustee for, among other things, approval of the fees and disbursements of the Trustee and its counsel.

3. Attached hereto as Exhibit "A" is a copy of each invoice issued by Osler for the period between April 1, 2019 and September 30, 2019 (the "**Approval Period**") setting out Osler's fees, reimbursable expenses and applicable taxes for the relevant period, along with a summary of the activities undertaken by Osler in connection with such invoice. I confirm that these accounts accurately reflect the services provided by Osler in this matter for the Approval Period and the fees and disbursements claimed by it for the Approval Period.

4. Attached hereto as Exhibit "B" is a schedule of the accounts rendered by Osler to the Trustee for the fees and disbursements incurred by Osler in connection with the activities summarized in Exhibit "A" undertaken in these proceedings during the Approval Period.

5. Attached hereto as Exhibit "C" is a schedule summarizing the respective years of call and billing rates of each of the professionals at Osler that rendered services to the Trustee, the hours worked by each such individual and a blended hourly rate for fees incurred during the Approval Period.

6. Confidential Exhibit "D" (the "**Confidential De Lellis Exhibit**") hereto contains true copies of the full accounts rendered by Osler to the Trustee for activities undertaken during the Approval Period. The Trustee is seeking a sealing order with respect to the Confidential De

¹ Capitalized terms used and not otherwise defined in this affidavit have the meanings given to them in the Thirteenth Report to Court of the Trustee dated November 22, 2019.

Lellis Exhibit due to the fact that the information contained in Osler's detailed invoices includes privileged and commercially sensitive information regarding the projects and BDMC generally, and the disclosure of that privileged and/or commercially sensitive information could have a material adverse effect on the recoveries that may ultimately be available to Investors in these proceedings.

7. To the best of my knowledge, the rates charged by Osler throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services. I believe that the total hours, fees and disbursements incurred by Osler for the period between April 1, 2019 and September 30, 2019 are reasonable and appropriate in the circumstances.

SWORN BEFORE ME at the City of Toronto,
in the Province of Ontario on November 22,
2019

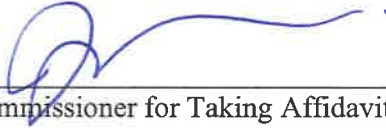


Commissioner for Taking Affidavits
Justine Erickson



Michael De Lellis

THIS IS EXHIBIT "A" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 22ND DAY OF NOVEMBER, 2019



A Commissioner for Taking Affidavits

Justine Erickson

Exhibit A

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Attention: Naveed Manzoor

Invoice No.: 12279472
Date: May 31, 2019
Client No.: 232833

GST/HST No.: 121983217 RT0001

Contact: Michael De Lellis
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc. Administrator (F#1189997).

OUR FEE HEREIN	345,215.26
REIMBURSABLE EXPENSES *	2,190.60
HST @ 13%	45,130.26
TOTAL (CAD):	392,536.12

* Includes non-taxable expenses of 250.00 CAD

PAYMENT DUE UPON RECEIPT



We are committed to protecting the environment. Please provide your email address to payments@osler.com to receive invoices and reminder statements electronically.



REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Please return remittance advice(s) with cheque.

Invoice No.: 12279472
Client No.: 232833

Amount: 392,536.12 CAD

osler.com

EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	119.35
Printing Costs	702.45
Telecopy Charges	6.60
OnCorp Fees for Searches/Certificates/Filings	517.20
Title-Related Searches-Toronto	595.00
<u>EXPENSES - NON-TAXABLE</u>	
Filing Fees	250.00
TOTAL (CAD):	2,190.60

Invoices dated May 31, 2019

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between April 1, 2019 to April 31, 2019:

- Bayview: Attending on matters relating to Bayview direction, including related affidavit; attending on strategic considerations relating to same;
- Brookdale: Attending on document production matters; attending on production and other information requests from interested parties; attending to correspondence with other counsel relating to same;
- CHAT: Attending to matters relating to memorandum of understanding, including negotiation of same; attending on sale transaction matters relating to same; attending on closing of transaction; attending to charge and mortgage matters; conducting diligence; engaged regarding post-closing matters, including with respect to distribution of proceeds; attending to notice matters;
- Eden: Attending on strategic considerations; preparing materials for bankruptcy application;
- James: Attending on matters relating to settlement transaction; attending on diligence for same; attending on notice to investors and considering investor feedback; drafting report in support of settlement approval; drafting related motion materials; preparing for and attending at Court for hearing of approval motion;
- King Square: Attending on postponement matters; attending on preparation and review of documents relating to same; attending on notice to investors; reviewing draft condominium declaration documents;
- Peter Street: Attending on matters relating to foreclosure action; attending to notice of sale; reviewing filed materials relating to same;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses, funding issues, and court attendance matters; engaging in communications with FSCO; attending on status updates and meetings; attending to various communications with stakeholders, including investors; drafting of reports to Court and related motion materials; engaged regarding regulatory matters; engaging with representative counsel regarding various matters; attending to discharge matters; reviewing documents registered on title; conducting due diligence; coordinating corporate and PPSA searches.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: 12290091
Date: June 27, 2019
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: Michael De Lellis
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	375,844.69
REIMBURSABLE EXPENSES *	2,715.70
HST @ 13%	49,142.65
TOTAL (CAD):	427,703.04

