

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

**FIRST SOURCE MORTGAGE CORPORATION**

**Applicant**

**- and -**

**2267 INDUSTRIAL STREET INVESTMENTS LTD.,**

**FRED WEIDNER and MARLENE JOAN DOTZLAW**

**Respondents**

**SECOND REPORT OF THE RECEIVER AND MANAGER OF  
2267 INDUSTRIAL STREET, BURLINGTON, ONTARIO**

**May 3, 2016**

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## INTRODUCTION

1. By Order of the Ontario Superior Court of Justice (the “**Court**”) dated November 12, 2015 (the “**Appointment Order**”), Collins Barrow Toronto Limited was appointed receiver and manager (the “**Receiver**”), without security, of the lands and premises known as 2267 Industrial Street, Burlington, Ontario (the “**Property**”). The Appointment Order, among other things, authorized the Receiver to market and sell the property and apply for a vesting order or other orders necessary to convey the Property to a purchaser thereof, free and clear of any liens and encumbrances affecting the Property. A copy of the Appointment Order is attached hereto as Appendix “**A**”.
2. By Order of the Court dated February 26, 2016 (the “**Sale Approval and Interim Distribution Order**”), the Court, *inter alia*, approved: (i) the sale of the Property to Bilnia Investments Ltd., in trust for a company to be named; (ii) the payment of real estate commissions on the sale and other expenses in respect of the Property; (iii) a distribution to the first secured lender up to the amount of its secured indebtedness; (iv) the Receiver’s first report to the Court dated February 16, 2016 (the “**First Report**”) and the Receiver’s activities set out therein; and (v) the fees and disbursements of the Receiver and its counsel to the period ended February 12, 2016 and February 15, 2016, respectively. Copies of the Sale Approval and Interim Distribution Order and the Receiver’s First Report, without exhibits, are attached hereto as Appendix “**B**” and Appendix “**C**”, respectively.
3. The sale of the Property closed on March 1, 2016.
4. The Appointment Order together with related Court documents have been posted on the Receiver’s website, which can be found at <http://www.collinsbarrow.com/en/cbn/restructuring-and-recovery-engagements/2267-industrial-street-burlington-ontario>.

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### **Purpose of Second Report**

5. The purpose of this second report of the Receiver (the "**Second Report**") is to:
- (a) report to the Court on the activities of the Receiver since the date of the First Report;
  - (b) seek the Court's approval of the Receiver's conduct and activities to date;
  - (c) provide the Court with the Receiver's statement of cash receipts and disbursements for the period November 12, 2015 to May 3, 2016;
  - (d) seek an order approving the fees and disbursements of: (i) the Receiver to the date hereof, together with the estimated fees and costs to complete the administration of the receivership; (ii) the Receiver's legal counsel, Paliare Roland Rosenberg Rothstein LLP ("**Paliare Roland**") to the date hereof, together with the estimated fees and costs to complete the administration of the receivership; and (iii) the Receiver's real estate counsel, Burstein Greenglass LLP ("**B&G**") to March 11, 2016;
  - (e) seek an Order authorizing and directing the Receiver to distribute to Marlene Joan Dotzlaw ("**Dotzlaw**"), after payment of all costs and professional fees in connection with the administration of the receivership and the Property, the remaining funds in the Receiver's possession;
  - (f) request that the Court discharge the Receiver subject to completion of certain remaining activities described later in this Second Report and the filing of a certificate (the "**Receiver's Certificate**") with the Court by the Receiver in the form attached hereto as Appendix "**D**"; and
  - (g) upon the discharge of the Receiver as provided for above, request that the Court forever release the Receiver from any and all liability that the Receiver now has or may hereafter have by reason of or in any way arising out of matters that were raised, or could have been raised in the within receivership proceeding.

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### Terms of Reference

6. In preparing this Second Report and making the comments herein, the Receiver has relied upon information from third-party sources (collectively, the “**Information**”). Certain of the information contained in this Second Report may refer to, or is based on, the Information. As the Information has been provided by other parties, or obtained from documents filed with the Court in this matter, the Receiver has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.
7. Capitalized terms not otherwise defined in this Second Report are defined in the Appointment Order, the Sale Approval and Interim Distribution Order and the First Report.
8. Unless otherwise stated, all dollar amounts contained in the Second Report are expressed in Canadian dollars.

### BACKGROUND

9. Details regarding the Property, the circumstances leading up to the appointment of the Receiver, appraisals of the property obtained by the Receiver, the Receiver’s marketing activities and offers received in respect of the Property are set out in the First Report (Appendix C).

### Secured Lenders

10. As set out in the First Report, First Source Mortgage Corporation (“**First Source**”) advanced \$450,000 to 2267 in May 2013 pursuant to the First Source Mortgage. The security held by First Source was in priority to the security held by Dotzlaw. Pursuant to

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the Sale Approval and Interim Distribution Order, the Receiver obtained a statement from First Source setting out the total amount owed to it, which totaled \$531,044.57 as at February 29, 2016. The Receiver has paid this amount to First Source in full repayment of 2267's indebtedness to First Source.

11. As further set out in the First Report, Dotzlaw is a secured creditor and lender to 2267. The Receiver understands that Dotzlaw advanced \$150,000, pursuant to the Dotzlaw Mortgage, to 2267 in or about November 2013, with the loan secured by a second mortgage on the Property. As at the date of the First Report, the Receiver had not requested that Dotzlaw provide evidence of her advances to 2267 in respect of the Dotzlaw Mortgage.
12. Since the filing of the First Report, the Receiver obtained evidence of Dotzlaw's advances to 2267 and has received a legal opinion from Paliare Roland (the "**Legal Opinion**") that, subject to the assumptions and qualifications contained in Paliare Roland's opinion letter, the security over the Property granted in favour of Dotzlaw pursuant to her mortgage is valid and enforceable against the Property in accordance with its terms. A copy of the Legal Opinion is attached hereto as Appendix "E".
13. The Receiver is not aware of any liens or charges registered against the Property other than the first and second mortgages described above and an execution filed July 31, 2015 in the amount of \$22,596.90 in favour of Painting Canada Inc. and Braniff Intercity Glass Ltd., as further described in the Legal Opinion.

