

CITATION: Hillmount Capital MHI v. Onassa Corporation
COURT FILE NO.: CV-26-104135
DATE: 2026 06 09

**ONTARIO SUPERIOR COURT OF JUSTICE,
EAST REGION COMMERCIAL LIST**

RE: HILLMOUNT CAPITAL MORTGAGE HOLDINGS INC., Applicant

AND:

ONASSA CORPORATION, Respondent

BEFORE: C. MacLeod RSJ

COUNSEL: D.J Miller and Shurabi Srikaruna, for the Applicant
Matilda Lici, for the Respondent
Chad Kopach, for BDC

HEARD: June 9, 2026

IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended, and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended

ENDORSEMENT

[1] This is a contested Application for a Receivership. The Respondent is the owner of 26 vacant and serviced estate lots of one acre in an approved residential subdivision adjacent to a golf course in the City of Ottawa. These are the residual lots in an original larger subdivision.

[2] The Applicant holds security over each of the lots in the form of first and second mortgages securing total indebtedness of more than \$8.5 million. \$6 million of that is owing under the loan secured by the first mortgages. Besides other acts of default alleged by the Applicant, the debt matured (after two extensions) in February of this year and remains unpaid. In fact there have been no payments of interest or principal since February and there are also significant outstanding property taxes that are accruing.

[3] Under the mortgages, the Applicant has the right to put in a private receiver as well as its other mortgage remedies. Rather than exercising private remedies against each individual lot, the Applicant seeks a court ordered Receiver.

[4] The Respondent has been making efforts to raise funds. It has entered into an Agreement of Purchase and sale for three of the lots (for prices lower than the appraised values) but that APS has not yet closed. It has also produced evidence of financing commitments from two different lenders. Neither of these are unconditional or binding. The second one which was only served recently, is challenged by the Applicant both as to its validity and as to whether the evidence should be admitted without the opportunity for the Applicant to cross examine or make additional

inquiries. In any event, the funding commitments may not be sufficient to retire all of the debt owing on both of the mortgages.

[5] The Applicant is also indebted to Business Development Bank of Canada (BDC) which holds PPSA security. BDC does not oppose the appointment of a Receiver.

[6] The factors to be considered have been enunciated extensively in the jurisprudence. A good example is *Kingsett Mortgage Corp. v. Mapleview Developments Ltd.*, et al., 2024 ONSC 1983 (CanLII).

[7] The appointment of a court appointed Receiver is always discretionary. In the past the court has declined to appoint a Receiver where less expensive or complex remedies appear available, where there is strong evidence that the Respondent can raise alternative financing or where the appointment of a Receiver might be prejudicial. Additional factors are whether there is any business to be operated, any employees or whether there is a wasting asset. The Respondent refers to *CMLS Financial Ltd. v. Ashcroft Development Inc. et al.*, 2026 ONSC 1824 (CanLII) and *2607087 Ontario Limited v. 2654993 Ontario Ltd. et al.*, 2024 ONSC 4595 (CanLII) amongst other authorities. Each of these are fact specific and readily distinguishable.

[8] In this case, the evidence does not persuade me that further delay is justified in the absence of a firm alternative that would be sufficient to retire the indebtedness. While there are appraisals that suggest the value of the land is sufficient to secure all debts, the only recent APS (which has not yet closed) is not reassuring. Given the uncertainties in the real estate market and the fact the Respondent has registered third mortgages without the approval of the Applicant, I am of the view that a Receiver is just and convenient and is the best way to bring stability to an otherwise chaotic and deteriorating situation.

[9] An order may issue in the form of the proposed draft (modelled on the Toronto Commercial List draft order) and I will sign it upon being provided with a clean copy.

[10] As enforcement costs can be added to the debt under loan agreements, I will not make a costs order at this time.

Justice C. MacLeod

Date: June 9, 2026