* Includes non-taxable expenses of 540.00 CAD

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: 12290091
Client No.: 232833
Amount: 427,703.04 CAD

Email payment details to payments@osler.com,
referencing invoice number(s) being paid.

Please return remittance advice(s) with
cheque.

osler.com

EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	17.60
On-line Database Services	409.75
Printing Costs	1,181.15
Special Supplies Costs	14.70
Agent's Fees & Expenses	177.00
Title-Related Searches-Toronto	375.50
<u>EXPENSES - NON-TAXABLE</u>	
Filing Fees	70.00
Issuing Court Documents	150.00
Notice of Motion	320.00
TOTAL (CAD):	<u>2,715.70</u>

Invoices dated June 27, 2019

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between May 1, 2019 to May 31, 2019:

- Brookdale: Attending on document production matters and review of related documents; preparing for and attending case conference;
- Crestview: Attending on settlement transaction matters; reviewing relating notice to investors; attending on diligence for same; attending on notice to investors and considering investor feedback; drafting report in support of settlement approval; drafting related motion materials; preparing for and attending at Court for hearing of approval motion; attending on matters relating to closing of settlement transaction;
- CHAT: Reviewing documentation regarding transaction; attending on investor notice matters relating to same; attending on court attendance relating to CHAT matters; attending on discussions with, and responses to inquiries from, CHAT-LH1 Investor with respect to the transaction and proposed distributions;
- Eden: Preparing for and attending hearing of bankruptcy application; preparing supplemental materials following same;
- James: Attending on closing of settlement transaction;
- Port Place II: Attending on priority dispute matters; reviewing loan and security documentation in connection with same; reviewing investor notice;
- Treehouse: Reviewing and attending on matters relating to notice of sale; engaging in strategic considerations and discussions relating to same;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses, funding issues, and court attendance matters; attending on matters relating to Trustee's seventh report to Court, including drafting of same, related fee affidavits, and motion materials; attending at Court for motions relating to Land Registry Direction Order and Omnibus Order; attending on communications with stakeholders, including investors; attending on Trustee's annual returns; attending on status updates and meetings; engaging with representative counsel regarding various matters; conducting due diligence.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Attention: Naveed Manzoor

Invoice No.: 12300168
Date: July 25, 2019
Client No.: 232833

GST/HST No.: 121983217 RT0001

Contact: Michael De Lellis
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc. Administrator (F#1189997).

OUR FEE HEREIN	234,287.01
REIMBURSABLE EXPENSES *	2,183.01
HST @ 13%	30,682.76
TOTAL (CAD):	267,152.78

* Includes non-taxable expenses of 448.80 CAD

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: 12300168
Client No.: 232833
Amount: 267,152.78 CAD

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Please return remittance advice(s) with cheque.

osler.com

EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	24.48
Printing Costs	981.45
Special Supplies Costs	72.40
Telecommunications Charges	3.83
Telecopy Charges	187.80
Agent's Fees & Expenses	138.00
OnCorp Fees for Searches/Certificates/Filings	86.20
Teraview Search Charges	21.50
Title-Related Searches-Toronto	218.55
<u>EXPENSES - NON-TAXABLE</u>	
Registration Fees	128.80
Notice of Motion	320.00
TOTAL (CAD):	2,183.01

Invoices dated July 25, 2019

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between June 1, 2019 to June 30, 2019:

- Brookdale: Attending on document production matters and review of related documents;
- Crestview: Attending to closing of settlement transaction;
- CHAT: Attending on discussions with, and responses to inquiries from, CHAT-LH1 Investor with respect to the transaction and proposed distributions; reviewing draft investors' notice; attending to court scheduling matters;
- Eden: Drafting factum and supplementary materials for bankruptcy application factum; preparing for and attending at Court for bankruptcy application;
- Old Market Lane: Attending on matters relating to potential transactions; attending on related diligence and document review; drafting investor notice;
- Port Place II: Attending on priority dispute matters; attending on legal research relating to same; reviewing loan and security documentation in connection with same;
- QEWN: Attending on communications with counsel to certain investors relating to loan administration matters; attending on communications with other stakeholders relating to same;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses, funding issues, and court attendance matters; attending on communications with stakeholders, including investors; attending on status updates and meetings; engaging with representative counsel regarding various matters; conducting due diligence, including title searches; coordinating corporate and PPSA searches.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Attention: Naveed Manzoor

Invoice No.: 12310503
Date: August 22, 2019
Client No.: 232833

GST/HST No.: 121983217 RT0001

Contact: Michael De Lellis
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc. Administrator (F#1189997).

OUR FEE HEREIN	402,662.75
REIMBURSABLE EXPENSES *	4,267.30
HST @ 13%	52,859.31
TOTAL (CAD):	459,789.36

* Includes non-taxable expenses of 320.00 CAD

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTTOR

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Please return remittance advice(s) with cheque.

Invoice No.: 12310503
Client No.: 232833
Amount: 459,789.36 CAD

osler.com

EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	120.54
On-line Database Services	407.50
PPSA Costs	6.00
Printing Costs	1,150.51
Special Supplies Costs	223.98
Telecommunications - External	10.57
Agent's Fees & Expenses	379.50
OnCorp Fees for Searches/Certificates/Filings	1,127.80
Title-Related Searches-Toronto	520.90
<u>EXPENSES - NON-TAXABLE</u>	
Notice of Motion	320.00
TOTAL (CAD):	<u>4,267.30</u>

Invoices dated August 22, 2019

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between July 1, 2019 to July 31, 2019:

- Averton Prescott: Attending on partial discharge matters;
- Averton Rutherford: Attending on partial discharge matters;
- Bond Head: Attending on matters relating to receivership application, including review of court-filed materials and various discussions relating to same; attending application hearing;
- Brookdale: Attending on various matters relating to ongoing litigation; attending on document production matters and review of related documents; attending on legal research relating to various issues; attending on preparation of statement of defence; preparation for case conference;
- Crestview: Attending on settlement transaction closing matters;
- CHAT: Drafting and reviewing Trustee's ninth report to Court relating to the Trustee's motion to approve a proposed distribution; reviewing project documents for same; attending on related motion materials, including drafting of notice of motion and draft Order; preparing for and attending at Court regarding scheduling matters; reviewing investor notice; serving motion materials;
- Eden: Attending on proof of claim and creditors' meeting matters; reviewing third party claim;
- Humberstone: Reviewing loan agreement and related documentation; attending to postponement matters; reviewing draft subordination agreement; attending on discussions relating to potential settlement; reviewing investor notice;
- Kemp: Attending on matters relating to power of sale process; attending on review of related documentation;
- Old Market Lane: Attending on matters relating to potential transactions; attending on related diligence and document review; attending on investor notice matters;
- Peter: Attending on matters relating to potential transactions; attending on review of project and related documentation in connection with same;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses; attending on communications with stakeholders, including investors; attending on status updates and meetings; engaging with representative counsel regarding various matters; conducting legal research and due diligence; attending on PPSA searches and registration; corresponding with FSRA.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: 12326323
Date: September 30, 2019
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: Michael De Lellis
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	260,427.36
REIMBURSABLE EXPENSES *	2,698.30
HST @ 13%	34,203.74
TOTAL (CAD):	297,329.40

* Includes non-taxable expenses of 20.00 CAD

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: 12326323
Client No.: 232833
Amount: 297,329.40 CAD

Email payment details to payments@osler.com,
referencing invoice number(s) being paid.

Please return remittance advice(s) with
cheque.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Corporate Search Charges	7.00
Courier Expenses	131.13
PPSA Costs	6.00
Printing Costs	723.45
Special Supplies Costs	58.47
Telecommunications - External	37.27
Telecommunications Charges	0.68
Telecopy Charges	7.80
Agent's Fees & Expenses	268.00
OnCorp Fees for Searches/Certificates/Filings	1,029.80
Title-Related Searches-Toronto	408.70
<u>EXPENSES - NON-TAXABLE</u>	
Registration Fees	20.00
TOTAL (CAD):	2,698.30

Invoices dated September 30, 2019

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between August 1, 2019 to August 30, 2019:

- Brookdale: Attending on various matters relating to ongoing litigation; reviewing and serving statement of defence; preparation for and attending case conference;
- CHAT: Attending to matters relating to Trustee's motion to approve a proposed distribution; reviewing responding affidavit from CHAT-LH1 Investor; attending on review of materials served by Representative Counsel in connection with same;
- Eden: Attending on matters relating to third party claim; drafting responding materials in connection with same; attending on various communications with counsel to interested parties;
- Humberstone: Attending on matters relating to settlement transaction; reviewing loan and security documentation for same; attending on matters relating to subordination agreement, mortgage servicing agreement, preparation of second charge, and related matters; preparing for settlement approval hearing; drafting motion materials in respect of same;
- Nobleton North: Attending on matters relating to potential transaction; attending on review of draft documentation relating to same;
- Peter: Attending on matters relating to potential transactions; attending on review of project and related documentation in connection with same, including instruments on title;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses; attending on communications with stakeholders, including investors; attending on status updates and meetings; engaging with representative counsel regarding various matters; conducting legal research and due diligence.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: 12330224
Date: October 24, 2019
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: Michael De Lellis
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Building & Development Mortgages Canada Inc.
Administrator (F#1189997).

OUR FEE HEREIN	276,599.36
REIMBURSABLE EXPENSES *	1,365.59
HST @ 13%	36,085.47
TOTAL (CAD):	314,050.42

* Includes non-taxable expenses of 384.40 CAD

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: 12330224
Client No.: 232833
Amount: 314,050.42 CAD

Email payment details to payments@osler.com,
referencing invoice number(s) being paid.

Please return remittance advice(s) with
cheque.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	21.41
Printing Costs	606.30
Special Supplies Costs	74.70
Telecommunications - External	5.48
Telecommunications Charges	3.75
OnCorp Fees for Searches/Certificates/Filings	17.50
Teraview Search Charges	10.75
Title-Related Searches-Toronto	241.30
<u>EXPENSES - NON-TAXABLE</u>	
Registration Fees	64.40
Notice of Motion	320.00
TOTAL (CAD):	1,365.59

Invoices dated October 24, 2019

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Building & Development Mortgages Canada Inc. for the period between September 1, 2019 to September 30, 2019:

- 6th & 10th: Attending on partial discharge matters;
- Averton Rutherford: Attending on partial discharge matters;
- Bauhaus: Attending on postponement matters and reviewing draft documents relating to same;
- Brookdale: Attending on various matters relating to ongoing litigation; attending to document production matters; attending on legal research; attending to mediation matters; attending on related investor notice; attending on review of project documents;
- Castlemore: Attending on matters relating to potential transaction; attending on review of draft documentation relating to same; reviewing investor notice;
- Eden: Attending on matters relating to third party claim; reviewing filed materials in respect of same; attending on matters relating to litigation case conference; attending on various communications with counsel to interested parties;
- Humberstone: Attending on matters relating to settlement transaction; reviewing loan and security documentation for same; attending on matters relating to subordination agreement, mortgage servicing agreement, preparation of second charge and second commitment letter, and related matters; finalizing and serving motion materials for settlement approval order, including Trustee's report to Court; preparing for and attending settlement approval hearing; attending on matters relating to closing of transaction;
- Kemp: Attending on matters relating to power of sale process and transaction; attending on review of related documentation; attending on priority claim matters;
- King Square: Attending on partial discharge matters;
- Nobleton North: Attending on matters relating to potential transaction; attending on review of draft documentation relating to same; attending on review of loan and security documentation;
- Peter: Attending on matters relating to potential transactions; attending on review of project and related documentation in connection with same;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, case strategies, financial analyses; attending on communications with stakeholders, including investors; attending on status updates and meetings; engaging with representative counsel regarding various matters; conducting legal research and due diligence; attending on matters relating to Trustee's next comprehensive update and related motion.

THIS IS EXHIBIT "B" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 22ND DAY OF NOVEMBER, 2019



A Commissioner for Taking Affidavits

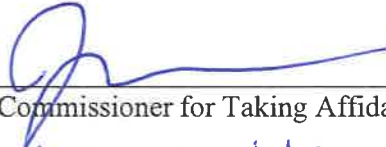
Justine Edickson

EXHIBIT B

Date of Account	For Billing Period Ending	Fees	Expenses / Disbursements*	Taxes	Total
May 31, 2019	April 30, 2019	345,215.26	2,190.60	45,130.26	392,536.12
June 27, 2019	May 31, 2019	375,844.69	2,715.70	49,142.65	427,703.04
July 25, 2019	June 30, 2019	234,287.01	2,183.01	30,682.76	267,152.78
August 22, 2019	July 31, 2019	402,662.75	4,267.30	52,859.31	459,789.36
September 30, 2019	August 30, 2019	260,427.36	2,698.30	34,203.74	297,329.40
October 24, 2019	September 30, 2019	276,599.36	1,365.59	36,085.47	314,050.42
Total	-	1,895,036.43	15,420.50	248,104.19	2,158,561.12

*Includes non-taxable expenses

THIS IS EXHIBIT "C" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 22ND DAY OF NOVEMBER, 2019



A Commissioner for Taking Affidavits

Justine Erickson .