#### **RECEIVER'S ACTIVITIES TO DATE**

14. A summary of the Receiver's activities since the date of the First Report are set out below:
  - re-attending at the Property on two occasions with roofing professionals to deal with leaks identified by the purchaser of the Property;

- finalizing and signing the First Report and sending same to Paliare Roland for service;
- posting the Receiver's First Report, Factum and Book of Authorities on the Receiver's website pursuant to the e-service protocol;
- reviewing and providing comments to the Receiver's real estate counsel, B&G, on closing documents in respect of the transaction for the sale of the Property;
- executing all required documents and closing the sale of the Property;
- corresponding and discussing with the purchaser of the Property various matters related to the Property, including payment of taxes, utilities, rent payable by tenants and a vehicle abandoned on the Property;
- facilitating payment of all expenses related to the Property and distributing amounts in accordance with the Sale Approval and Interim Distribution Order;
- cancelling the Receiver's insurance coverage over the Property;
- reviewing Paliare Roland's security opinion on the Dotzlaw Mortgage;
- drafting and finalizing the Receiver's Second Report; and
- attending to all other administrative matters with respect to the receivership proceeding, including supervision, meetings, telephone attendances, and written and verbal correspondence to effect the forgoing.

**RECEIVER'S FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS**

15. Attached as Appendix "F" is the Receiver's Final Statement of Receipts and Disbursements ("R&D") for the period November 12, 2015 to May 3, 2016. During this period, receipts were \$786,203 and disbursements were \$149,152, resulting in a net cash balance on hand as at May 3, 2016, after consideration of the \$531,045 payment to First Source, of \$106,006.

**PROFESSIONAL FEES**

16. The Receiver's accounts total \$10,295.00 in fees and \$161.07 in disbursements plus HST of \$1,359.29 for a total amount of \$11,815.36 from February 13, 2015 to May 2, 2016,

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plus an accrual of \$4,237.50 (including HST) for estimated fees to be incurred by the Receiver to complete the administration of the receivership (the “**Receiver’s Accounts**”). A copy of the Receiver’s Accounts, together with a summary of the accounts, the total billable hours charged per account, and the average hourly rate charged per account, is set out in the Affidavit of Arif Dhanani sworn May 3, 2016 that is attached as Appendix “**G**”.

17. The accounts of the Receiver’s counsel, Paliare Roland, total \$10,594.87 inclusive of all fees, disbursements and HST (the “**Paliare Roland Accounts**”) for the period from February 15, 2016 to April 29, 2016. A copy of the Paliare Roland Accounts, together with a summary of the personnel, hours and hourly rates described in the Paliare Roland Accounts, supported by the Affidavit of Sarita Sanasie sworn May 3, 2016 is attached as Appendix “**H**”.
18. The accounts of the Receiver’s real estate counsel, B&G, total \$16,907.70 in fees and disbursements and \$2,180.85 in HST for a total of \$19,088.55 (the “**B&G Accounts**”) for the period ended March 11, 2016. A copy of the B&G Accounts is attached to the Affidavit of Sarita Sanasie at Appendix H.

#### **Estimated Fees and Costs to Complete the Wind-up of the Receivership Administration**

19. The Receiver anticipates that the fees and costs to complete and finalize the receivership administration will be approximately \$6,254.55, inclusive of applicable taxes. A summary of these fees and costs is as follows:



Description	Amount
Receiver's fees and costs to finalize matters and wind-up the receivership, including, among other things, completing and filing the Receiver's final harmonized sales tax ("HST") return, corresponding with Canada Revenue Agency ("CRA") to close the Receiver's HST account, distributing the balance of funds on hand to Dotzlaw and turnover any HST refund cheque received from CRA to Dotzlaw.	\$4,237.50
Paliare Roland's fees to finalize and wind-up the engagement and file the Receiver's Certificate with the Court.	\$2,017.05
<b>Total</b>	<b>\$6,254.55</b>

20. The estimated fees and costs to complete the wind-up of the Receivership will increase if the discharge motion is contested or appealed.
21. As set out below, the Receiver proposes to pay to Dotzlaw the remaining funds in the Receiver's possession, including any HST refund received from CRA, after payment of the Receiver and Paliare Roland's fees and disbursements.

### Remaining Tasks

22. The remaining tasks (the "**Remaining Tasks**") to be completed by the Receiver are set out below:
- (a) prepare and file with CRA the Receiver's final HST return;
  - (b) distribute the funds in the Receiver's possession, as set out in this Second Report; and
  - (c) prepare and file the Receiver's Final Report, pursuant to S.246(3) of the Bankruptcy and Insolvency Act.
23. Once the Receiver has completed the Remaining Tasks the Receiver intends to file with the Court the Receiver's Certificate indicating that the Receiver has completed the Remaining Tasks.

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## FINAL DISTRIBUTION

24. As previously discussed, Paliare Roland has provided its opinion that the security over the Property granted in favour of Dotzlaw pursuant to her mortgage is valid and enforceable against the Property in accordance with the mortgage's terms.
25. Dotzlaw's counsel has provided a mortgage discharge statement as at April 1, 2016 (the "**Dotzlaw Discharge Statement**"), which sets out that Dotzlaw and her counsel are collectively owed a total of \$168,441 as at that date. A copy of the Dotzlaw Discharge Statement is attached hereto as Appendix "I".
26. Following payment of the professional fees, including the Receiver's Accounts and Paliare Roland's Accounts, the Receiver proposes to pay to Dotzlaw the remaining funds in the Receiver's possession.
27. The Receiver will complete the final HST return and submit it to CRA. The Receiver proposes to endorse any HST refund cheque received from CRA to be payable to Dotzlaw. At this time, the Receiver estimates that the potential HST refund will be approximately \$16,000.
28. Based on the Dotzlaw Discharge Statement and the balance currently on hand in the Receiver's bank account of \$106,006 and the estimated HST refund of approximately \$16,000, the Dotzlaw mortgage will not be fully repaid.

