



SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

ENDORSEMENT

COURT FILE NO.: CV-24-00730137-00CL DATE: December 03, 2024

NO. ON LIST: 4

TITLE OF PROCEEDING: FIRST SOURCE FINANCIAL MANAGEMENT INC. v. CRAIG DEVELOPMENTS INC.

BEFORE: JUSTICE PENNY

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Sara Mosadeq	Lawyers for the Applicant, First Source Financial Management Inc.	sara@rarlitigation.com
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For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Barry Rotenberg	Lawyer for the Respondent, Craig Developments Inc.	brotenberg@chaitons.com

For Other:

Name of Person Appearing	Name of Party	Contact Info
Bryan Tannenbaum	Proposed Receiver, TDB Restructuring Limited	btannenbaum@tdbadvisory.ca
Cody Koblinsky	Construction Lien Claimant, Archibald Builders Group Inc.	cody.koblinsky@dlapiper.com
Judi Paré	Guarantor on the 1st Mortgage	judi@plentitudeinc.com
Ciara Donnelly	Mortgage holder for second Mortgage, 1001015209 Ontario	1001015209.ontario@gmail.com
Kristopher Kinsinger	Lawyer for 1001015209 Ontario	kkinsinger@svlaw.ca

Jeff Berger	Proposed Receiver Craig Developments Inc.	jberger@tdbadvisory.ca
Joe Coria	1st MTG Guarantor	joseph.e.coria@gmail.com

ENDORSEMENT OF JUSTICE PENNY:

[1] First Source Financial Management Inc. seeks the appointment of TDB Restructuring Limited as Receiver over the property of Craig Developments Inc.

[2] The property of the Debtor is a real estate development project in Huntsville, Ontario. It was to consist of 16 townhouses and five three-story apartment buildings. Construction on the project has stalled, leaving the townhouse units partially complete. Construction has not commenced on the five three-story apartment buildings.

[3] The applicant made two loans to the Debtor: the servicing loan and the construction loan. As of September 27, 2024, the total amount owing was about \$6.3 million. The loans were originally to mature on December 1, 2023. They were extended twice. The final maturity date was September 8, 2024. The loans matured and were not repaid. The Debtor has been unable to refinance. All interest payments ceased in September 2024.

[4] The loans were secured by a general security agreement, a general assignment of rents and a first ranking charge on title to the real property. There are also a number guarantees by individuals and other corporations. The Property is subject to a second charge registered in favour of a numbered company in the amount of \$2 million. There are third charges in favour of CMHC in the amounts of \$159,200 and \$161,800. There is also a construction lien registered by the builder, Archibald Builders Group, in the amount of \$403,651.

[5] Demand was issued by the applicant on September 27, 2024.

[6] Under the applicant's loan documentation, it is entitled to the appointment of a receiver on default. A default has clearly been approved. The applicant has commenced these proceedings to protect its security and to preserve and maximize the value of the Property for all stakeholders.

[7] TDB is a licensed insolvency trustee and has consented to be appointed as Receiver.

[8] There is no opposition to the relief sought on this application.

[9] In the circumstances, I am satisfied that it is just or convenient to appoint TDB as Receiver. There is no dispute that the loans have matured and that the Debtor is in default. The Debtor agreed that in the event of a default the lender may seek the appointment of a Receiver. As noted, the Debtor does not oppose the appointment. The real property remains in a vulnerable position due to the uncompleted state of the 16 unit townhouse complex. The townhouses need to be protected in order to preserve as much value as possible. There are numerous stakeholders. The Debtor is unable to continue with the project due to lack of funds. The applicant has lost all confidence in the Debtor's ability to continue managing the project.

[10] The application to appoint TDB as Receiver is granted.

[11] Order to issue in the form signed by me this day.



Penny J.