EXHIBIT C

<u>Name</u>	<u>Year of Call (if applicable)</u>	<u>Billing rate</u>	<u>Hours Worked</u>
Basso, Andrew	N/A	\$280	0.9
Bettel, Cory	N/A	\$280	0.5
Buchanan, Betty	N/A	\$245	5.5
Calvaruso, Martino	2009	\$725	171.9
Chorney, Andrew	N/A	\$225	9.3
Clement, Adrian	N/A	\$195	13.7
Dacks, Jeremy	1999	\$905	415.1
De Lellis, Michael	2003	\$900	613.2
Diamond, Adriana	N/A	\$200	1.1
Dick, Marleigh	N/A	\$280	1
Disenhouse, Joshua	2014	\$620	1
Erickson, Justine	2016	\$535	445.7
Farkas, Elie	2018	\$450	29
Fekri, Ferial	N/A	\$225	10.5
Gidari, Lisa	N/A	\$380	15.3
Gillott, Roger	1996	\$905	56
Gonzalez, Jessica	2010	\$280	10.2
Harper, Lauren	2016	\$535	15.5
Herceg, Suzanne	N/A	\$450	4.1
Hirsh, Adam H.	2008	\$750	63
Irwin, Katie	N/A	\$280	21.5
Jubas-Bernstein, Sarah	N/A	\$200	4.1
Landon, Louise	N/A	\$365	0.7

<u>Name</u>	<u>Year of Call (if applicable)</u>	<u>Billing rate</u>	<u>Hours Worked</u>
Lau, Jonathan	N/A	\$280	32.2
MacEachern, Kevin	N/A	\$190	11.5
Manbachi, Ali	N/A	\$195	1
Mishra, Vin	2018	\$450	66.6
Newman, Stacey	N/A	\$195	6.8
Nielsen, Ryan	2009	\$750	41.3
Obal, Shelley	1985	\$1045	61.1
Riesterer, Patrick	2011	\$665	59
Rowe, Mary Angela	2015	\$580	40.6
Rua, Maria	N/A	\$365	3.8
Schmidt, Jake	N/A	\$375	4.8
St. Aubin, Jeff	2014	\$595	118.4
Stidwill, Sean	2016	\$535	300.8
Storm, Lorna	N/A	\$250	24
Thompson, Jennifer	N/A	\$500	7.3
Valentini, Robert	N/A	\$225	13.3
Whitlock, Riley	2014	\$620	10.7
Williams, David	N/A	\$280	5.3
Williams, Eugene	N/A	\$245	2.7
Yow, Jessica	N/A	\$225	19.9
		Total:	2,739.9

Blended Rate (excluding expenses / disbursements and HST) $\$1,895,036.43 \div 2,739.9 =$	\$691.64
--	----------

THIS IS CONFIDENTIAL EXHIBIT "D" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 22ND DAY OF NOVEMBER, 2019

A handwritten signature in blue ink, appearing to read "Justine Erickson", written over a horizontal line.

A Commissioner for Taking Affidavits

A handwritten signature in blue ink, appearing to read "Justine Erickson", written below the printed name.

Exhibit D

**THIS EXHIBIT IS REDACTED IN ITS ENTIRETY
AND IS SUBJECT TO A REQUEST FOR A SEALING ORDER**

THE SUPERINTENDENT OF FINANCIAL SERVICES

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Applicant

Respondent

Court File No. CV-18-596204-00CL

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

Proceeding commenced at Toronto

**AFFIDAVIT OF MICHAEL DE LELLIS
(sworn November 22, 2019)**

OSLER, HOSKIN & HARCOURT LLP

1 First Canadian Place, P.O. Box 50

Toronto, ON M5X 1B8

Phone: 416-362-2111

Fax: 416-862-6666

Michael De Lellis (LSO# 48038U)

Jeremy Dacks (LSO# 41851R)

**Lawyers for FAAN Mortgage Administrators
Inc., in its capacity as Court-Appointed Trustee**