## REQUESTS OF THE COURT

29. The Receiver respectfully requests that the Court grant an Order which provides for the following:
  - i) approving the R&D;

- ii) approving the Receiver's conduct and activities since the date of the Receiver's First Report, to date;
- iii) approving the fees and disbursements of: (i) the Receiver to May 2, 2016 and the estimated fees to complete the administration of the receivership; (ii) Paliare Roland to April 29, 2016 and the estimated fees to complete the administration of the receivership; and (iii) B&G to March 11, 2016;
- iv) authorizing and directing the Receiver to distribute to Dotzlaw the funds remaining in the Receiver's possession, including any HST refund received from CRA, after payment of all Professional Fees;
- v) approving the Receiver's discharge upon the Receiver filing the Receiver's Certificate; and
- vi) upon completion of its duties and filing of the Receiver's Certificate, releasing the Receiver from any and all liability that the Receiver now has or may hereafter have by reason of or in any way arising out of matters that were raised, or could have been raised in the within receivership proceeding.

All of which is respectfully submitted to this Court as of this 3<sup>rd</sup> day of May, 2016.

**COLLINS BARROW TORONTO LIMITED**  
In its capacity as Court Appointed Receiver  
of 2267 Industrial Street, Burlington, Ontario  
and not in its personal capacity

Per: 

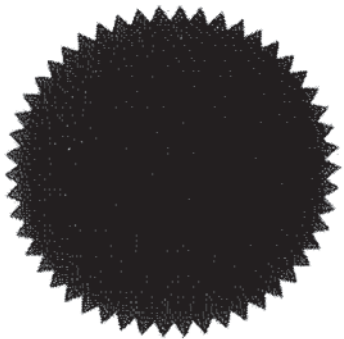
Daniel Weisz, CPA, CA, CIRP, LIT  
Senior Vice-President

# APPENDIX A

ONTARIO  
SUPERIOR COURT OF JUSTICE

THE HONOURABLE ) THURSDAY, THE 12<sup>th</sup> DAY  
JUSTICE SNOWIE ) OF NOVEMBER, 2015.

BETWEEN:



FIRST SOURCE MORTGAGE CORPORATION

Applicant

- and -

2267 INDUSTRIAL STREET INVESTMENTS LTD.,  
FRED WEIDNER and MARLENE JOAN DOTZLAW

Respondents

ORDER

THE WITHIN APPLICATION made by the Applicant for relief pertaining to the Mortgage held by the Applicant over the lands and premises municipally known as 2267 Industrial Street, Burlington, Ontario (the "Mortgaged Premises) and which lands and premises are more particularly described in Schedule "A" to this Order was heard this day at Brampton, Ontario.

ON READING the Affidavit of David Mandel, filed, and on hearing the submissions of counsel for the Applicant:

1. THIS COURT ORDERS that pursuant to Section 101 of the *Courts of Justice Act* and Rule 41 of the *Rules of Civil Procedure*, Collins Barrow

Toronto Limited be and the same is hereby appointed Receiver and Manager without security of the Mortgaged Premises.

2. **THIS COURT ORDERS** that, subject to the terms of this Order and any further Order of the Court:
  - (a) the Receiver may, but shall not be deemed or obligated to, take possession of, exercise control over, operate or manage the Mortgaged Premises or any business or affairs of the owner of the Mortgaged Premises, and
  - (b) the Receiver shall undertake the marketing and sale of the Mortgaged Premises.
  
3. **THIS COURT ORDERS** that in the event the Receiver wishes possession of the Mortgaged Premises, the Respondent 2267 Industrial Street Investments Ltd. shall deliver possession of the Mortgaged Premises to the Receiver and the Receiver is entitled to receive and collect all rental income being generated from the Mortgaged Premises. In that regard, the Receiver shall have and leave is hereby granted for the issuance of a Writ of Possession against the Respondents.
  
4. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to take such action as it deems necessary or desirable in furtherance of the marketing and sale of the Mortgaged Premises and, without in any way limiting the generality of the foregoing, the Receiver may:
  - (a) market the Mortgaged Premises, with or without advertising, and solicit offers in respect of the Mortgaged Premises and negotiate terms and conditions of sale;

- (b) sell, convey, transfer, lease or assign the Mortgaged Premises out of the ordinary course of business with the approval of this Court;
- (c) take physical inventories of any inventory or thing found on the Mortgaged Premises and retain security personnel and place such insurance coverage with respect to the Mortgaged Premises as may be necessary or desirable;
- (d) apply for any Vesting Order or other Orders necessary to convey the Mortgaged Premises to a purchaser thereof, free and clear of any Liens or encumbrances affecting the Mortgaged Premises;
- (e) 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 in powers and duties conferred by this Order;
- (f) execute, assign, issue and endorse documents of whatever nature in respect of the Mortgaged Premises, in the Receiver's name for any purpose pursuant to this Order;
- (g) undertake environmental and such other assessments, reviews and investigation of the Mortgaged Premises and operations as the Receiver deems necessary or advisable;
- (h) report to, meet with and discuss with the Applicant and the advisors of the Applicant as the Receiver deems appropriate on all matters relating to the marketing and sale of the Mortgaged Premises;
- (i) register a copy of this Order and any other Orders in respect of the Mortgaged Premises against title;

(j) take any steps reasonably incidental to the exercise of these powers;

and in each case where the Receiver takes any such actions or steps it shall be exclusively authorized and empowered to do so, to the exclusion of all other persons, including the Parties to this Application and without interference from any other Person.

5. **THIS COURT ORDERS** that the Respondents and any other person acting on the instructions of the Respondents shall grant the Receiver and its designees (including without limitation any prospective purchaser of the Mortgaged Premises, provided that they are in the presences of a representative of the Receiver) immediate and continued access to the Mortgaged Premises for the purposes of the marketing and selling of the Mortgaged Premises.

6. **THIS COURT ORDERS** that no proceeding, enforcement process, or extra judicial proceeding or other tribunal (each a "Proceeding") shall be commenced or continued against the Receiver, except with the written consent of the Receiver or with leave of this Court obtained on Motion brought on at least seven (7) days notice to the Receiver.

7. **THIS COURT ORDERS** that no proceeding against or in respect of the Mortgaged Premises shall be commenced or continued, except with the written consent of the Receiver or with leave of this Court obtained on Motion brought on at least seven (7) days notice to the Receiver and the Applicant and any and all Proceedings currently under way in respect of the Mortgaged Premises are hereby stayed and suspended pending further Order of this Court.

