

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

CAMERON STEPHENS MORTGAGE CAPITAL LTD.

Applicant

and

**ZONIX HOMES INC., ZONIX DUDLEY INC., DENIX CORPORATION,
PEJVAK GROUP LTD., DEZ BUILDING INC., LIFELONG SUPPORT
CORPORATION, PARADISE CO. INC., ELEVO CONSULTING
GROUP INC., DIBA PREMIER GROUP INC., HANNAH PREMIER
GROUP INC., PRO VOLO INC., FARNA CORPORATION and
BEVERNIK LTD.**

Respondents

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

AIDE MEMORANDUM OF THE RESPONDENTS

TEPLITSKY LLP

Barristers

70 Bond Street

Suite 200

Toronto ON M5B 1X3

Jonathan Kulathungam (42049N)

jkulathungam@teplitskyllp.com

Tel : (416) 365-9320

Fax: (416) 365-0695

Lawyers for the Respondents

1. Cameron Stephens Mortgage Capital Ltd. (“**Cameron Stephens**”) holds a second mortgage and seeks an order appointing TD Restructuring Limited as a Receiver of the property of the Respondents. The real property is currently vacant lands and lands holding residential homes in Markham, Ontario. It is intended for development.
2. The Respondents, Zonix Homes Inc. and Zonix Dudley Inc. (collectively referred to as “**Zonix**”), planned to develop a large residential condominium building with more than 1,000 residential units (the “**Project**”). Zonix spent several years pursuing the Project including retaining of planners, architects, engineers, environmental and transportation consultants. Unfortunately, the market conditions changed.
3. Initially, Cameron Stephens held the first mortgage but, as part of the refinancing, Vector Financial Services Limited paid approximately 85% of the amounts owing (i.e. \$21,300,000.00) leaving a residual of approximately \$4 million dollars which was registered as a second mortgage in favour of Cameron Stephens.
4. After nearly a year of marketing the Property, Zonix entered into and executed an agreement of purchase and sale on or about April 27, 2026 (“**APS**”).
5. The APS has two conditions:
 - (a) A due diligence condition which was initially June 19, 2026 but then extended to August 19, 2026 (“**Due Diligence Condition**”). **The Due Diligence Condition has been waived.**

- (b) A financing condition to run 30 days after waiver of the due diligence condition (“**Financing Condition**”). The Financing Condition Date expired on September 19, 2026.
6. On September 18, 2026, at the request of the Purchaser under the sale agreement, a further amendment was entered into by the Respondents that extended the financing condition date until October 8, 2026 with an additional deposit of \$100,000.00 and an increase in the purchase price of \$600,000.00 together with a condition that the letter of support from the City of Markham and a letter explaining the requested extension for financing be provided. Closing is scheduled for November 9, 2026.

September 22, 2026 Attendance

7. As acknowledged by Cameron Stephens, the aggregate amount owing between Cameron Stephens and the Vector Creditors is approximately \$29,800,000.¹ There will be additional interest accruing.
8. The sale proceeds available are \$30,400,000.00.
9. At the last attendance before Justice Dietrich, her Honour granted the adjournment request made by the Debtor (which was opposed by the Lenders).
10. The only issue remaining is the waiver of the Financing Condition.

¹ Affidavit of Yupei (Summer) Xia sworn September 21, 2026 at paragraph “There are sufficient funds”.

11. On October 8, 2026, being the date by which the Financing Condition was to be waived, the purchasers lawyer called Zonix directly and requested a two week extension with the Closing Date remaining the same (i.e. November 9, 2026).
12. Zonix rejected the request.
13. Subsequently, the principal of the purchaser (“PP”) contacted Zonix explaining the situation. The PP advised that they had been a death in the family and he had to leave the country and only returned this week. He needed an additional week in order to deal with the financing.²
14. Subsequently, discussions took place directly between Zonix, PP and Vector Financial’s President.³
15. A one-day extension was granted to October 9, 2026. The condition was not waived. However, at the time of submitting this aide memorandum, discussions are ongoing including with Vector to see whether the transaction can close on November 9, 2026.

Requirements under paragraph 8 of the Endorsement of Justice Dietrich

16. As set out in the Order of Justice Dietrich, the Respondents are to:
 - (a) Provide real time delivery of all correspondence from Purchaser and all documents regarding the financing status. This has occurred. Correspondence was forwarded to counsel for the Lenders.⁴

² Fourth Supplementary Affidavit of Reza Esfahany sworn October 9, 2026 (“Fourth Supplementary Affidavit”) at Paragraphs 9 to 15; Exhibits B to F

³ Fourth Supplementary Affidavit at Paragraphs 12 to 16; Exhibits C to F

⁴ Fourth Supplementary Affidavit; Exhibits A to F

- (b) Confirmation that the intended use and environmental conditions have been waived. Again, this was confirmed by way of an email.
- (c) A full accounting of the rental income for the property for the last year. This has been provided by way of an Excel spreadsheet.⁵
- (d) Calculation of the anticipated net proceeds of sale (including confirmation of outstanding municipal taxes and H.S.T.). While confirmation has been provided as to the outstanding municipal taxes and H.S.T., and confirmation that all insurance payments have been made and the insurance is fully intact, the full anticipated net calculations is still a work in progress, but a summary has been provided. As set out in the Fourth Supplementary Affidavit:

As it relates to the net sale proceeds available, the calculations based on the numbers available at this time are as follows:

Available funds from closing	\$30,400,000.00	(A)
Vector & Cameron Stephens	\$29,800,000.00	
Outstanding Property Tax	\$120,000.00	
Total	\$29,920,000.00	(B)
A – B	\$480,000.00	

⁵ Fourth Supplementary Affidavit at Paragraphs 19 to 22; Exhibit F contained therein

(e) Based on these figures, there would be an excess of funds available subsequent to closing. As such, the request Cameron Stephens to provide a “plan” to cover a shortfall is moot.

15. In light of all of this, it is not “just or convenient” to appoint a receiver. As correctly recognized by Justice Dietrich: *“Given the status of the property as vacant land, I am satisfied that the prejudice to the secured creditors in the delay is minimal as compared to the prejudice to the Respondents in providing one more opportunity for the transaction to go forward”*.⁶
16. Even if the Lenders are not prepared to agree to further extension of the financing Condition, and despite Zonix agreeing to not oppose the appointment of a receiver, Zonix is respectfully asking leave to this Court to revive the Agreement of Purchase and Sale with the Purchaser with the financing condition date to be extended until October 21, 2026 (provided that Vector agrees and does facilitate a short term loan) with the closing date remain November 9, 2026. As correctly stated by Justice Dietrich, the prejudice to the secured creditors is minimal. If the transaction closes on November 9, 2026 the prejudice to the Lenders is minimal. It is just and convenient to have this agreement closed as contemplated.

⁶ Endorsement of Justice Dietrich dated September 22, 2026

17. It makes economic sense for the transaction to close as contemplated.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 13th day of October, 2026.

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Court File No. CL-26-00000255-0000

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