8. **THIS COURT ORDERS** that all funds, monies, cheques, instruments and other forms of payments received or collected by the Receiver ("Receipts") from and after the making of this Order from any source whatsoever, including without limitation a sale of the Mortgaged Premises shall be



deposited into one or more new accounts to be opened by the Receiver and shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

9. **THIS COURT ORDERS** that nothing herein contained shall require or obligate the Receiver to occupy or to take control, care, charge, occupation, possession or management of the Mortgaged Premises which may be environmentally contaminated or 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 legislation, statute, regulation or rule of law or equity 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 the Receiver shall promptly advise the Ontario Ministry of the Environment of any obvious or known environmental condition existing on the Mortgaged Premises in accordance with applicable Environmental Legislation. Specifically, this Court orders that the Receiver may sell the Mortgaged Premises in an "as is" condition. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in possession of any of the property within the meaning of any Environmental Legislation, unless it is actually in possession.

10. **THIS COURT ORDERS** that any expenditure or liability which shall be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the normal rates and charges of the Receiver and its counsel shall be allowed to it in the passing of its accounts and shall form a First Charge on the Mortgaged Premises and in priority to all security interest, trusts, Liens, Charges and encumbrances, statutory or otherwise, in favour of any person.

11. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass their accounts from time to time and for this purpose, the accounts of the Receiver and its legal counsel are referred to a Judge of the Ontario Superior Court of Justice at Brampton.
12. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty, from time to time, to apply reasonable amounts out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by the Court.
13. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, provided further that the liability of the Receiver hereunder, save and except for gross negligence or wilful misconduct (the "Receiver's Liabilities") shall not in event exceed the net realizable value of the Mortgaged Premises. The net realizable value of the Mortgaged Premises shall be the proceeds realized from the disposition of the Mortgaged Premises after the remuneration and disbursements of the Receiver and any and all costs incurred by the Receiver in conjunction with the completion of any sale of the Mortgaged Premises.
14. **THIS COURT ORDERS** that in addition to the protections provided to the Receiver by the terms of this Order, Collins Barrow Toronto Limited shall have all protections afforded to a Trustee by Section 14.06 of the *Bankruptcy and Insolvency Act* and by any other applicable legislation.
15. **THIS COURT ORDERS** that the Receiver, the parties and all interested persons may, from time to time, apply to this Court for advice and directions

in connection with the discharge of the Receiver's powers and duties hereunder.

16. **THIS COURT ORDERS** that the Respondent 2267 Industrial Street Investments Ltd. shall pay the costs of this Application to the Applicant fixed in the sum of \$ 4,915.19 *pl*.

17. **THIS COURT ORDERS** that the balance of the relief requested in the Notice of Application, which is not disposed of by this Order, is adjourned *sine die* to be brought on, on seven days notice.

*pl*

**THIS ORDER** bears interest on the sum of 4,915.19 (costs) at the rate of 2% per annum commencing on the 12<sup>th</sup> day of November, 2015.

*[Handwritten Signature]*

ENTERED  
AT BRAMPTON  
NOV 12 2015  
BOOK No. 73-63  
INITIALS *pl*

SCHEDULE "A"

Legal Description

PIN 07134 – 0007 LT

Lot 6, Plan 652;  
Subject to 526597  
City of Burlington

Address: 2267 Industrial Street  
Burlington, Ontario

**FIRST SOURCE MORTGAGE CORPORATION**  
Applicant

and

**2267 INDUSTRIAL STREET INVESTMENTS LTD. et al**  
Respondents

Court File No. CV-15-4228-00

(Short title of proceeding)

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
Proceeding commenced at Brampton

**ORDER**

**BURSTEIN & GREENGLASS LLP**  
Barristers and Solicitors  
Suite 200  
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Tel: 905-475-1266  
Fax: 905-475-7851

Lawyers for the Applicant

# **APPENDIX B**

Court File No. CV-15-4228-00

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE ) FRIDAY, THE 26<sup>th</sup>  
JUSTICE FRAGOMENI ) DAY OF FEBRUARY, 2016

BETWEEN:



**FIRST SOURCE MORTGAGE CORPORATION**

Applicant

- and -

**2267 INDUSTRIAL STREET INVESTMENTS LTD.,  
FRED WEIDNER and MARLENE JOAN DOTZLAW**

Respondents

**ORDER**

THIS MOTION made by Collins Barrow Toronto Limited in its capacity as the court-appointed receiver (the "Receiver") of the lands and premises municipally known as 2267 Industrial Street, Burlington, Ontario (the "Property"), as more particularly described in Schedule "A" hereto, for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and Bilnia Investments Limited, in trust for a company to be named (the "Purchaser") dated February 3, 2016, and vesting in the Purchaser all of 2267 Industrial Street Investments Ltd. (the "Debtor")'s right, title and interest in and to the Property, was heard this day at Brampton, Ontario.

ON READING the first report of the Receiver dated February 16, 2016 (the "**First Report**"), which attaches thereto the Sale Agreement, and on hearing the submissions of counsel for the Receiver and any other stakeholder attending;

1. THIS COURT ORDERS AND DECLARES that the service of the Notice of Motion and Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved and the execution by the Receiver of the Sale Agreement and the listing agreement with DTZ Canada Inc. ("**DTZ**") made December 7, 2015 (the "**Listing Agreement**") is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Property to the Purchaser.
3. THIS COURT ORDERS AND DECLARES that the First Report, and the activities of the Receiver set out therein, are hereby approved.
4. THIS COURT ORDERS AND DECLARES that the Receiver's Statement of Receipts and Disbursements in respect of the Property, as set out in the First Report, is hereby approved.
5. THIS COURT ORDERS AND DECLARES that the fees and disbursements of the Receiver and its counsel to the period ended February 12, 2016 and February 15, 2016, respectively, as set out in the fee affidavits attached to the First Report (the "**Fee Affidavits**"), be and are hereby approved.
6. THIS COURT ORDERS that upon the registration in the Land Registry Office of a Transfer/Deed in the form prescribed by the *Land Titles Act* duly authorized by the Receiver in favour of the Purchaser or such person or persons as the Purchaser may direct and with such Transfer/Deed being in furtherance of the Sale Agreement for which court approval is hereby granted (the "**Closing**"), such Transfer/Deed shall vest



title of the Property in the transferee identified in the Transfer/Deed free and clear of all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Order of the Honourable Justice Snowie dated November 12, 2015;
- (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system;
- (c) any execution creditor;
- (d) those Claims listed on Schedule "B" hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule "C")

and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Property are hereby expunged and discharged as against the Property.

7. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Property shall stand in the place and stead of the Property, and that from and after the Closing, all Claims and Encumbrances shall attach to the net proceeds from the sale of the Property with the same priority as they had with respect to the Property immediately prior to the sale, as if the Property had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

8. THIS COURT ORDERS AND DECLARES that the Receiver is authorized and directed to pay from the proceeds of sale of the Property the following:

- (a) to DTZ, the real estate commissions contemplated in the Listing Agreement;
- (b) any and all arrears of taxes, water or other utilities as may be owing in connection with the Property to the date of Closing;
- (c) the fees of the Receiver and counsel described in the Fee Affidavits; and
- (d) to First Source Mortgage Corporation ("**First Source**"), an amount up to the amount of the secured indebtedness owed to First Source after payment of the items set forth in sub-paragraphs (a) to (c) above;

9. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor,

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

10. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

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

12. THIS COURT ORDERS that Appendices "E", "G", and "H" to the First Report be and are hereby sealed and treated as confidential pending the Closing or further order of the Court.

13. THIS COURT ORDERS that a copy of the within Order may be registered against title to the Property.

ENTERED  
AT BRAMPTON  
FEB 26 2016  
BOOK NO. 73-53  
INITIALS

1728871v2

**SCHEDULE "A"**

Lot 6, Plan 652, being Parts 1 and 2 of Reference Plan 20R-19726, subject to an easement as set forth in Instrument No.526597.

**Schedule B – Claims to be deleted and expunged from title to Property**

<b>Instrument Type</b>	<b>Amount</b>	<b>Parties From</b>	<b>Parties To</b>
Charge	\$450,000	2267 Industrial Street Investments Ltd.	First Source Mortgage Corporation
No Assign Rent Gen – HR1100234		2267 Industrial Street Investments Ltd.	First Source Mortgage Corporation
Charge	\$150,000	2267 Industrial Street Investments Ltd.	Dotzlaw, Marlene Joan
Postponement to HR1100234		Dotzlaw, Marlene Joan	First Source Mortgage Corporation

**Schedule C – Permitted Encumbrances, Easements and Restrictive  
Covenants related to the Property**

Instrument No. 119980	Jan. 25, 1961	By-Law
Instrument No. 485650	Aug. 15, 1978	Municipal Agreement
Instrument No. 526597	July 21, 1980	Transfer of Easement
Instrument No. 20R19726	Nov. 8, 2013	Reference Plan
Instrument No. HR1145919	Nov. 8, 2013	Application to convert lands to Land Titles Absolute
Instrument No. HR1329779	Jan. 15, 2016	Registration of Court Order appointing Collins Barrow as Receiver

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FIRST SOURCE MORTGAGE  
CORPORATION

vs.

2267 INDUSTRIAL STREET INVESTMENTS  
LTD., et al.

Court File No. CV-15-4228-00

Applicant

Respondents

ONTARIO  
SUPERIOR COURT OF JUSTICE  
Proceedings commenced at  
BRAMPTON

**APPROVAL AND VESTING ORDER**

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

Jeff Larry (LSUC No. 44608D)  
Tel: (416) 646-4330  
Fax: (416) 646-4301  
Email: [jeff.larry@paliaeroland.com](mailto:jeff.larry@paliaeroland.com)

Lawyers for Collins Barrow Toronto Limite  
in its capacity as Receiver of the property  
2267 Industrial Street, Burlington, Ontario

# APPENDIX C



Court File No. CV-15-4228-00

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

**FIRST SOURCE MORTGAGE CORPORATION**

**Applicant**

**- and -**

**2267 INDUSTRIAL STREET INVESTMENTS LTD.,  
FRED WEIDNER and MARLENE JOAN DOTZLAW**

**Respondents**

**FIRST REPORT OF THE RECEIVER AND MANAGER OF  
2267 INDUSTRIAL STREET, BURLINGTON, ONTARIO**

**February 16, 2016**

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**INTRODUCTION**

1. By Order of the Ontario Superior Court of Justice (the “**Court**”) dated November 12, 2015 (the “**Appointment Order**”), Collins Barrow Toronto Limited (“**CBTL**”) was appointed receiver and manager (the “**Receiver**”), without security, of the lands and premises known as 2267 Industrial Street, Burlington, Ontario (the “**Property**”). A copy of the Appointment Order is attached hereto as Appendix “**A**”.
  
2. The Appointment Order (i) authorized, but did not obligate or deem the Receiver to take possession of, exercise control over, operate or manage the Property or any business or affairs of the owner of the Property and (ii) required the Receiver to undertake the marketing and sale of the Property.
  
3. In addition, the Receiver was expressly empowered and authorized to, among other things:
  - (a) market the Property, with or without advertising, and solicit offers in respect of the Property and negotiate terms and conditions of sale;
  - (b) sell, convey, transfer, lease or assign the Property out of the ordinary course of business with the approval of the Court;
  - (c) apply for any vesting order or other Orders necessary to convey the Property to a purchaser thereof, free and clear of any liens or encumbrances affecting the Property;
  - (d) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise in powers and duties conferred by the Appointment Order; and
  - (e) register a copy of the Appointment Order and any other Orders in respect of the Property against title.
  
4. The Appointment Order together with related Court documents have been posted on the Receiver’s website, which can be found at

<http://www.collinsbarrow.com/en/cbn/restructuring-and-recovery-engagements/2267-industrial-street-burlington-ontario>.

**Purpose of First Report**

5. The purpose of this first report of the Receiver (the “**First Report**”) is to:
- (a) provide the Court with background information on the Property, the appointment of the Receiver and the mortgages registered against the Property;
  - (b) inform the Court of information requested by the Receiver, from the principal of 2267 Industrial Street Investments Ltd. (“**2267**”), Fred Weidner (“**Weidner**”), one of the Respondents in this action, which information requests have not been responded to;
  - (c) report to the Court on the activities of the Receiver since the date of its appointment to February 12, 2016;
  - (d) provide to the Court details of the Receiver’s marketing activities leading to the receipt of offers for the Property;
  - (e) provide to the Court details of the two appraisals of the Property obtained by the Receiver;
  - (f) seek an order authorizing and directing the Receiver to enter into and carry out the terms of the agreement of purchase and sale in connection with the sale of the Property between the Receiver and Bilnia Investments Ltd., in trust for a company to be named (“**Bilnia**” or the “**Purchaser**”), dated February 3, 2016 together with amendments thereto (the “**APS**”), together with any further amendments thereto deemed necessary by the Receiver in its sole opinion, and vesting title to the Property in the Purchaser, or as it may further direct in writing, upon the closing of the purchase and sale transaction contemplated in the APS (the “**Closing**”);
  - (g) seek an Order approving the entering by the Receiver into the listing agreement with DTZ Canada Inc. (“**DTZ**”) in connection with the sale of the Property and the payment to DTZ of commissions contemplated in the listing agreement;

- (h) seek an order sealing Appendices E, G and H to the First Report;
- (i) provide the Court with a summary of the Receiver’s cash receipts and disbursements for the period November 12, 2015 to February 12, 2016;
- (j) seek an Order authorizing and directing the Receiver to distribute to First Source Mortgage Corporation (“**First Source**”), after payment of all costs and professional fees in connection with the administration of the receivership, the Property and its sale, an amount equal to, but not exceeding, 2267’s indebtedness to First Source (the “**2267 Indebtedness**”);
- (k) seek the Court’s approval of the Receiver’s conduct and activities to February 12, 2016; and
- (l) seek an order approving the fees and disbursements of the Receiver and of the Receiver’s legal counsel, Paliare Roland Rosenberg Rothstein LLP (“**Paliare Roland**”) to February 15, 2016.

**Terms of Reference**

- 6. In preparing this First Report and making the comments herein, the Receiver has relied upon information from third-party sources (collectively, the “**Information**”). Certain of the information contained in this First Report may refer to, or is based on, the Information. As the Information has been provided by other parties, or obtained from documents filed with the Court in this matter, the Receiver has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.
- 7. Unless otherwise stated, all dollar amounts contained in the First Report are expressed in Canadian dollars.

**BACKGROUND AND APPOINTMENT OF RECEIVER**

- 8. The Property is an industrial complex comprising approximately 13,000 square feet. The Property consists of 10 rentable units of which 6 are currently being rented.
- 9. 2267 purchased the Property in May 2013 for a purchase price of \$700,000.
- 10. On the date that 2267 acquired title to the Property, First Source registered a mortgage against the Property in the amount of \$450,000 (the **"First Source Mortgage"**), which mortgage came due on June 1, 2015. In addition, 2267 granted further security in favour of First Source by way of a general assignment of rents. On May 15, 2013, First Source registered against the Property both the First Source Mortgage and the general assignment of rents.
- 11. On November 2013, a second mortgage in the amount of \$150,000 was registered against the Property (the **"Dotzlaw Mortgage"**) by Marlene Joan Dotzlaw (**"Dotzlaw"**).
- 12. Following the expiry of the First Source Mortgage, on July 7, 2015, First Source's solicitor wrote to 2267 demanding payment of the First Source Mortgage and included Notices of Intention to Enforce Security pursuant to the *Bankruptcy and Insolvency Act* (the **"BIA"**) as well as the *Farm Debt Mediation Act*.
- 13. On July 29, 2015, First Source issued a Notice of Sale Under Mortgage.
- 14. On November 12, 2015, First Source made an application for the appointment of a receiver/manager in respect of the Property. As set out previously herein, on that day, the Court made an Order appointing the Receiver.

**Secured Lenders**

- 15. As set out above, First Source advanced \$450,000 to 2267 in May 2013 pursuant to the First Source Mortgage. As at November 13, 2015, First Source was owed \$466,402 in respect of its advances to 2267. As at February 11, 2016, First Source was owed

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\$529,158. First Source's statement of account as at February 11, 2016 is attached hereto as Appendix "B".

16. Dotzlaw is a secured creditor and lender to 2267. The Receiver understands that Dotzlaw advanced \$150,000, pursuant to the Dotzlaw Mortgage, to 2267 in or about November 2013, with the loan secured by a second mortgage on the Property (the "**Dotzlaw Mortgage**").
17. The security held by First Source is in priority to the security held by Dotzlaw.
18. The Receiver has received a legal opinion from Paliare Roland (the "**Legal Opinion**") that, subject to the assumptions and qualifications contained in Paliare Roland's opinion letter, the security over the Property granted in favour of First Source pursuant to its mortgage is valid and enforceable against the Property in accordance with its terms. A copy of the Legal Opinion is attached hereto as Appendix "C".
19. As of the date of this First Report, and pending the sale of the Property, the Receiver has not requested that Dotzlaw provide evidence of her advances to 2267 in respect of the Dotzlaw Mortgage.
20. The Receiver is not aware of any liens or charges registered against the Property other than the first and second mortgages described above.

#### RECEIVER'S INFORMATION REQUESTS

21. On November 12, 2015, the Receiver emailed Weidner to advise of its appointment and to request information in respect of the Property. On November 17, 2015, the Receiver wrote to Weidner to follow up on its email of November 12, 2015 and again requested the information it was seeking. On December 2, 2015, Paliare Roland wrote to Weidner to request that he provide the Receiver with the information the Receiver was seeking. Copies of the Receiver's email and letter and Paliare Roland's letter are attached hereto

collectively as Appendix "D". Weidner has not responded to any of the Receiver's or its counsel's requests for information.

**RECEIVER'S ACTIVITIES TO DATE**

22. A summary of the Receiver's activities since its appointment, in accordance with the Appointment Order, as well as certain other matters relevant to the receivership administration, are set out below:

- drafting and sending correspondence to Weidner requesting certain information in respect of the Property;
- attending at the Property initially to review/assess status of same and notify tenants of the receivership proceeding;
- opening a trust account in respect of the receivership administration;
- setting up the Receiver's webpage in respect of these receivership proceedings and posting relevant documents thereon;
- contacting utility providers and property tax authorities to notify them of the Receiver's appointment and to change accounts into the Receiver's name;
- contacting 2267's insurance broker and arranging for continued insurance coverage over the Property under the existing insurance policy, which expires on May 15, 2016, and for the Receiver to be added as an additional named insured;
- arranging for snow removal services at the Property;
- arranging for two appraisals of the Property, including attending at the Property with appraisers to view same;
- drafting and sending out to known creditors the Notice and Statement of Receiver, pursuant to S. 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*;
- contacting and corresponding with tenants to obtain copies of most recently cancelled cheques to substantiate rent payment amounts, including re-attending at the Property to discuss matters with tenants and obtain rent cheques;



- 
- engaging DTZ as real estate agent for the purposes of marketing the Property for sale and facilitating tours of the Property for prospective purchasers, including setting a date for purchasers to submit bids on the Property;
  - finalizing and executing a listing agreement and related schedules thereto with DTZ;
  - finalizing a confidentiality agreement to be executed by potential purchasers prior to receiving certain reports and information from the Receiver and sending same to DTZ to facilitate execution thereof by potential purchasers;
  - reviewing offers submitted by potential purchasers, drafting offer summary and reviewing the offers received with First Source;
  - contacting Bilnia to advise that the Receiver accepted Bilnia's offer;
  - preparing an agreement of purchase and sale and sending same to Bilnia for execution;
  - attending at the Property on February 10, 2016 with Pronto General Contracting to identify and assess roof leaks reported by DTZ;
  - attending at the Property on February 11, 2016 with Anax Roofing to have roof leaks attended to;
  - drafting and finalizing the Receiver's First Report; and
  - attending to all other administrative matters with respect to the receivership proceeding, including supervision, meetings, telephone attendances, and written and verbal correspondence to effect the forgoing.

**APRAISALS OF THE PROPERTY**

23. The Receiver obtained two appraisal reports of the Property ("**Appraisals**"). The first appraisal report was prepared by Ridley & Associates Appraisal Services Limited. The second appraisal report was prepared by S. Katchen Appraisals.
24. Summaries of the appraised values of the Property, together with copies of the Appraisals, are attached hereto as Appendix "E".

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**RECEIVER'S MARKETING ACTIVITIES AND OFFERS RECEIVED**

- 25. In or about mid-November 2015, the Receiver contacted DTZ to advise of its appointment and commenced discussions with DTZ to retain DTZ to list and market the Property for sale. The Receiver contacted DTZ as DTZ was the party that 2267 had engaged to sell the Property prior to the Receiver's appointment. DTZ was familiar with the Property, its tenants and other details to which the Receiver was not apprised due to Weidner's failure to respond to the Receiver's information requests.
  
- 26. On December 7, 2015, the Receiver executed a listing agreement with DTZ in respect of the Property, which authorized DTZ to list the Property for \$1.2 million (the "**Listing Agreement**"). The Listing Agreement also provided that DTZ would be entitled to a commission of 5% of the selling price, payable on closing. A copy of the Listing Agreement is attached hereto as Appendix "**F**". The Receiver, in consultation with DTZ, agreed to set a bid deadline for offers on the Property of January 28, 2016 (the "**Bid Deadline Date**").
  
- 27. DTZ facilitated site visits of the Property for several parties and a number of offers were made by prospective purchasers in advance of the Bid Deadline Date. All offers received prior to the Bid Deadline Date were significantly lower than the appraised values for the Property obtained by the Receiver and one offer included numerous terms and conditions that were unacceptable to the Receiver.
  
- 28. On January 28, 2016, six (6) offers were received. A summary of the offers received is attached hereto as Appendix "**G**".
  
- 29. After reviewing the six offers, the Receiver determined that the offer from Bilnia was the highest and best offer.

- 
- 30. The Receiver subsequently reviewed all the offers received with First Source. First Source advised the Receiver that it was supportive of the Receiver's decision to pursue the offer received from Bilnia.
  
  - 31. On January 29, 2016, the Receiver contacted Bilnia to advise that its offer had been accepted and that the Receiver would send to Bilnia early the following week an agreement of purchase and sale (the "APS") for Bilnia's execution. After making certain changes to the APS that were satisfactory to the Receiver, on February 3, 2016 the Receiver received from Bilnia the executed APS. Closing of the sale is scheduled for the second business day following the date on which the Approval and Vesting Order is obtained or such earlier or later date as agreed to by the parties. A copy of the APS is attached hereto as Appendix "H".
  
  - 32. On February 5, 2016, the Receiver received the deposit required under the APS from Bilnia.
  
  - 33. The Receiver has retained Burstein & Greenglass LLP, the Applicant's counsel in this matter, as Receiver's real estate counsel to complete the sale of the Property to Bilnia.
  
  - 34. The Receiver is requesting that the Court seal, until the Closing, the Appendices to this report containing the Appraisals (Appendix E), the summary of offers (Appendix G) and the APS (Appendix H) since the public disclosure of the information contained therein could have a detrimental effect on the ability of the Receiver to complete a sale of the Property to Bilnia, or to another party in the event the sale to Bilnia does not close.

**ROOF LEAK AT THE PROPERTY**

- 35. Bilnia toured the property with DTZ on February 8, 2016 and noted that there was water leakage from the roof into unit 10 of the Property, which is a vacant unit. DTZ and Bilnia both apprised the Receiver of the leak.

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36. On February 10, 2016, the Receiver attended at the Property with Pronto General Contracting (“Pronto”) to assess the cause of the leak and to possibly address it on the same day. Pronto advised that there were a number of visible holes in the roof that were the cause of the leak; however, as a result of the cold temperatures, ice had built up on the roof and it was impossible to patch the holes without chipping the ice away. Pronto further advised that any attempt to chip the ice away with hammers or other tools would likely result in further damage to the roof. Pronto suggested that the Receiver wait until the temperature rose to a point where the ice on the roof of the Property would commence melting and then the appropriate procedures could be undertaken to patch the various holes.
  37. On February 11, 2016, the Receiver again attended at the Property with Anax Roofing (“Anax”) to obtain a second opinion on whether there was some way that the holes in the roof could be patched immediately. Anax advised that the ice build-up on the roof was so significant, that nothing could be done until temperatures rose and at least a portion of the ice had melted. As temperatures are forecast to rise during the week of February 15, 2016, the Receiver contacted Anax and is scheduled to attend again at the Property with Anax on February 16, 2016 to have the holes in the roof patched, if possible.
  38. On the basis that melting of the ice on the roof would result in further leakage into the Property, the Receiver purchased several large water resistant totes to capture as much further water leakage as possible.

**RECEIVER’S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS**

39. Attached as Appendix “I” is the Receiver’s Interim Statement of Receipts and Disbursements (“R&D”) for the period November 12, 2015 to February 12, 2016. During this period, receipts were \$23,927 and disbursements were \$12,900, resulting in a net cash balance of \$11,027.

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- 40. The R&D does not include the deposit paid by Bilnia in respect of its offer, nor does it include costs of the totes purchased to address the leak in the Property's roof.

**INTERIM DISTRIBUTION**

- 41. As previously discussed, Paliare Roland has provided its opinion that the security over the Property granted in favour of First Source pursuant to its mortgage is valid and enforceable against the Property in accordance with the mortgage's terms.
- 42. On the closing of the APS, the Receiver will receive the proceeds from the sale of the Property. From the proceeds of sale, the Receiver proposes to pay the following expenses (the "Expenses"):
  - i) all costs and fees of the receivership administration to the date of closing, including property tax arrears for 2015 totaling approximately \$6,000 and a 2016 installment payment that is due on February 22, 2016 totaling \$5,843;
  - ii) amounts to the municipal water supplier for unpaid arrears and to utilities suppliers for amounts owed for the period November 12, 2015 to the date of closing totaling approximately \$512; and
  - iii) the commission payable to DTZ.

The sales proceeds, less the Expenses, are referred to herein as the "Net Sales Proceeds".

- 43. Following payment of the Expenses, including the Receiver's Accounts and Paliare Roland Accounts (as described and defined below), the Receiver proposes to pay to First Source an amount not exceeding 2267's indebtedness to First Source, which as at February 11, 2016 was approximately \$529,158.
- 44. After the full repayment of the First Source indebtedness, the Receiver will request from Dotzlaw evidence to support the amount that is secured by the Dotzlaw Mortgage.

- 45. After consideration of the documentation provided by Dotzlaw, the Receiver will, if necessary, seek the Court's advice and directions regarding the disposition of the remaining funds in the Receiver's possession.

**Statutory Notices**

- 46. Attached hereto as Appendix "J" is the Notice and Statement of Receiver prepared pursuant to Sections 245(1) and 246(1) of the Bankruptcy and Insolvency Act.

**PROFESSIONAL FEES**

- 47. The Receiver's accounts total \$37,767.00 in fees and \$1,258.49 in disbursements plus HST of \$5,073.31 for a total amount of \$44,098.80 from November 12, 2015 to February 12, 2016 (the "**Receiver's Accounts**"). A copy of the Receiver's Accounts, together with a summary of the accounts, the total billable hours charged per account, and the average hourly rate charged per account, is set out in the Affidavit of Arif Dhanani sworn February 16, 2016 that is attached as Appendix "K".
- 48. The accounts of the Receiver's counsel, Paliare Roland, total \$12,094.33 in fees and disbursements and \$1,572.33 in HST for a total of \$13,666.66 (the "**Paliare Roland Accounts**") for the period ended February 15, 2016. A copy of the Paliare Roland Accounts, together with a summary of the personnel, hours and hourly rates described in the Paliare Roland Accounts, supported by the Affidavit of Lindsay Scott sworn February 16, 2016 is attached as Appendix "L".

**REQUESTS OF THE COURT**

- 49. The Receiver respectfully requests that the Court grant an Order which provides for the following:
  - i) authorizing and directing the Receiver to enter into and carry out the terms of the APS between the Receiver and Bilnia dated February 3, 2016 together with amendments thereto, together with any further amendments

thereto deemed necessary by the Receiver in its sole opinion, and vesting title to the Property in Bilnia, or as it may further direct in writing, upon Closing;

- ii) approving the entering into by the Receiver of the listing agreement with DTZ in connection with the sale of the Property and approving payment of the commission to DTZ referred to therein;
- iii) sealing Confidential Appendices E, G and H to the First Report;
- iv) approving the R&D;
- v) authorizing and directing the Receiver to make an interim distribution to First Source from the Net Sale Proceeds of the Property up to the amount of the secured indebtedness owed to First Source;
- vi) approving the Receiver's conduct and activities since the date of the Receiver's appointment to February 12, 2016; and
- vii) approving the fees and disbursements of the Receiver to February 12, 2016 and Paliare Roland to February 15, 2016.

All of which is respectfully submitted to this Court as of this 16<sup>th</sup> day of February, 2016.

**COLLINS BARROW TORONTO LIMITED**

In its capacity as Court Appointed Receiver  
of 2267 Industrial Street, Burlington, Ontario  
and not in its personal capacity



Per: Daniel Weisz, CPA, CA, CIRP, LIT  
Senior Vice President

# APPENDIX D



Schedule 1 – Form of Receiver’s Certificate

Court File No. CV-15-4228-00

**ONTARIO**

**SUPERIOR COURT OF JUSTICE**

THE HONOURABLE	)	DAY, THE
	)	
JUSTICE	)	DAY OF MAY, 2016

BETWEEN:

**FIRST SOURCE MORTGAGE CORPORATION**

Applicant

- and -

**2267 INDUSTRIAL STREET INVESTMENTS LTD.,  
FRED WEIDNER and MARLENE JOAN DOTZLAW**

Respondents

**RECEIVER’S DICHARGE CERTIFICATE**

RECITALS

A. By Order of the Ontario Superior Court of Justice dated November 12, 2015 (the “Receivership Order”), Collins Barrow Toronto Limited was appointed receiver and manager (the “Receiver”) of the Property.

B. Pursuant to an Order of the Court dated May 9, 2016 (the “Discharge Order”), the Court provided for the discharge of the Receiver upon certification that it has made the payments approved by the Discharge Order (the “Report”).

THE RECEIVER CERTIFIES it has made all payments approved by the Discharge Order.

**COLLINS BARROW TORONTO LIMITED,  
in its capacity as Receiver Of 2267  
Industrial Street, Burlington, Ontario, and  
not in its personal capacity**

Per: \_\_\_\_\_

Name:

Title: