

Court File No.: CV-23-00707330-00CL

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

**BETWEEN:**

**ENLIGHTENED FUNDING CORPORATION**

Applicant

**- and -**

**VELOCITY ASSET AND CREDIT CORPORATION AND 926749  
ONTARIO LTD. O/A CLONSILLA AUTO SALES AND LEASING**

Respondents

**FIRST REPORT OF DELOITTE RESTRUCTURING INC.  
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER  
DATED DECEMBER 4, 2023**

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## INTRODUCTION AND PURPOSE OF THIS REPORT

1. On October 13, 2023, Enlightened Funding Corporation (“**Enlightened**”) made an application (the “**Application**”) to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for an order appointing Deloitte Restructuring Inc. (“**Deloitte**”) as receiver of the property, assets, and undertakings of Velocity Asset and Credit Corporation (“**Velocity**”) and certain property of 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing (the “**Dealer**” and, together with Velocity, the “**Debtors**”), including all of the Leases, Leased Vehicles, Rights, Collections and the Dealer Blocked Account (each as defined in a dealer security agreement entered into between Enlightened and 926749 Ontario Ltd.) and all products or proceeds thereof (the “**Dealer Property**”).
2. The Application was adjourned to October 26, 2023 to provide the Debtors with an opportunity to respond to the Application. A copy of the endorsement of Madame Justice Steele is attached hereto as **Appendix “A”**.
3. On October 26, 2023 (the “**Date of Appointment**”), pursuant to an order (the “**Receivership Order**”) of the Court, Deloitte was appointed as receiver (the “**Receiver**”) of the property, assets, and undertakings of Velocity and of the Dealer Property (together, the “**Property**”). A copy of the Receivership Order is attached hereto as **Appendix “B”**.
4. The purpose of this first report of the Receiver (the “**First Report**”) is to provide information to the Court with respect to:
  - a) the Receiver’s activities since its appointment;
  - b) the Receiver’s communications with key stakeholders;
  - c) the ongoing operations of the Dealer;

- d) the Receiver's receipts and disbursements;
- e) the basis for an order expanding the scope of the receivership and granting the Receiver enhanced investigative powers; and
- f) the basis for an order approving the activities of the Receiver.

## **TERMS OF REFERENCE**

5. In preparing this First Report, Deloitte has been provided with, and has relied upon unaudited, draft, and/or internal financial information, the Debtors' books and records, discussions with the Debtors' management, shareholders, and employees, and information from third-party sources (collectively, the "**Information**"). Except as otherwise described in this First Report:

- a) Deloitte has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, Deloitte 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 ("**CAS**") pursuant to the *Chartered Professional Accountants Canada Handbook*, and accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.
- b) Deloitte has filed this First Report solely for the purpose of providing information to this Court. Parties using the First Report other than for the purposes outlined herein are cautioned it may not be appropriate for their purposes.

6. Unless otherwise stated, all dollar amounts contained in this First Report are expressed in Canadian Dollars.

## **BACKGROUND**

7. Velocity was incorporated on August 21, 2019, under the *Ontario Business Corporations Act*. According to the corporation profile report attached as **Appendix “C”**, the directors and officers of Velocity are Hollinsworth Auguste (“**Auguste**”) and Hugh Waddell (“**Waddell**”).
8. The Dealer was incorporated on June 4, 1991, and was revived on July 12, 1996, under the *Ontario Business Corporations Act*. The Dealer operates a used car dealership (the “**Dealership**”) located at 809 Clonsilla Avenue, Peterborough, Ontario (the “**Premises**”). According to the corporation profile report attached as **Appendix “D”**, the directors and officers of the Dealer are Waddell and Meggan M. E. Waddell.
9. The Dealership’s primary business activity is leasing used vehicles to customers with sub-prime credit ratings. The financial and operational relationship between Velocity and the Dealer is set out in greater detail later in this First Report.

## **DEBTORS’ FINANCING ARRANGEMENTS**

10. As context for the Receiver’s comments and observations herein and its motion for expanded powers, the Debtor’s “ordinary course” financing arrangements are described below.

11. Prior to entering into financing arrangements with Enlightened, the Receiver understands that the Debtors were involved in a lease financing facility (the “**Beacon Facility**”) with Beacon Holdings Ltd. (“**Beacon**”) and Beacon Trust (“**Beacon Trust**”).
12. Beacon assigned certain leases to Enlightened, however as of October 30, 2023, Beacon continues to have security interests in 161 lease contracts with a principal balance of \$2,013,242 (the “**Beacon Leases**”). Collections for a number of the Beacon Leases was to be serviced by Velocity pursuant to lease subservicing agreements between Velocity and Beacon (the “**Subservicer Agreements**”). However, the Receiver understands that notwithstanding the Subservicer Agreements were between Velocity and Beacon, the practice had been that the Beacon leases were subserviced by the Dealer and not Velocity.
13. The structure of the Debtors’ financing arrangement with Beacon and Beacon Trust is set out in **Appendix “E”**.

*Relationship Between Enlightened and the Debtors*

14. Velocity and Enlightened entered into a credit agreement dated May 26, 2022 (the “**Credit Agreement**”), pursuant to which Enlightened extended a revolving credit facility (the “**Revolving Facility**”) up to an aggregate principal amount of \$20 million. A copy of the Credit Agreement is attached hereto as **Appendix “F”**.
15. Advances under the Revolving Facility were requested in multiple tranches by way of draw-down requests submitted by Velocity to Enlightened. The draw-down requests were prepared by the Dealer and were supported by schedules of lease contracts, including details of the vehicles and VINs. The structure of the Debtors’ financing arrangement with Enlightened is set out in **Appendix “G”**.



16. The Revolving Facility was to mature on the earlier of May 26, 2023, or the date the facility was otherwise terminated pursuant to the terms of the Credit Agreement. The Receiver understands that this funding was used in part to acquire the leases in tranches 1-3 and repay Beacon.
17. In order to fund advances of the Revolving Facility in accordance with the Credit Agreement, Enlightened entered into a warehouse line of credit made as of May 26, 2022, with Peoples Trust Company of Canada (“**PTC**”), as such credit agreement was amended and restated pursuant to the terms of an amended and restated warehouse facility line of credit agreement effective July 1, 2022 between Enlightened and PTC.
18. As at the date of the Application, the total indebtedness owing by Velocity under the Credit Agreement was \$19,406,788 (excluding accruing fees, expenses and costs).
19. On May 26, 2022, Enlightened and the Dealer also entered into a Guarantee and Servicing Agreement (the “**Guarantee and Servicing Agreement**”) whereby the Dealer guaranteed the obligations of Velocity under the Revolving Facility and agreed to service the lease portfolio. A copy of the Guarantee and Servicing Agreement is attached hereto as **Appendix “H”**.

*Enlightened’s Security*

20. On May 26, 2022, Velocity and the Dealer both entered into security agreements in favour of Enlightened (the “**Velocity GSA**” and “**Dealer Security Agreement**”, respectively).
21. Pursuant to the Velocity GSA, Velocity granted Enlightened a security interest in all of the present and future undertakings and property, both real and personal, of Velocity in whatever form and wherever located.

22. Pursuant to the Dealer Security Agreement, the Dealer granted Enlightened a security interest in all of the Dealer's right, title and interest, both present and future, in all of its presently owned or held and after-acquired owned or held Leases, Leased Vehicles, Rights, Collections, and the Dealer Blocked Account (each as defined in the Dealer Security Agreement), and all products and proceeds of or relating to any of the foregoing, in each case, whether now owned or hereafter acquired or existing, and in whatever form and wherever located.
23. Further, Velocity and the Dealer each entered into a blocked account agreement with Enlightened dated May 20, 2022, and May 11, 2022 respectively, in which Enlightened was also granted security over those contemplated blocked accounts. However, the blocked accounts were never established or utilized.

*Floor Plan Financing Arrangement with NextGear Capital*

24. The Receiver understands that, pursuant to a credit agreement between NextGear Capital Corporation (“**NextGear**”) and the Dealer, NextGear provides “floor plan financing” to the Dealer. The Receiver has requested copies of the floor plan financing documents; however, to date, such documentation has not been provided to the Receiver. This financing is specific to car dealerships and allows for dealerships to purchase vehicle inventory. The floor plan financier retains title to the vehicles until they are paid out by the dealer. This typically occurs when the car is sold or leased.
25. As discussed below, NextGear has ten remaining vehicles subject to its security, four of which overlap with Enlightened's security.

## **ACTIVITIES OF THE RECEIVER SINCE THE DATE OF APPOINTMENT**

26. Immediately following the issuance of the Receivership Order, the Receiver took possession of the Property for the purpose of preserving, protecting, and safeguarding the Debtors' assets. As the Receiver was only appointed over the Dealer Property and not over all of the property of the Dealer, the Receiver exercised care in taking possession to minimize the impact of its activities on the ongoing operations of the Dealership. In particular, although the Receiver has made several information requests of the Dealer staff (as described herein), it is not directing the activities of the Dealer staff.
27. Among other immediate activities to safeguard the Property, the Receiver:
- a) attended at the Dealership and met with Waddell to advise him of the Receiver's appointment, his obligations pursuant to the Receivership Order and to discuss the Receiver's planned activities;
  - b) secured a storage room at the Premises and changed the locks to the storage room in order to store Dealer Property, including keys to vehicles and books and records (including physical lease files);
  - c) retained a security guard to attend to the Premises outside of business hours;
  - d) contacted the Dealer's insurance broker to request copies of insurance policies and to request that the Receiver be added as a loss payee;
  - e) identified certain bank accounts in the name of the Debtors and instructed the financial institutions to restrict the accounts to 'deposit only';

- f) updated the credentials for online access to the Dealer's operating account at Royal Bank of Canada (the "**RBC Account**"), which the Receiver intends to maintain in the near term to facilitate collection of lease payments from lessees;
- g) forensically imaged files on the computer of the Dealer's office manager (the "**Office Manager**"), who is the employee responsible for the maintenance of information related to the Dealer Property;
- h) inventoried vehicles on site at the Premises and took steps to determine whether the vehicles were Dealer Property; and
- i) wrote to Auguste and Waddell requesting access to the books and records of the Debtors.

28. The Receiver undertook the following activities in connection with its review of the books and records of the Debtors:

- a) obtained copies of bank statements for accounts held by each of the Debtors and reviewed the transactions set out therein;
- b) contacted Royal Bank of Canada ("**RBC**") to obtain additional details on transactions reflected in the RBC Account;
- c) interviewed the Dealer's employees to gain an understanding of how business processes and transactions were recorded in the Dealer's book and records;
- d) attempted to reconcile lease records maintained by the Dealer with portfolio reports maintained by Enlightened and Velocity;

- e) developed an understanding of the information technology systems used by the Dealer, including a cloud-based network, vehicle maintenance management platform, and an inventory management system;
  - f) obtained access to Velocity's lease origination platform (the "**Velocity Platform**") and arranged for the extraction of lease data;
  - g) wrote to MNP LLP ("**MNP**"), the accountant for Velocity, and Sid Karmazyn ("**Karmazyn**"), the accountant for the Dealer, to obtain copies of accounting records of Velocity and the Dealer, respectively; and
  - h) contacted various third parties, including insurance companies and other vehicle dealerships, to verify information in the Debtors' books and records.
29. The Receiver undertook the following activities with respect to its statutory obligations:
- a) on November 3, 2023, the Receiver mailed copies of the Notice and Statement of the Receiver in respect of Velocity and the Dealer (the "**245 Notices**"), copies of which are attached hereto as **Appendix "I"** and **Appendix "J"**, respectively, to all known creditors of the Debtors;
  - b) on the same day, the Receiver faxed copies of the 245 Notices to the Office of the Superintendent of Bankruptcy; and
  - c) the Receiver uploaded copies of relevant information to its case website at: <https://www.insolvencies.deloitte.ca/en-ca/pages/VelocityAssetandCreditCorporation926749OntarioLtdoaClonsillaLeasing.aspx?searchpage=search-insolvencies.aspx>.

## COMMUNICATIONS WITH STAKEHOLDERS

### *Lessees*

30. The Receiver has spent considerable time and effort attempting to reconcile and validate various schedules of leases maintained by the Dealer. Due to material deficiencies and inconsistencies in the Dealer's record-keeping, which are set out in greater detail in this First Report, the Receiver has been unable to compile a definitive listing of leases which comprise the Dealer Property (the "**Dealer Leases**").
31. Relying on information extracted from the Velocity Platform and validated by comparison with portfolio reports maintained by Enlightened, the Receiver prepared a preliminary schedule of leases that it believes are included in the Dealer Property (the "**Provisional Lease Schedule**").
32. On November 9, 2023, the Receiver sent a notice (the "**Lessee Notice**") to all lessees on the Provisional Lease Schedule advising them of the receivership proceedings and directing them to continue to remit their lease payments through pre-authorized debit according to the terms of their lease with the Dealer.
33. In response to the Lessee Notice, the Receiver received numerous telephone calls and emails from lessees expressing concerns regarding a number of issues, including, but not limited to:
  - a) the inaccuracy of the payment amount and/or payment frequency in the Dealer's records;
  - b) the relevant lease having been terminated or the vehicle returned;

- c) the vehicle being inoperable or the Dealer not having fulfilled its obligations under the lease; and
- d) the recipient of the Lessee Notice had never dealt with the Dealer and had not leased a vehicle from the Dealer.

34. The Receiver continues to investigate the concerns raised by lessees as detailed above. Details of these investigations are described in greater detail in this First Report.
35. Based on the issues noted above, the Receiver is of the view that it is prudent to seek enhanced powers to enable a more robust investigation into the nature and location of the Property.

#### *Secured Creditors*

#### Enlightened

36. The Receiver has requested and received information from Enlightened, including copies of draw-down notices, portfolio reports, and records of buyout payments from the Debtors.
37. On September 12, 2023, Enlightened provided the Receiver with a lease portfolio report (the “**Enlightened Portfolio Report**”) setting out information as of August 31, 2023, in respect of the Dealer Leases. The Enlightened Portfolio Report included 920 leases related to the Dealer with a principal balance of \$17,942,805. The Receiver noted that the report did not include:
- a) vehicle identification numbers (“**VINs**”);
  - b) names of vehicle lessees; and
  - c) address information for approximately 230 of the 920 leases.

38. On November 17, 2023, in response to a request from the Receiver, Enlightened's controller (the "**Enlightened Controller**") provided an updated version of the report (the "**Revised Portfolio Report**") that included VINs, noting that it had only recently noticed multiple duplicate VINs in the portfolio reports. A copy of the Enlightened Controller's email is attached hereto as **Appendix "K"**.
  
39. The Receiver also asked Enlightened to provide copies of drawdown requests with schedules of leases for the 44 tranches funded by Enlightened. Details of Enlightened's funding arrangements with Velocity are described above. The Enlightened Controller advised the Receiver that it was unable to provide copies of drawdown reports for tranches 1-3, representing approximately 800 vehicles or, in other words, approximately 80% of the lease portfolio. A copy of the Enlightened Controller's email is attached hereto as **Appendix "L"**. The Receiver understands that tranches 1-3 represent the initial funding provided by Enlightened in May 2022, to acquire this portfolio from Beacon.

Beacon

40. The Receiver also corresponded with Beacon. As described in greater detail above, Beacon continues to have other lease financing arrangements with the Debtors.
  
41. On October 27, 2023, the Receiver wrote to Beacon requesting particulars of its security. Beacon responded on October 30, 2023 providing the list of Beacon Leases.
  
42. On November 7, 2023, Beacon wrote to the Receiver to request an update on collections on the Beacon contracts that were serviced by Velocity pursuant to the Subservicing Agreements. The Receiver advised Beacon that it was not servicing the Beacon Contracts. A copy of the email exchange with Beacon is attached hereto as **Appendix "M"**.



43. On November 23, 2023, Beacon wrote to Velocity and Waddell to provide notice of termination of the Subservicer Agreements between Velocity and Beacon (the “**Termination Notices**”). Waddell did not advise the Receiver of the Termination Notices.
44. On November 29, 2023, Beacon provided a copy of the Termination Notices to the Receiver and advised of its intention to terminate its servicing agreement with Velocity and the Dealer and to begin drawing pre-authorized payments from lessees related to the Beacon Leases on December 1, 2023. Subsequent to this notice, Beacon provided the Receiver with an updated schedule of the Beacon Leases, including VINs. A copy of the Termination Notices by Beacon to Velocity and the email to the Receiver are attached hereto as **Appendix “N”**.
45. Initially, the Receiver had communicated to Beacon that it had not identified any overlap between the Beacon Leases and the Property. However, upon review of the newly received documentation, it became evident that there is an overlap in the vehicles subject to the Beacon and Enlightened security interests. Specifically, the Receiver identified 80 vehicles, identified by their VIN, that appear to have been submitted by the Dealer as collateral for lease funding by both Beacon and Enlightened. A list of the leases that, to date, the Receiver has identified that are likely subject to both Beacon and Enlightened’s security interests are set out in **Appendix “O”**.
46. On November 29, 2023, the Receiver convened a call with Beacon to advise that certain of the vehicles to which Beacon is asserting an interest are subject to Enlightened’s security and that the stay of proceedings created by the Receivership Order is applicable to Beacon. The Receiver further advised of the challenges it has faced with the lease portfolio and of its intention to seek an amended Receivership Order, as described herein.

The Receiver understands that Beacon is supportive of the expanded scope sought in the amended Receivership Order.

NextGear

47. The Receiver has also corresponded with NextGear. NextGear provided floorplan financing to the Dealer to finance the acquisition of vehicles.
48. On October 27, 2023, the Receiver wrote to NextGear to request particulars of its security. NextGear provided the Receiver with a list of 13 vehicles subject to its security with a principal balance of \$257,606. Of these 13 vehicles, seven were subject to a lease funded by Enlightened.
49. NextGear also provided the Receiver with schedules of payments received from the Dealer and vehicles paid off and discharged in the period August 1, 2023, to October 31, 2023. The Receiver had requested this information in the context of its investigations detailed herein.
50. On November 27, 2023, NextGear provided the Receiver with an updated schedule of vehicles subject to its security, showing ten remaining vehicles subject to its security with a principal balance of \$198,264.24, of which four vehicles are subject to a lease funded by Enlightened. The Receiver understands that the three vehicles no longer appearing on NextGear's November 27 schedule were paid off by the Dealer.

*Accounting Firms*

51. On October 27, 2023, the Receiver wrote to Karmazyn, whom Waddell had advised was the Dealer's accountant, and asked: (a) whether he was also the accountant for Velocity, and (b) that he provide copies of the Debtors' most recent financial statements.
52. Having received no reply to its email, the Receiver wrote to Karmazyn again on November 16, 2023, to which Karmazyn simply replied that he was not the accountant for Velocity. Karmazyn provided no information with respect to his accounting relationship with the Dealer, nor did he provide the requested information.
53. On November 22, 2023, Karmazyn requested a list of specific documents in which the Receiver was interested and demanded a retainer of \$5,000 to gather such information for the Receiver. The Receiver replied to Karmazyn on the same day, advising him of his obligations under the Appointment Order. As of the date of this report the Receiver has not received any books and records from Karmazyn. A copy of the Receiver's email correspondence with Karmazyn is attached hereto as **Appendix "P"**.
54. The Receiver has also engaged with MNP, the accountant for Velocity, who has provided copies of accounting records up to December 31, 2022. MNP advised the Receiver that they were told to cease work after the 2022 year-end. MNP has fully addressed the Receiver's requests for information.

*Ontario Motor Vehicle Industry Council*

55. On November 18, 2023, the Receiver received an email from the Ontario Motor Vehicle Industry Council ("**OMVIC**"). OMVIC is a regulatory agency responsible for the enforcement and administration of the *Motor Vehicle Dealers Act*. OMVIC expressed concern about the potential for consumer harm arising from the receivership proceedings.

56. On the same date, the Receiver wrote to OMVIC and clarified the limited scope of the receivership proceedings in respect of the Dealer. The Receiver also participated in a conference call with OMVIC on November 22, 2023 to provide additional detail on the scope of the Receiver's activities and to discuss OMVIC's concerns related to potential consumer harm.
57. The Receiver convened a conference call with OMVIC on December 1, 2022 to advise of the Receiver's intention to seek expanded scope and investigative powers. During this call, OMVIC advised the Receiver that OMVIC's investigations revealed the Dealer had not remitted customer payments to Canada General Warranty in respect of insurance and warranty products. This has the effect of depriving the customers of insurance and warranty products they have paid for. OMVIC estimates that more than 100 customers are affected.

#### **RECEIVER'S ASSESSMENT OF THE LEASE PORTFOLIO**

58. Through its initial review of the Dealer's books and records, the Receiver has determined that the Dealer did not maintain basic business records relating to the lease portfolio, including:
- a) a schedule of active leases;
  - b) a schedule of lease receivables or arrears owing by lessees;
  - c) records of leases that had been referred to a collection agency or were in legal proceedings;
  - d) records of lease buyouts;
  - e) inventory listings; and

- f) detailed records of sales and purchases of vehicles.
59. The Receiver was advised by the Dealer's employees that business and accounting records were not consistently maintained, and that a reconciliation was performed each month to determine which lease payments had been received and which leases were in arrears. The Receiver has not been provided with any such reconciliations, despite its repeated requests as described herein. The Dealer's employees advised that there was no single person responsible for the collection of accounts receivable or repossession of vehicles, and that these functions were completed on a 'case by case' basis as directed by Waddell.
60. Immediately following its appointment, the Receiver requested that the Dealer's employees prepare a schedule of active leases indicating the lessee's payment amount and frequency and indicating whether the lease was funded by Enlightened, along with a schedule of lease arrears and a list of leases in collections or legal proceedings. As of the date of this First Report, the Dealer has not provided the information requested. The Receiver notes that the Dealer services Velocity's leases. It is unclear how it does so, given its failure and apparent inability to produce basic financial and accounting records and information.
61. Waddell has advised the Receiver that the Dealer's ability to provide the information requested is constrained by several ongoing projects, including efforts to reconcile historical GST/HST returns and related accounting information in pursuit of a GST/HST refund that Waddell estimated at \$1.4 million. This GST/HST refund project has been in progress since at least the Date of Appointment and to the Receiver's knowledge is not yet complete. The Receiver's expectation is that, once filed, this return will be subject to audit

by the CRA, which audit will likely take considerable time to complete. As such, the quantum and timing of this refund is highly uncertain in the Receiver's view.

62. Given the Dealer's inability to produce the information required to assess and service the lease portfolio, the Receiver has expended significant time and resources in attempting to reconstruct the portfolio. These efforts include:

- a) comparing lease information extracted from the Velocity Platform with the Enlightened Portfolio Report;
- b) reviewing physical lease files to resolve discrepancies;
- c) reviewing spreadsheets and other electronic records imaged from the Office Manager's computer;
- d) reviewing *Personal Property Security Act* (Ontario), R.S.O. 1990, c. P.10 and motor vehicle registries to validate details of leased vehicles and the registered owners of same; and
- e) enquiries of Management and discussions with lessees.

63. The Enlightened Portfolio Report reflected 920 leases with a principal balance of \$17.9 million as of August 31, 2023. While the Receiver's efforts to validate the information related to the lease portfolio are ongoing, the Receiver has confirmed that 117 of the leases listed in the Enlightened Portfolio Report are in default or have been terminated. The Receiver is unable at this time to estimate the actual receivable balance of the Dealer Leases. Based on pre-authorized payment contracts reviewed by the Receiver, it appears that there are fewer than 400 lessees remitting payments to the Dealer each month.

## **LEASE SERVICING**

64. As described above, the Receiver wrote to known lessees on November 9, 2023, and directed them to continue remitting payment through pre-approved payments set up by the Dealer. The Receiver was also advised by Management that some lessees remit payment in person at the Dealership in cash or by Interac debit. This generally occurs when lessees' pre-authorized payments are rejected or returned and the Dealer requests that the lessee cure the payment default.
65. In order to secure cash payments in respect of the Dealer Property, the Receiver has arranged for its staff to be at the Dealership during business hours and maintains a log of cash payments received. These payments are deposited into the RBC Account by the Receiver's staff and a Dealership employee as soon as they are received.
66. The Receiver's ability to effectively service the Dealer Leases has been challenged by the deficiencies in the Dealership's books and records as detailed above. The Receiver is in the process of manually re-creating schedules of arrears based on bank statements and other reports issued by RBC.
67. The Receiver continues to work with the Dealer's employees to reconstruct the portfolio and, in the interim, is undertaking to reconcile incoming payments and pursue arrears as they are identified.
68. For the period October 26, 2023, to November 21, 2023, the Receiver collected \$221,630 in respect of the Dealer Leases. For comparative purposes, the Receiver estimates that the Dealer's collections in the three months prior to the Date of Appointment averaged

\$192,388 per month. The variance in monthly collections represents returned or rejected pre-authorized payments.

69. The Receiver has also made efforts to retain a third-party provider to service the lease portfolio. To date, the Receiver has reached out to six potential servicers, of which five have entered into non-disclosure agreements and reviewed available data on the Dealer Leases. The Receiver's efforts to identify and retain potential servicers are ongoing and are challenged by the relatively small portfolio size, the lack of a definitive lease portfolio listing and portfolio performance metrics resulting from the Dealer and Velocity's inability to produce such information. To date, three servicers have indicated they have no interest in the opportunity and the Receiver has yet to receive a servicing proposal from three potential servicers that are considering this opportunity.
70. The Receiver is of the view that retaining an established portfolio servicer to manage the portfolio is a cost-effective solution that will provide the Receiver with relevant information to market the portfolio for sale. However, its efforts have been hampered by the challenges noted earlier in this First Report. The Receiver is continuing to pursue proposals from servicers.

## **SALE OF VEHICLES**

71. Following its appointment, the Receiver took possession of 47 vehicles subject to Enlightened's security that had been returned by lessees or repossessed (i.e., for non-payment) by the Dealer and were stored at the Premises (the "**Seized Vehicles**"). Of those vehicles, 40 were delivered to North Toronto Auto Auctions ("**NTAA**") to be sold by public auction pursuant to section 4(k) of the Receivership Order.



72. NTAA carried out a public auction on November 25, 2023, at which 39 of the 40 vehicles were sold for gross proceeds of \$183,850. A schedule of sale proceeds is attached hereto as **Appendix “Q”**.
73. The Receiver was advised by NTAA that Waddell purchased eight of the Seized Vehicles at the auction on behalf of the Dealer. The Receiver understands that Waddell has subsequently requested that NTAA release the liens on the vehicles he purchased so that he can secure financing from NextGear to pay for these vehicles.

#### **INVESTIGATION OF DEALER OPERATIONS AND FLOW OF FUNDS**

74. Since its appointment, the Receiver has undertaken an extensive investigation of the Dealer’s operations, including:
- a) the submission of purported previously encumbered vehicles for new tranche funding (i.e., possible duplicate funding) from Enlightened;
  - b) irregularities in lease documentation as detailed below;
  - c) the transfer of Dealer Property following the Receivership Order; and
  - d) the misappropriation of lease proceeds to purchase additional vehicles.

#### *Apparent Duplicate Funding*

75. During the Receiver’s review of the Debtors’ books and records, the Receiver has discovered 30 examples to date whereby the Debtors appear to have re-leased a vehicle with the same VIN without a corresponding buyout of the lease (the **“Duplicate VINs”**), as required under the Guarantee and Servicing Agreement. A list of the vehicles subject to duplicate funding are set out in **Appendix “R”**.

76. The circumstances of the re-leasing vary from case to case. In most cases, a vehicle that was returned or repossessed from an initial lease was simply re-leased by the Dealer to a new customer and submitted on a separate funding tranche without repaying the remaining principal balance to Velocity/Enlightened. In some cases, the vehicle is re-leased to the original customer but again submitted as part of a separate funding tranche. Several of the vehicles identified appear to have been re-leased multiple times, as described below.
77. The current capital cost of the vehicles represented by the Duplicate VINs is \$1,595,578. The Receiver estimates that the total value of currently outstanding Enlightened funding related to the Duplicate VINs is in excess of \$3.0 million, indicating that the advances by Enlightened are under-secured by approximately \$1.4 million as a result of the Dealer's activity.
78. On November 17, 2023, counsel to the Receiver, Thornton Grout Finnigan LLP ("**TGF**") sent a letter to Waddell (the "**November 17 Letter**") noting the apparent duplication of VINs described above, along with other issues discussed herein, and requested an explanation of same by no later than November 20, 2023, which deadline was extended by the Receiver to November 27, 2023 at Waddell's request. A copy of the November 17 Letter, which includes a schedule of the Duplicate VINs identified to date, is attached hereto as **Appendix "S"**.
79. As of the date of this First Report, neither the Receiver nor TGF has received a satisfactory explanation of the Duplicate VINs from Waddell. However, Waddell verbally advised an employee of the Receiver that the Dealer was only responsible for originating leases, and that Velocity was solely responsible for maintenance of accounting records to track

previously funded vehicles. The Receiver notes that Waddell is a director and officer of Velocity.

80. Additionally, Waddell wrote to the Receiver on November 29 in response to the November 17 Letter. Rather than providing an explanation of the Duplicate VINs, Waddell alleged that accounting errors by Enlightened had resulted in the Dealer being over-charged by approximately \$880,000. Waddell did not provide any evidence to support his allegations. The Receiver advised Waddell that his explanation was not satisfactory. A copy of the Receiver's response is attached hereto as **Appendix "T"**.

81. The Receiver wrote to Auguste on November 22, 2023, and asked him to confirm his understanding of the role of the Dealer and Velocity pursuant to the Credit Agreement and the Guarantee and Servicing Agreement, and to address Waddell's statement above.

82. Auguste advised the Receiver that, in his view, the Guarantee and Servicing Agreement clearly sets out the Dealer's obligation to service and manage all aspects of the lease contract, including buyouts. Auguste claimed to be unaware of the duplication of tranche funding for the same vehicles and advised that Velocity was unaware of the Dealer's practice. A copy of Auguste's email is attached hereto as **Appendix "U"**.

#### *Irregularities in Lease Documentation*

83. In response to the Lessee Notice sent to lessees on November 9, 2023, the Receiver has, to date, been contacted by 52 lessees disputing the information set out in the Dealer's books and records. In many cases, lessees have advised the Receiver that the vehicle in question was returned or repossessed. Three lessees advised the Receiver that they never entered into a lease with the Dealer.

84. The Receiver has investigated one such claim in respect of lease number 3270 (“**Lease 3270**”). In response to the lessee’s claim, the Receiver provided the lessee with copies of the lease documentation, which included:
- a) the lease contract and an addendum thereto;
  - b) a pre-authorized payment (“**PAP**”) authorization form; and
  - c) a certificate of insurance issued by Echelon Insurance (“**Echelon**”) which listed Whitley Newman Insurance & Financial Services (“**Whitley Newman**”) as the insurance broker.
85. The lessee advised the Receiver that he had not signed the lease contract or addendum; that the banking information in the PAP authorization form was not his; and that he did not have an insurance policy with Echelon or deal with Whitley Newman. A copy of the lessee’s email correspondence (with the name redacted) is attached hereto as **Appendix “V”**.
86. The Receiver wrote to Whitley Newman on November 17, 2023, and November 22, 2023, and to Echelon on November 22, 2023, and November 23, 2023, to verify the authenticity of the certificate of insurance. Copies of the Receiver’s letters to each of Whitley Newman and Echelon (with the name of the lessee redacted) are attached hereto as **Appendix “W”**. Whitley Newman advised the Receiver that it had no record of the lessee in its records and, in a separate email, advised that it believed the certificate of insurance to be “completely bogus”. Copies of Whitley Newman’s emails (with the name of the lessee redacted) are attached hereto as **Appendix “X”**. As at the date of this First Report, the Receiver has not received a response from Echelon.

87. When the Receiver requested a copy of the physical lease file for Lease 3270 from the Dealer, the Dealer advised that there was no physical lease file. The lease evidence provided to the lessee included electronic PDF copies of a driver's license, PAP authorization form and certificate of insurance.
88. The Receiver's investigation of irregularities in the lease documentation is ongoing.

*Transfer of Dealer Property*

89. Auto Connect Sales Inc. ("**Auto Connect**") is a vehicle dealership located at 1175 Lansdowne Street West, Peterborough, Ontario, approximately 500 metres from the Premises.
90. During the course of its investigations, the Receiver discovered that certain vehicles that are Property and subject to the receivership proceedings (the "**Transferred Vehicles**") have been transferred by the Dealer to Auto Connect and were posted on Auto Connect's website for sale.
91. TGF wrote to Auto Connect on November 16, 2023, to advise it that the Transferred Vehicles may be Property and subject to the receivership proceedings and directed Auto Connect not to sell the Transferred Vehicles. The letter also demanded records relating to any vehicles of the Debtors transferred to Auto Connect since August 1, 2023. A copy of TGF's letter is attached hereto as **Appendix "Y"**.
92. The Receiver spoke to Martin Tempelman ("**Tempelman**"), the owner of Auto Connect, via telephone on November 20, 2023. Tempelman advised the Receiver that he had forwarded the Receiver's letter to Auto Connect's counsel, John Ewart ("**Ewart**") of Ewart O'Dwyer LLP.

93. Having received no response from Auto Connect, and after leaving two voice messages with Ewart, TGF wrote again to Auto Connect on November 23, 2023, to demand delivery of the information requested on November 16. A copy of TGF's November 23 letter is attached hereto as **Appendix "Z"**.
94. On November 30, 2023, Ewart contacted TGF to advise that Auto Connect would be providing the requested information shortly. Ewart confirmed that, since August 1, 2023, the Dealer had sold vehicles to Auto Connect. As of the date of this First Report, the Receiver has not received the requested information.

*Misappropriation of Dealer Property*

95. Relying on bank statements, additional reports provided by RBC, and enquiries of the Dealer's staff, the Receiver has prepared a preliminary analysis of the Dealer's receipts and disbursements for the period August 1, 2023, to October 25, 2023 (the "**Flow of Funds**"). A summary of the Flow of Funds is attached hereto as **Appendix "AA"**.
96. As set out in the Flow of Funds, the lease proceeds collected over the period were \$577,166, representing 38.6% of total collections of approximately \$1.5 million. Other principal sources of collections include:
- a) \$270,859 made up of deposits for which the Dealer was unable to provide supporting documentation;
  - b) \$219,824 made up of proceeds from third party financiers including 2M7 Financial Solutions, Sheaves Capital and CCP Advance;

- c) \$313,825 made up of the proceeds of vehicle sales of which \$206,225 appears to relate to vehicles subject to Enlightened's security as detailed in **Appendix "BB"** attached hereto; and
  - d) \$60,650 in deposits from Waddell and related parties.
97. Total disbursements over the period were \$1.7 million, of which \$547,363 or 32.3% were payments to NextGear to discharge fleet financing obligations in respect of 26 vehicles, of which 19 were subject to Enlightened's security. Of those 19 vehicles, at least three appear to have been subsequently leased to new customers.
98. The November 17 Letter described above also demanded information related to the apparent misappropriation of Dealer Property detailed above. Waddell advised an employee of the Receiver that he had personally deposited over \$400,000 into the Dealer in the period from August 1, 2023, to September 30, 2023, and provided a schedule of the purported deposits, a copy of which is attached hereto as **Appendix "CC"**.
99. The Receiver notes that of the transactions set out in **Appendix "CC"**, \$136,371 are proceeds from third-party financiers to the Dealer. Of the remaining balance, \$116,500 is composed of bank deposits for which no supporting documentation was provided, and \$115,872 is composed of advances from unnamed parties, again for which no supporting documentation was provided.
100. Notwithstanding Waddell's purported deposits, it appears from the analysis above that the Dealer used the proceeds of lease collections and vehicle sales that it was required to remit to Velocity and/or Enlightened pursuant to the Guarantee and Servicing Agreement, to instead repay amounts owing to NextGear in order to release vehicles that it subsequently

disposed of through leases or sales. Accordingly, it appears to the Receiver that the Dealer has been using money owing to Enlightened to pay a separate creditor – NextGear – and to acquire additional vehicles that it leased to customers to generate cash flow.

101. Finally, on December 2, 2023, Waddell provided a written response to the November 17 Letter. In the response, Waddell attempted to minimize the Dealer’s role in the leasing process and asserted that accounting errors were the reason for the irregularities. With respect to the transfer of vehicles to Auto Connect, Waddell said it was “unintentional” that the vehicles were transferred without paying Enlightened. The Receiver does not consider this response to be a satisfactory explanation of the issues identified in this First Report. A copy of Waddell’s letter (with attachment) is attached hereto as **Appendix “DD”**.

102. The results of the Receiver’s investigations as set out above are preliminary. The Receiver is requesting enhanced powers to complete its investigations.

#### **STATEMENT OF RECEIPTS AND DISBURSEMENTS**

103. Attached as **Appendix “EE”** is an interim Statement of Receipts and Disbursements for the period October 26, 2023 to November 21, 2023. As of November 21, 2023 the Receiver had realized receipts of \$221,630 and had made disbursements of \$808.29.

#### **FEES AND BORROWING POWERS OF THE RECEIVER**

104. Pursuant to paragraph 22 of the Receivership Order, the Receiver is empowered to borrow up to \$470,000 for the purpose of funding the exercise of the powers and duties conferred on the Receiver by the Receivership Order (the “**Receiver’s Borrowings**”).



105. Given the material deficiencies in the Debtors' books and records detailed herein, as well as the additional effort required of the Receiver and TGF related to the Duplicate VINs and misappropriation of assets detailed herein, the Receiver believes that professional fees will exceed the limit on the Receiver's Borrowings imposed by the Receivership Order. As such, the Receiver is seeking the Court's approval to amend the Receivership Order to increase the limit on the Receiver's Borrowings to \$750,000.

### **REQUEST TO AMEND RECEIVERSHIP ORDER**

106. Given the above, the Receiver has significant concerns about the Debtors and the potential for further dissipation of Property.

107. As detailed herein, the Receiver's efforts to service the Dealer Leases and realize on the Dealer Property have been severely hampered by the Dealer's inability or unwillingness to provide basic financial and accounting information related to the Dealer Property.

108. The Dealer, Auto Connect and Karmazyn have failed to respond to the Receiver's requests for information as required under the Receivership Order. The Dealer and Velocity have both failed to respond to the Receiver's inquiries as required by the Receivership Order and have tried to assign blame for any irregularities to the other party.

109. Furthermore, the Receiver has identified significant concerns with respect to the Dealer's operations, including the possible misappropriation of Dealer Property; irregularities in lease documentation; the submission of already encumbered vehicles for new advances (which would result in the same assets being used as security for more than one unrelated loan); and the transfer of Property to third parties.

110. In order to address these issues, the Receiver recommends that the Court amend and restate the Receivership Order to:

- a) provide the Receiver with investigatory powers available to a trustee in bankruptcy under the *Bankruptcy and Insolvency Act*;
- b) authorize the Receiver to seek a bankruptcy order against the Debtors if the Receiver determines that this would be beneficial to the stakeholders of Velocity and/or the Dealer;
- c) expand the scope of the receivership to include all property of the Dealer; and
- d) increase the limit on the Receiver's Borrowings to \$750,000.

All of which is respectfully submitted at Toronto, Ontario this 4<sup>th</sup> day of December, 2023.

**DELOITTE RESTRUCTURING INC.,**  
solely in its capacity as Court-Appointed  
Receiver of Velocity Asset and Credit  
Corporation and the Dealer Property,  
and without personal or corporate liability

Per:



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Jorden Sleeth, CPA, CA, CIRP, LIT  
*Senior Vice-President*

## Appendix "A"



SUPERIOR COURT OF JUSTICE

**COUNSEL/ENDORSEMENT SLIP**

COURT FILE NO.: CV-23-00707330-00CL

DATE: 13 October 2023

NO. ON LIST: 3

TITLE OF PROCEEDING: ENLIGHTENED FUNDING CORPORATION v.  
VELOCITY ASSET AND CREDIT CORPORATION ET AL.  
BEFORE: JUSTICE STEELE

**PARTICIPANT INFORMATION**

**For Plaintiff, Applicant, Moving Party:**

Name of Person Appearing	Name of Party	Contact Info
Aiden Nelms	Enlightened Funding Corporation	<a href="mailto:nelmsa@bennettjones.com">nelmsa@bennettjones.com</a>

**For Defendant, Respondent, Responding Party:**

Name of Person Appearing	Name of Party	Contact Info
Josh Suttner	Velocity Asset and Credit Corporation; 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing	<a href="mailto:jsuttner@airdberlis.com">jsuttner@airdberlis.com</a>
Thomas Gertner Katherine Yurkovich	Peoples Trust Company of Canada	<a href="mailto:thomas.gertner@gowlingwlg.com">thomas.gertner@gowlingwlg.com</a> <a href="mailto:kate.yurkovich@gowlingwlg.com">kate.yurkovich@gowlingwlg.com</a>

**For Other, Self-Represented:**

Name of Person Appearing	Name of Party	Contact Info
Derek Harland Rebecca Kennedy	Deloitte Restructuring Inc.	<a href="mailto:dkharland@tgf.ca">dkharland@tgf.ca</a> <a href="mailto:rkennedy@tgf.ca">rkennedy@tgf.ca</a>

**ENDORSEMENT OF JUSTICE STEELE:**

- [1] The applicant, Enlightened Funding Corp., brings an application to appoint Deloitte as the receiver and manager of all assets of Velocity, among other things.
- [2] The respondents requested a short adjournment, which was not agreed to by the applicant.
- [3] I agreed to grant the adjournment because the application materials were not served until late in the day on Friday October 6, 2023 (prior to the long Thanksgiving weekend), the respondents' counsel were not consulted on the scheduling of today's appearance and the respondents' lead lawyer is in court on another matter, and Hugh Waddell's spouse is extremely ill and in the hospital. The respondents wish to file a response and ought to be given the opportunity to do so.
- [4] Matter adjourned to October 26, 2023 at 11 am (2 hours). The respondents shall deliver their responding materials on or prior to October 20, 2023.

A handwritten signature in blue ink, appearing to be "J. Steele", is located in the lower right quadrant of the page. The signature is written in a cursive style with a horizontal line extending to the right.

## Appendix "B"

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

THE HONOURABLE ) THURSDAY, THE 26<sup>th</sup>  
 )  
JUSTICE CONWAY ) DAY OF OCTOBER, 2023

**ENLIGHTENED FUNDING CORPORATION**

Applicant

- and -

**VELOCITY ASSET AND CREDIT CORPORATION AND 926749  
ONTARIO LTD. O/A CLONSILLA AUTO SALES AND LEASING**

Respondents

**IN THE MATTER OF AN APPLICATION UNDER SECTION 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***

**RECEIVERSHIP ORDER**

**THIS APPLICATION** made by the Applicant for an Order pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Deloitte Restructuring Inc. ("**Deloitte**") as receiver (in such capacity, the "**Receiver**") without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation ("**Velocity**") acquired for, or used in relation to a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property (as defined in the affidavit of Eamonn Glavey sworn October 6, 2023 and the Exhibits thereto (the "**Glavey Affidavit**")) of 926749 Ontario Ltd. (the "**Dealer**" and together with Velocity, the "**Debtors**"), including all proceeds thereof, was heard this day via Zoom videoconference at 330 University Avenue, Toronto, Ontario.

**ON READING** the Glavey Affidavit, the Responding Record dated October 20, 2023 and the Affidavit of Eamonn Glavey sworn October 24, 2023, and on hearing the submissions of counsel for the Applicant, the proposed Receiver and such other parties listed on the Participant Information Form, no one appearing for any other party although duly served as appears from the affidavit of service sworn and filed, and on reading the consent of Deloitte to act as the Receiver,

### **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service 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.
2. **THIS COURT ORDERS AND DECLARES** that all terms not otherwise defined herein shall have the meaning ascribed to them in the Glavey Affidavit.

### **APPOINTMENT**

3. **THIS COURT ORDERS** that pursuant to subsection 243(1) of the BIA and section 101 of the CJA, Deloitte is hereby appointed Receiver, without security, of all of the present and future assets, undertakings and real and personal property of Velocity acquired for, or used in relation to, a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property of the Dealer, including all proceeds thereof (collectively, the "**Property**").

### **RECEIVER'S POWERS**

4. **THIS COURT ORDERS** that the Receiver 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 Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver 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, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of the 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 Debtors, or any of them, in connection with the Property, including the powers to enter into any agreements or incur any obligations in the ordinary course of business in connection with the Property, cease to carry on all or any part of the business of the Debtors in connection with the Property, or any of them, or cease to perform or disclaim any contracts of any of the Debtors in respect of the Property;
- (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 Receiver'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 Debtors, or any of them, in connection with the Property or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors in connection with the Property;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;

- (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 Debtors (as such proceedings relate to the Property or any portion thereof), the Property or the Receiver, 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 Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$500,000, provided that the aggregate consideration for all such transactions does not exceed \$2,500,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required;
- (l) 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 the Property or any part or parts thereof;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) 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 Receiver, in the name of the either of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to undertake any investigations deemed appropriate by the Receiver with respect to the location and/or disposition of assets reasonably believed to be, or to have been, Property;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations, including opening any mail or other correspondence addressed to any of the Debtors,
- (t) 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 either of the Debtors, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

5. **THIS COURT ORDERS** that: (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, advisors, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all

of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any of the Property in each such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, patents, patent applications, documents, securities, contracts, orders, corporate and accounting records, bank account information and any other papers, records and information of any kind related to the business or affairs of the Debtors or the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver 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 Receiver 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 Receiver for the purpose of allowing the Receiver 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 Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver'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 Receiver'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 Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

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

#### **NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY**

10. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors 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 all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver 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 BIA, and further provided that nothing in this paragraph shall: (i) empower the Receiver or the Debtor to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the

environment to which the Debtors are subject, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

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 Debtors, without written consent of the Receiver or leave of this Court.

#### **CONTINUATION OF SERVICES**

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

#### **RECEIVER TO HOLD FUNDS**

14. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver 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 new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the

credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **EMPLOYEES**

15. **THIS COURT ORDERS** that any and all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver 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 Receiver may specifically agree in writing to pay, 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*.

## **PIPEDA**

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

## **LIMITATION ON ENVIRONMENTAL LIABILITIES**

17. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver 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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. 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.

## **LIMITATION ON THE RECEIVER'S LIABILITY**

18. **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, 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 Receiver by section 14.06 of the BIA or by any other applicable legislation.

## **RECEIVER'S ACCOUNTS**

19. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver 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, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver'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 Receiver'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 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 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 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 standard 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 this Court.

#### **FUNDING OF THE RECEIVERSHIP**

22. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered, with the prior written consent of Peoples Trust Company of Canada ("**PTC**"), to borrow by way of: (a) advances from the Applicant irrevocably directed to the Receiver pursuant to the terms of the Enlightened Credit Agreement; or (b) advances from PTC, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$470,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest provided for in the Enlightened Credit Agreement (with respect to advances from the Applicant) or at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange (with respect to advances from PTC), for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures (the "**Receiver's Borrowings**"). The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the Receiver's Borrowings, 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 Receiver'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 Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

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

25. **THIS COURT ORDERS** that the Receiver's Borrowings borrowed pursuant to this Order or any further order of this Court and any and all Receiver'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 Receiver's Certificates.

#### **SERVICE AND NOTICE**

26. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the "**Guide**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <https://www.insolvencies.deloitte.ca/en-ca/pages/search-insolvencies.aspx>.

27. **THIS COURT ORDERS** that the Debtors, the Receiver, the Applicant and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by

forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

28. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Receiver 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, facsimile or email transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by e-mail transmission shall be deemed to be received on the same business day as transmission, or if sent 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**

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

30. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of either of the Debtors.

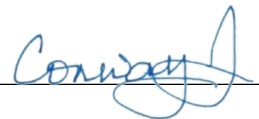
31. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or Europe to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, 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.

32. **THIS COURT ORDERS** that the Receiver 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 Receiver is authorized and empowered to act as a foreign representative in respect of the Debtors and the within proceedings for the purpose of having the within proceedings and this or any other Orders made in the within proceedings recognized in a jurisdiction outside Canada.

33. **THIS COURT ORDERS** that the Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a full indemnity basis to be paid by the Receiver from the Debtors' estates with such priority and at such time as this Court may determine.

34. **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 to the Receiver 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.

35. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto Time on the date of this Order and are enforceable without the need for entry and filing.

A handwritten signature in blue ink, appearing to read "Conway J.", is written above a horizontal line.

## SCHEDULE "A"

### RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. **THIS IS TO CERTIFY** that Deloitte Restructuring Inc., the receiver (in such capacity, the "**Receiver**"), without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation ("**Velocity**") acquired for, or used in relation to a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property (as defined in the affidavit of Eamonn Glavey sworn October 6, 2023) of 926749 Ontario Ltd., including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 26<sup>th</sup> day of October, 2023 (the "**Order**") made in an action having Court file number CV-23-00707330-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver 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 Bank of \_\_\_\_\_ 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 Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, 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 Receiver 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 Receiver 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 Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver 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 \_\_\_\_\_, 2023.

**Deloitte Restructuring Inc.**, solely in its capacity as Receiver of the Property, and not in its personal or corporate capacity

Per: \_\_\_\_\_  
Name:  
Title:

**IN THE MATTER OF AN APPLICATION UNDER SECTION 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***

**ENLIGHTENED FUNDING CORPORATION**

and

**VELOCITY ASSET AND CREDIT CORPORATION AND 926749  
ONTARIO LTD.**

Applicant

Respondents

Court File No.: CV-23-00707330-00CL

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

Proceedings commenced in Toronto

**RECEIVERSHIP ORDER**

**BENNETT JONES LLP**

One First Canadian Place, Suite 3400  
P.O. Box 130  
Toronto, ON M5X 1A4

**Raj Sahni** (LSO# 42942U)

Tel: (416) 777-4804

Email: [sahnir@bennettjones.com](mailto:sahnir@bennettjones.com)

**Aiden Nelms** (LSO#: 74170S)

Tel: (416) 777-4642

Email: [nelmsa@bennettjones.com](mailto:nelmsa@bennettjones.com)

**Milan Singh-Cheema** (LSO#: 88258Q)

Tel: (416) 777-5521

Email: [singhcheemam@bennettjones.com](mailto:singhcheemam@bennettjones.com)

Lawyers for the Applicant

## Appendix “C”





## Profile Report

VELOCITY ASSET AND CREDIT CORPORATION as of October 26, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	VELOCITY ASSET AND CREDIT CORPORATION
Ontario Corporation Number (OCN)	2712696
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation	August 21, 2019
Registered or Head Office Address	809 Clonsilla Avenue, Peterborough, Ontario, Canada, K9J 5Y2

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

**Active Director(s)**

**Minimum Number of Directors** 1  
**Maximum Number of Directors** 10

**Name** HOLLINSWORTH AUGUSTE  
**Address for Service** 809 Clonsilla Avenue, Peterborough, Ontario, Canada, K9J  
5Y2  
**Resident Canadian** Yes  
**Date Began** May 10, 2022

**Name** HUGH WADDELL  
**Address for Service** 809 Clonsilla Avenue, Peterborough, Ontario, Canada, K9J  
5Y2  
**Resident Canadian** Yes  
**Date Began** August 21, 2019

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

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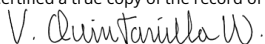
**Active Officer(s)**

**Name** HOLLINSWORTH AUGUSTE  
**Position** President  
**Address for Service** 809 Clonsilla Avenue, Peterborough, Ontario, Canada, K9J 5Y2  
**Date Began** May 10, 2022

**Name** HUGH WADDELL  
**Position** Secretary  
**Address for Service** 809 Clonsilla Avenue, Peterborough, Ontario, Canada, K9J 5Y2  
**Date Began** August 21, 2019

**Name** HUGH WADDELL  
**Position** Chairman  
**Address for Service** 809 Clonsilla Avenue, Peterborough, Ontario, Canada, K9J 5Y2  
**Date Began** May 10, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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**Corporate Name History**

**Name**

**Effective Date**

VELOCITY ASSET AND CREDIT CORPORATION

August 21, 2019

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

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Additional historical information may exist in paper or microfiche format.

### Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

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### Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

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## Document List

Filing Name	Effective Date
Annual Return - 2021 PAF: Jill FRASER	May 19, 2022
Annual Return - 2020 PAF: Jill FRASER	May 19, 2022
Annual Return - 2019 PAF: Jill FRASER	May 19, 2022
CIA - Notice of Change PAF: Jill FRASER	May 18, 2022
BCA - Articles of Incorporation	August 21, 2019

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

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## Appendix “D”





## Profile Report

926749 ONTARIO LTD. as of October 26, 2023

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	926749 ONTARIO LTD.
Ontario Corporation Number (OCN)	926749
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Incorporation/Amalgamation	June 04, 1991
Date of revival	July 12, 1996
Registered or Head Office Address	809 Clonsilla Avenue, Peterborough, Ontario, Canada, K9J 5Y2

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

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**Active Director(s)**

**Minimum Number of Directors**  
**Maximum Number of Directors**

[Not Provided]  
[Not Provided]

**Name**  
**Address for Service**  
**Resident Canadian**  
**Date Began**

HUGH WADDELL  
809 Clonsilla Avenue, Peterborough, Ontario, Canada, K9J  
5Y2  
Yes  
February 01, 2018

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

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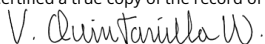
**Active Officer(s)**

**Name** HUGH WADDELL  
**Position** President  
**Address for Service** 809 Clonsilla Avenue, Peterborough, Ontario, Canada, K9J 5Y2  
**Date Began** February 01, 2018

**Name** HUGH WADDELL  
**Position** Secretary  
**Address for Service** 809 Clonsilla Avenue, Peterborough, Ontario, Canada, K9J 5Y2  
**Date Began** May 01, 2015

**Name** MEGGAN M E WADDELL  
**Position** Treasurer  
**Address for Service** 123 Crescent Street, Peterborough, Ontario, Canada, K9J 2G3  
**Date Began** May 16, 2011

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

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**Corporate Name History**

**Name**

926749 ONTARIO LTD.

**Effective Date**

November 26, 1992

**Previous Name**

PETERBOROUGH DODGE CHRYSLER LIMITED

**Effective Date**

Refer to Corporate Records

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

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**Active Business Names**

<b>Name</b>	CLONSILLA AUTO SALES AND LEASING
<b>Business Identification Number (BIN)</b>	1000183200
<b>Registration Date</b>	April 21, 2022
<b>Expiry Date</b>	April 20, 2027

<b>Name</b>	CLONSILLA AUTO SALES
<b>Business Identification Number (BIN)</b>	1000183186
<b>Registration Date</b>	April 21, 2022
<b>Expiry Date</b>	April 20, 2027

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

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**Expired or Cancelled Business Names**

**Name** AUTO LOANS FOR YOU  
**Business Identification Number (BIN)** 170177380  
**Status** Inactive - Expired  
**Registration Date** February 13, 2007  
**Expired Date** February 12, 2012

**Name** CLONSILLA AUTO SALES AND LEASING  
**Business Identification Number (BIN)** 240109819  
**Status** Inactive - Expired  
**Registration Date** February 03, 2014  
**Expired Date** February 02, 2019

**Name** CLONSILLA AUTO SALES AND LEASING  
**Business Identification Number (BIN)** 170422042  
**Status** Inactive - Expired  
**Registration Date** April 16, 2007  
**Expired Date** April 15, 2012

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

## Document List

Filing Name	Effective Date
Annual Return - 2021 PAF: JILL P. FRASER	April 25, 2022
Annual Return - 2020 PAF: JILL P. FRASER	April 25, 2022
Archive Document Package	January 10, 2022
Annual Return - 2019 PAF: HUGH WADDELL - OFFICER	February 09, 2020
CIA - Notice of Change PAF: KELLY MACLACHLAN - OTHER	April 08, 2019
Annual Return - 2018 PAF: HUGH WADDELL - OFFICER	December 30, 2018
Annual Return - 2017 PAF: HUGH WADDELL - OFFICER	February 18, 2018
Annual Return - 2016 PAF: HUGH WADDELL - DIRECTOR	May 30, 2017
CIA - Notice of Change PAF: LAUREL B PICKETT - OTHER	May 01, 2015
CIA - Notice of Change PAF: ROBERT GAUVREAU - OTHER	August 19, 2013
Annual Return - 2008 PAF: H WADDELL - OFFICER	January 03, 2009
Annual Return - 2007 PAF: H WADDELL - OFFICER	September 29, 2007
Annual Return - 2006 PAF: H WADDELL - OFFICER	May 23, 2007

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Annual Return - 2005 PAF: H WADDELL - OFFICER	February 01, 2006
Annual Return - 2004 PAF: H WADDELL - OFFICER	February 05, 2005
Annual Return - 2003 PAF: H WADDELL - OFFICER	November 13, 2004
Annual Return - 2003 PAF: H WADDELL - OFFICER	January 03, 2004
Annual Return - 2001 PAF: H WADDELL - OFFICER	November 12, 2002
Annual Return - 2001	February 03, 2002
Annual Return - 1995 PAF: F. W. POWELL - OTHER	July 23, 1996
BCA - Articles of Revival	July 12, 1996
BCA - Cancelled by CB 241(4)	January 21, 1995
Other - SN DEFAULT (ORIG NOTICE)	June 25, 1994
CB - Update (461a)	June 03, 1994
BCA - Articles of Amendment	November 26, 1992
CPCV - Corporate Conversion ADD	June 27, 1992

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

*V. Quintanilla W.*

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.



## Appendix “E”

# CLONSILLA-VELOCITY FUNDING WORKFLOW (Steps 1-5)

## 1 Customer Application

- Customer Info **Draft**
- Vehicle Info
- Employment Info
- Credit Score/Credit Pull

## 2 Submission Statuses

- Approved
  - Declined
  - Decision Review
- Note: Approval is based on Qualifying as an Eligible Receivable (stored in business rules)*

## 3 Create Lease Agreement (manual)

- Store the following Lease Agreement values in database:
- Vehicle Lease Value
- Capitalized Cost
- APR
- Implicit Finance Charge
- Lease Payment per Month
- Total Cost of Lease
- Total Payment per Month
- HST on each Payment
- Total Number of Months
- Option to Purchase Vehicle value

## 4 Funding Request

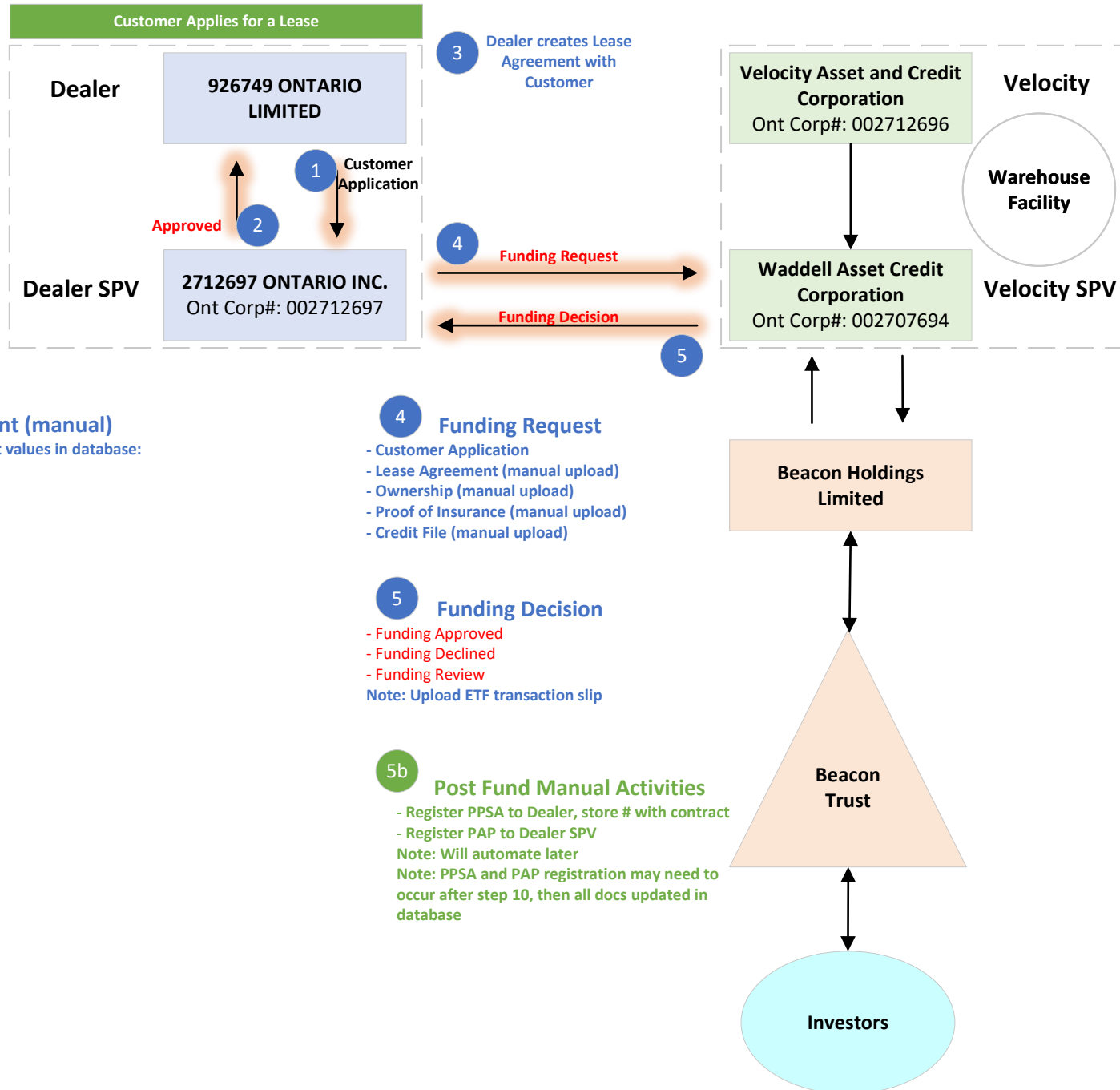
- Customer Application
- Lease Agreement (manual upload)
- Ownership (manual upload)
- Proof of Insurance (manual upload)
- Credit File (manual upload)

## 5 Funding Decision

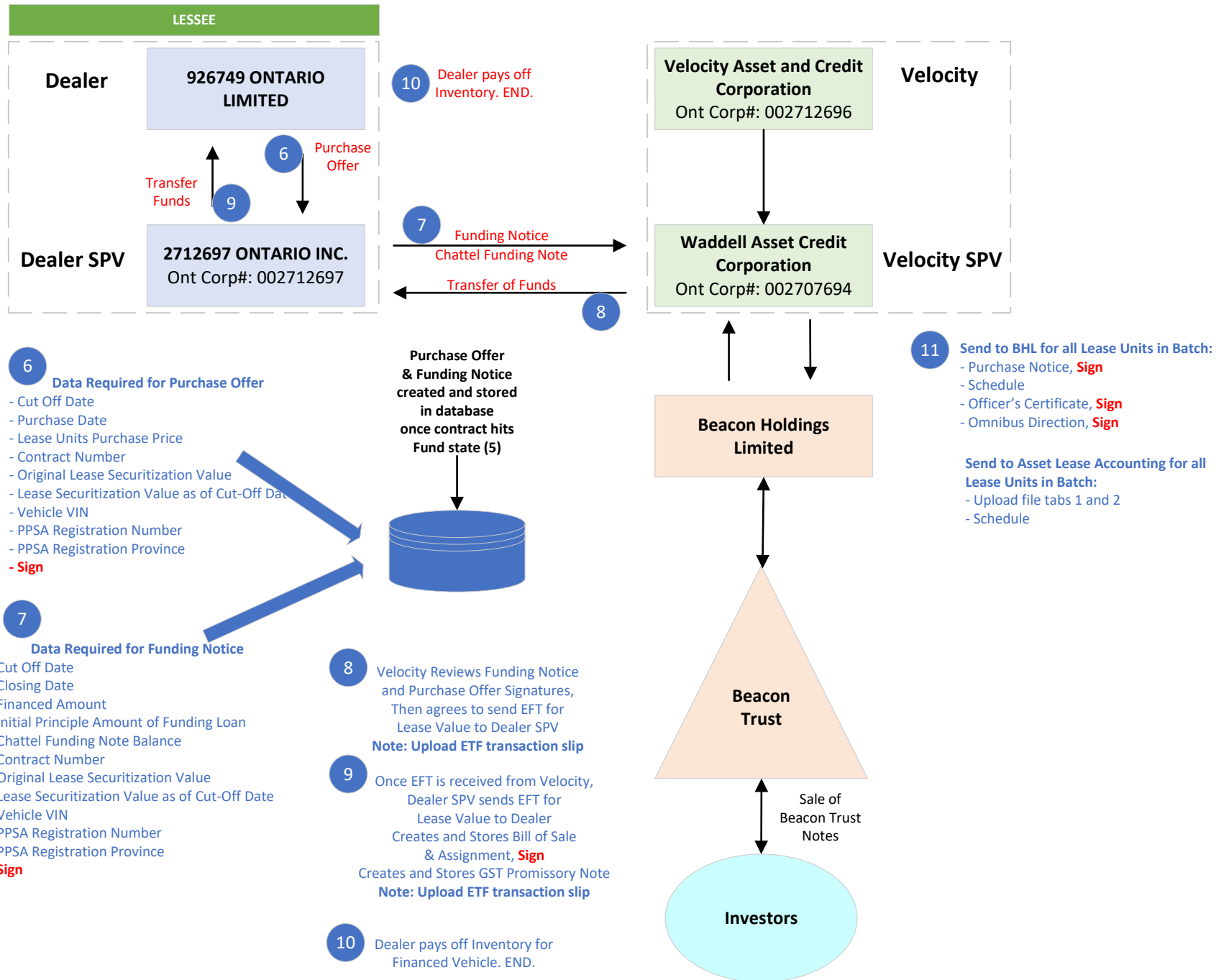
- Funding Approved
  - Funding Declined
  - Funding Review
- Note: Upload ETF transaction slip**

## 5b Post Fund Manual Activities

- Register PPSA to Dealer, store # with contract
  - Register PAP to Dealer SPV
- Note: Will automate later**  
**Note: PPSA and PAP registration may need to occur after step 10, then all docs updated in database**



# CLONSILLA-VELOCITY FUNDING WORKFLOW (Steps 6-11)



## Appendix “F”

**VELOCITY ASSET AND CREDIT CORPORATION**

as Borrower

and

**ENLIGHTENED FUNDING CORP.**

as Lender

**CREDIT AGREEMENT**

**Dated as of May 26, 2022**

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## CREDIT AGREEMENT

**This Credit Agreement** is made as of May 26, 2022 between Velocity Asset and Credit Corporation, as borrower and Enlightened Funding Corp. as lender.

**WHEREAS** the Borrower has requested that the Lender establish certain credit facilities in favour of the Borrower; and

**WHEREAS** the Lender has agreed to establish such credit facilities in favour of the Borrower, subject to the terms and conditions set forth herein; and

**WHEREAS** the Dealers have agreed to guarantee certain obligations of the Borrower hereunder, to service the Collateral and to secure their respective obligations under such guarantees by granting security therefor, as set out herein;

**NOW THEREFORE**, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto), the parties hereto make the following agreements.

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement, the following terms shall have the following meanings, unless the context expressly or by necessary implication requires otherwise:

**"Accommodation"** means any Advance made by way of a Loan.

**"Accommodations Outstanding"** means, at any particular date of determination, (i) with respect to any particular Facility, the aggregate outstanding amount of all Accommodations made under such Facility as of such date, and (ii) with respect to all Facilities, the aggregate outstanding amount of all Accommodations made under all Facilities as of such date, including the Aggregate Revolver Outstandings and the Aggregate Revolver Warehouse Outstandings.

**"Additional Compensation"** has the meaning set forth in Section 3.11.

**"Advance"** means an extension of credit under any Facility by the Lender to the Borrower.

**"Adverse Claim"** means a Lien or other right or claim, including any filing or registration made in respect thereof, of or through any Person (other than the applicable Dealer, any applicable Lessee).

**"Affiliate"** means, with respect to any particular Person, any other Person that directly or indirectly Controls (including any member of the senior management group of such Person), is Controlled by, or is under common Control with, such Person, or which owns, directly or indirectly, not less than 50% of the outstanding Equity Interests of such Person.

**"Aggregate Revolver Outstandings"** means, as of any particular date of determination, the aggregate of the outstanding Principal Amount of all Revolving Loans.

**"Aggregate Revolver Warehouse Outstandings"** means, as of any particular date of determination, the aggregate of the outstanding Principal Amount of all Revolving Warehouse Loans.

**"Agreement"** means, this agreement, including all Schedules and Exhibits hereto, together with all amendments, renewals, supplements, variations, restatements, amendments and restatements or replacements hereof from time to time hereafter, made in accordance with the terms hereof.

**"Annual Budget"** means, with respect to any particular Fiscal Year, the annual budget of the Borrower for such Fiscal Year (including any amendments thereto from time to time approved by the Lender), prepared on a consolidated basis for the Borrower, and including a projected income statement, balance sheet, statement of changes, statement of cash flows, listing of proposed Capital Expenditures, and financial covenant calculations for such Fiscal Year on a month-to-month basis, and such other information as is requested by the Lender, all in form and content satisfactory to the Lender in its Permitted Discretion.

**"Applicable Law"** means, at any particular time in respect of any particular Person, property, transaction or event, all laws, statutes, regulations, treaties, judgments and decrees applicable to that Person, property, transaction or event (whether or not having the force of law) and all applicable requirements, requests, official directives, consents, approvals, authorizations, guidelines, decisions, rules, orders and policies of any Governmental Authority having or purporting to have authority over such Person, property, transaction or event.

**"Assignee"** has the meaning set forth in Section 11.1.

**"Associate"** has the meaning given to such term in the *Business Corporations Act* (Ontario), as in effect on the Closing Date.

**"Audited Financial Statements"** means, in respect of any particular Fiscal Year or Fiscal Quarter, as applicable, the audited consolidated balance sheet of the Borrower as at the last day of such Fiscal Year or Fiscal Quarter, as applicable, and the related audited consolidated income statements, statement of changes, cash flow statements and changes in shareholders' equity for such Fiscal Year or Fiscal Quarter, as applicable, and the accompanying notes thereto, all prepared in accordance with GAAP and setting forth in each case, in comparative form, figures for the corresponding period in the preceding Fiscal Year, all in reasonable detail and fairly presenting in all material respects the financial position and the results of operations of the Borrower and its Subsidiaries as at the date thereof and for the Fiscal Year or Fiscal Quarter, as applicable, then ended, certified by the Auditor.

**"Auditor"** means BDO Dunwoody or any other independent chartered accounting firm selected by the Borrower that is of national standing, in each case, that is acceptable to the Lender.

**"Authorized Representative"** means, with respect to any Person that is not an individual, the chief executive officer, chief financial officer or president of such Person (or a Person in a similar capacity with respect to non-corporate entities).

**"Borrower"** means Velocity Asset and Credit Corporation, a corporation existing under the laws of the Province of Ontario, and its successors and permitted assigns.

**"Borrower's Account"** means the Borrower's bank account maintained with Bank of Montreal.

**"Borrowing Base"** means, as of any particular date of determination, an amount equal (without duplication) to the aggregate of:

- (a) up to 85% of Discounted Eligible Leases, as determined by the Lender in its sole discretion; minus
- (b) all Reserves (other than Priority Payables); minus
- (c) all Priority Payables.

**"Borrowing Base Certificate"** means a Certificate executed by an Authorized Representative of the Borrower, substantially in the form of Exhibit "A".

**"Borrowing Base Deficiency"** means, as of any date of determination, the amount by which the aggregate principal amount of all Advances outstanding exceeds the Borrowing Base.

**"Borrower Collection Account"** means the account of the Borrower maintained at Bank of Montreal that is or will be the subject of a blocked account agreement in favour of the Lender and in respect sole dominion and control over such bank account has been restricted following the issuance of a notice by the Lender thereunder to the Lender.

**"Business Day"** means any day that is not a Saturday, Sunday or other day on which commercial banks in Vancouver, British Columbia or Toronto, Ontario are authorized or required by applicable law to remain closed.

**"Canadian Dollars"**, "\$", "Cdn\$" and "C\$" each refer to the lawful money of Canada.

**"Canadian Pension Plans"** means, with respect to any Credit Party, all plans or arrangements that are considered to be pension plans (for the purposes of any applicable pension benefits or tax statute or regulation in Canada) established, maintained or contributed to by such Credit Party for any of its employees or former employees.

**"Capital Expenditure"** means, for any particular period, with respect to any particular Credit Party, any expenditure made by such Credit Party during such period in connection with the acquisition, improvement or maintenance of any capital or fixed asset of such Credit Party that is required in accordance with GAAP to be capitalized on the balance sheet of such Credit Party.

**"Capital Lease"** means any lease or other arrangement relating to property or assets that is required in accordance with GAAP to be listed as a capital lease on the balance sheet of Borrower.

**"Capitalized Lease Obligations"** means, for any particular period, the aggregate liability in respect of all Capital Leases of the Borrower for such period, determined in accordance with GAAP.

**"CAS Dealer"** means 926749 Ontario Ltd., a corporation existing under the laws of the Province of Ontario, and its successors and permitted assigns.

**"Cash Equivalents"** means, as at any particular date of determination:

- (a) any bond, debenture or other evidence of indebtedness issued, or fully and unconditionally guaranteed or insured, by the Government of Canada or the government of a province of Canada, or any agency or political subdivision thereof, and maturing not more than six months from the date of issuance thereof;
- (b) certificates of deposit, time deposits, repurchase agreements, reverse repurchase agreements, or bankers' acceptances issued by any commercial bank organized under the laws of Canada, having combined capital and surplus of not less than \$1,000,000,000 and a rating of at least "A-1"(or the equivalent thereof) from Standard & Poor's Corporation, or the equivalent rating from Moody's Investors Services Inc. or DBRS Ltd., and maturing not more than six months from the date of issuance or execution thereof, as applicable;
- (c) commercial paper having a rating of at least "A-1" from Standard & Poor's Corporation, or the equivalent rating from Moody's Investors Services Inc. or DBRS Ltd., and maturing not more than three months after the date of issuance thereof;
- (d) any bond, debenture or other evidence of indebtedness issued, or fully and unconditionally guaranteed or insured, by the Government of the United States of America or any agency or political subdivision thereof, payable in United States dollars, having a rating of at least "A-1" (or the equivalent thereof) from Standard & Poor's Corporation or an equivalent rating from DBRS Ltd. or Moody's Investors Services, Inc., and maturing not more than six months after the date of issuance thereof.

**"Cash Management Breach"** means any breach by any Credit Party of Section 2.9, 4.1, 4.3(2), 5.2 or 8.1(9) or any breach by a Dealer of Section 9.2 of a Guarantee and Servicing Agreement.

**"Certificate"** means, with respect to any Person that is not an individual, a written certificate signed on behalf of such Person by an Authorized Person and, with respect to a Person that is an individual, a written certificate signed by such individual.

**"Change of Control"** means any event or circumstance whereby Hugh Waddell shall cease to beneficially own and control at least fifty-seven percent (57%) (on a fully diluted basis) of the economic and voting Equity Interests of the Borrower.

**"Claim"** means any claim, demand, cause of action, suit, proceeding (whether administrative, judicial or otherwise), governmental investigation or arbitration (whether or not purportedly on behalf of any Credit Party) at law or in equity, or before or by any Governmental Authority, domestic or foreign of any nature whatsoever, whether pending or, to the knowledge of any Credit Party, threatened against or affecting any Credit Party or any property of a Credit Party.

**"Closing Date"** means the date hereof.

**"Closing Fee"** means an amount equal to 1% of the Maximum Facility Amount on the Closing Date or in connection with any renewal as determined by the Lender in its sole discretion.

**"Code"** means the United States Internal Revenue Code of 1986, as amended.

**"Collateral"** means, collectively, all of the present and future undertaking, property and assets (whether real, personal or mixed property) against or in respect of which Liens in favour of the Lender are now or are hereafter granted (or purported to be granted) pursuant to the Security Documents.

**"Collateral Access Agreement"** means a landlord waiver, bailee letter, non-disturbance agreement, acknowledgement agreement or similar agreement executed by any lessor, mortgagee, warehouseman, processor, consignee or other Person (other than a Credit Party) in possession of, having a lien upon, or having rights or interests in any location at which Collateral is situate, in favour of and for the benefit of the Lender, its successors and assigns, and in form and content satisfactory to the Lender in its Permitted Discretion.

**"Compliance Certificate"** means a Certificate executed by the Borrower and the Dealers substantially in the form of Exhibit "B".

**"Contingent Obligations"** means, as to any Person, any direct or indirect liability, contingent or otherwise, of that Person: (a) with respect to any indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against Loss with respect thereto; (b) with respect to any letter of credit issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings; (c) under any Hedging Arrangement; (d) to make, take-or-pay or similar payments if required regardless of non-performance by any other party or parties to an agreement; (e) for the obligations of another through any agreement to purchase, repurchase or otherwise acquire any obligation of another Person or any property constituting security therefor, or to provide funds for the payment or discharge of such obligation; and (f) to maintain the solvency, financial condition or any balance sheet item or level of income of another Person. The amount of any Contingent Obligation (other than in respect of a Hedging Arrangement) shall be equal to the amount of the obligation so guaranteed or otherwise supported or, if not a fixed and determined amount, the maximum amount so guaranteed or supported. The amount of any Contingent Obligation in respect of a Hedging Arrangement shall equal the Deemed Hedge Exposure for such Hedging Arrangement.

**"Contractual Obligation"** means, with respect to any Person, any provision of any indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument (including any Equity Interest issued by such Person) to which such Person is a party or by which, whether in writing or orally, such Person or any of its assets is bound or to which such Person or any of its assets is subject.

**"Control"** (including, with correlative meanings, the terms **"Controlling," "Controlled by"** and **"under common Control with"**) means, with respect to any Person, the possession, directly or indirectly, of the power to direct, or to cause the direction of, the management and policies of such Person, whether through the ability to exercise voting power over any Equity Interests, whether by contract or otherwise.

**"Credit Documents"** means, collectively, this Agreement, the Security, the Security Documents, each Guarantee and Servicing Agreement, the Guarantees, any certificate completed and executed by a Credit Party and all other Certificates, instruments, promissory notes, agreements and other documents delivered, or to be delivered, to the Lender under or in connection with this Agreement or any of the Facilities provided for herein and any fee letters entered into between the Borrower and the Lender in respect of fees payable to the Lender.

**"Credit and Collection Policies"** means the credit and collection policy attached hereto as Exhibit "D".

**"Credit Parties"** means, collectively, the Borrower and each Dealer.

**"Dealer"** means initially NAF Dealer and CAS Dealer and, following the Closing Date, any Person that enters into a Guarantee and Servicing Agreement and otherwise meets the terms and conditions set forth in Section 5.3.

**"Dealer Allocated Amount"** means, in respect of a Dealer at any time, the percentage equivalent of a fraction, the numerator of which is equal to the Borrowing Base calculated at such time using only such Dealer's Leases and on the basis that all such Leases are Eligible Leases, and the denominator of which is equal to the Borrowing Base calculated at such time using all Leases and on the basis that all such Leases are Eligible Leases. For the avoidance of doubt, the sum of the Dealer Allocated Amount for all Dealers shall at all times equal 100%.

**"Dealer Blocked Account"** means a bank account in the name of a Dealer that, in the case of CAS Dealer, is the subject of a blocked account agreement and, in the case of NAF Dealer, will be the subject of a blocked account agreement, in each case, in favour of the Lender and in respect sole dominion and control over such bank account has been restricted following the issuance of a notice by the Lender thereunder to the Lender. The Dealer Blocked Account for NAF Dealer will be account number 0005 1980-942 at Bank of Montreal. The Dealer Blocked Account for the CAS Dealer is account number 00021634168 at Bank of Montreal.

**"Debt"** means, in respect of any particular Credit Party:

- (a) all indebtedness of such Credit Party for borrowed money;

- (b) any obligation, contingent or otherwise, that is required to be classified as a liability in accordance with GAAP on the balance sheet of such Credit Party;
- (c) any obligation secured by a Lien on any property, assets or undertaking owned or acquired by such Credit Party, whether or not such obligation has been assumed;
- (d) any debt or liability of such Credit Party that represents the deferred acquisition cost of property or assets created or arising under any conditional sale agreement or other title retention agreement regardless of whether the rights and remedies of the seller under such agreement in the event of default are limited to repossession or sale of the property or assets covered thereby;
- (e) any liabilities, contingent, unmatured or otherwise, under indemnities given in respect of any bankers' acceptance, letter of credit or letter of guarantee;
- (f) any operating lease under which such Credit Party has furnished a residual value guarantee in respect of which such Credit Party is liable as lessee; and
- (g) any Capital Lease by which such Credit Party is bound.

**"Debt Service"** means, for any period, the amount required by the Borrower to service its outstanding Debt during that period and includes (without limitation) cash interest, required principal payments, payments required or made under any Capital Lease, fees payable in respect of letters of credit or letters of guarantee and the stamping fees and discount rates associated with bankers' acceptances facilities and shares which, by their terms, or upon the happening of any event, mature or are mandatorily redeemable or are redeemable at the option of the holder and which shares are not fully subordinated to the Lien created by the Security Documents.

**"Deemed Hedge Exposure"** means, with respect to any particular Hedging Arrangement, 10% of the principal amount thereof, or such other percentage thereof as is determined appropriate by the Lender in accordance with its policies in effect from time to time for Hedging Arrangements.

**"Default"** means any event, circumstance or omission that constitutes an Event of Default or that, after the giving of notice, the passage of time or the failure to remedy such event, circumstance or omission within a period of time, would constitute an Event of Default.

**"Default Rate"** means a fluctuating per annum interest rate at all times equal to the sum of the Interest Rate plus two percentage points per annum. Each Default Rate shall be adjusted simultaneously with any change in the applicable Interest Rate.

**"Defaulted Lease"** means a Lease in respect of which (i) any scheduled periodic payment, or any part thereof, owing thereunder remains unpaid for more than 90 days from the payment due date; (ii) the related Leased Vehicle has been repossessed by the relevant Dealer; or (iii) the related Receivables have been charged-off by the relevant Dealer as having rental payments that are uncollectible.

**"Delinquent Lease"** means a Lease which is not then a Defaulted Lease, but in respect of which any scheduled periodic payment, or any part thereof owing thereunder remains unpaid for more than 30 days from the payment due date.

**"Deposit Account"** means any bank, deposit or similar account in which cash proceeds or Cash Equivalents are deposited or held.

**"Discounted Eligible Leases"** means at any time, the sum of the present values of all unpaid Scheduled Payments arising under Eligible Leases then owned by the relevant Dealer, discounted to such date at a rate of 3.0% per annum.

**"Discounted Warehouse Leases"** means at any time, the sum of the present values of all unpaid Scheduled Payments arising under Warehouse Leases then owned by the relevant Dealer, discounted to such date at a rate of 3.0% per annum.

**"Drawdown"** means the advance of a Prime Rate Loan.

**"Drawdown Date"** means any Business Day on which an Advance is made or is deemed to be made.

**"Drawdown Notice"** is defined in Section 2.5(1).

**"Eligible Lease"** means any Lease which the Lender determines in its Permitted Discretion to be an "Eligible Lease", and, without limiting such discretion of the Lender to make such determination, the Lender may include Leases that satisfy all of the following criteria:

- (a) such Lease and the related Rights (including the Leased Vehicle) is owned by a Dealer, free of all Adverse Claims and in respect of which the Lender has a first priority perfected security interest under the Security Documents and which is subject to the related Dealer's servicing covenants and obligations pursuant to the related Guarantee and Servicing Agreement;
- (b) in respect of which the Lessee thereunder is a Person who is resident in Canada and is not (i) an Affiliate of the Borrower or the Dealers; (ii) the Government of Canada or any agency or instrumentality thereof or any federal crown corporation other than those listed as exempt under applicable legislation from restrictions or requirements for consent or notice on the assignment of Receivables in respect of which they are Lessees; or (iii) any provincial government or agency thereof if the enforceability against such government or agency of an assignment of debts owing thereby is subject to any pre-condition which has not been fulfilled;
- (c) which is not a Delinquent Lease or a Defaulted Lease;
- (d) in respect of which the Lessee (or the Dealer's account bank in respect of Lessees subject to pre-authorized payment plans) has been irrevocably directed to remit all amounts owing thereunder to a Dealer Blocked Account;
- (e) which is denominated in Canadian Dollars;
- (f) which has been duly authorized, executed and delivered by the parties thereto and, together with all related Rights (including any guarantee, indemnity or agreement referred to in clause (g) of the definition of Rights), is in full force and effect and constitutes the legal, valid and binding obligation of the related Lessee enforceable against such Lessee in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject to equitable principles of general



application (regardless of whether enforcement is sought in a proceeding at law or in equity);

- (g) which is not subject to any dispute, set-off, counterclaim or defence whatsoever, no prepayments have been made thereunder and the Lease and the related Leased Vehicles are free of any Adverse Claim and the Lease has not been extended or otherwise modified;
- (h) the terms of which do not contravene any laws, rules or regulations applicable thereto;
- (i) which, and the perfection of the Dealer's rights in respect of which, complies with the requirements of the relevant Credit and Collection Policies;
- (j) which provides that the related Lessee is required to insure the related Leased Vehicle(s) as required under applicable law and in respect of which the relevant Dealer, in accordance with the relevant Credit and Collection Policies, has determined that each Lessee has obtained physical damage, destruction and loss insurance covering the related Leased Vehicle prior to delivery of the related Leased Vehicle to the Lessee, which insurance names Dealer as the named insured or loss payee under such insurance;
- (k) in respect of which the related Rights may be assigned in whole or in part without the consent of the related Lessee;
- (l) in respect of which the Dealer owns the related Leased Vehicle(s) and the related Rights free and clear of any Adverse Claim, provided that in the case of any Floor Plan Liens, the related Floor Plan Releases shall have been delivered to the Lender within 30 days of the funding date for the Lease, failing which such Lease shall not be an Eligible Lease;
- (m) in respect of which the related Leased Vehicle(s) have been delivered to and accepted by the related Lessee in accordance with the terms of the Lease and, to the best of the relevant Dealer's knowledge, are in good operating condition and have been properly maintained as required by the Lease;
- (n) in respect of which all filings or recordings with respect to the Dealer's interest in the related Rights necessary by law or reasonably prudent and desirable for the perfection and protection of such interests including any further filings, recordings or renewals thereof, have been effected by the Dealer in accordance with the relevant Credit and Collection Policies in effect at the applicable time;
- (o) which grants an option to the related Lessee to purchase the related Leased Vehicle;
- (p) which is not a single pay lease and provides for equal weekly, bi-weekly, monthly or bi-monthly payments of rent by the Lessee thereunder until the Scheduled Expiration Date, such payments having been determined on the basis of a fixed Implicit Rate;
- (q) the original term of which, shall be not less than 12 months and not more than 72 months;

- (r) which is documented pursuant to a form of lease which is similar in all material respects to one of the forms of lease that have previously been delivered to and approved by the Lender and which was completed by the relevant Dealer correctly in all material respects;
- (s) in respect of which the related Leased Vehicle has a net book value of less than \$60,000 at the Closing Date;
- (t) the terms of which prohibit the use of the related Leased Vehicle for commercial purposes; and
- (u) any additional criteria which the Lender may establish from time to time in its Permitted Discretion.

**"Employee Benefit Plan"** means with respect to any Credit Party, any employee benefit plan of any nature or kind whatsoever that is maintained by or contributed to, or required to be contributed to, by such Credit Party (excluding any statutory employee benefit plans with respect to which such Credit Party is required to comply, including the Canada Pension Plan).

**"Environmental Claim"** means any Claim in respect of a breach of any Environmental Law, including any remedial order, control order, stop order or other administrative order, complaint or sanction.

**"Environmental Laws"** means all Applicable Laws pertaining to environmental or occupational health and safety matters, in effect as at the date hereof and as may be brought into effect or amended at a future date, including those pertaining to reporting, licensing, permitting, investigation, remediation and clean-up in connection with any presence or Release of a Hazardous Substance or threat of same or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling and the like of a Hazardous Substance.

**"Environmental Permit"** means any permit, approval, identification number, license or other authorization required pursuant to any applicable Environmental Law.

**"Equity Interest"** means any shares, interests, participations or other rights to participate in the voting or equity ownership of a corporation and any equivalent ownership interests in any Person that is not a corporation, including any partnership or membership interest, and any warrant, option or other right to acquire or that is convertible into any ownership interest, and any other arrangement or right to, directly or indirectly, acquire any of the foregoing.

**"ETA"** means Part IX of the *Excise Tax Act* (Canada).

**"Event of Default"** is defined in Section 9.1.

**"Excess Availability"** means, as at any particular date of determination, (a) with respect to the Revolving Facility, the lesser of the Revolving Facility Limit and the RF Borrowing Base minus the Aggregate Revolver Outstandings, and (b) with respect to the Revolving Warehouse Subfacility, the lesser of the Revolving Warehouse Subfacility Limit and the RWS Borrowing Base minus the Aggregate Revolver Warehouse Outstandings.

**"Excluded Taxes"** means any Taxes imposed on or measured by the Lender's net income and franchise taxes imposed on it by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender is organized.

**"Existing Facility"** means all indebtedness, obligations and liabilities of Waddell Asset Credit Corporation to the Existing Lender under the lease units purchase agreement between, among others, Waddell Asset Credit Corporation and Existing Lender dated September 11, 2019 (as amended, restated, supplemented, replaced, or otherwise modified from time to time).

**"Existing Lender"** means Beacon Holdings Limited.

**"Facility"** means the Revolving Facility or the Revolving Warehouse Subfacility, as applicable, and **"Facilities"** means both of them, collectively.

**"Financial Projections"** means the financial projections in form and substance satisfactory to the Lender in its sole discretion delivered by the Borrower on or before the Closing Date and on each anniversary thereof in accordance with Section 8.1(5)(g).

**"Financial Statements"** means Audited Financial Statements or Unaudited Financial Statements, as applicable.

**"Fiscal Quarter"** means, with respect to any particular Fiscal Year, a period of three months ending on or around March 31, June 30, September 30 or December 31, as applicable.

**"Fiscal Year"** means the fiscal year of each Credit Party, all of which currently end on or around March 31, June 30, September 30 or December 31.

**"Floor Plan Releases"** means, in respect of a Lease, a written release of any Floor Plan Liens against the related Leased Vehicle by the related secured party.

**"Floor Plan Liens"** means, in respect of CAS Dealer, Liens in favour Automotive Finance Canada Inc. and Nextgear Capital securing the floor plan financing of a vehicle that becomes a Leased Vehicle provided that the related financing has been repaid and all requirements for the release of the Lien against the related Leased Vehicle have been satisfied.

**"GAAP"** means generally accepted accounting principles in Canada as in effect from time to time as set forth in the opinions and pronouncements of the relevant Canadian public and private accounting boards and institutes which are applicable to the relevant Person and the circumstances as of the date of determination consistently applied (including, without limitation, to the extent the same are adopted (subject to Section 1.3 hereof) by the Borrower, the Accounting Standards for Private Enterprises/ International Financial Reporting Standards adopted by the Accounting Standards Board of the Canadian Institute of Chartered Accountants).

**"Governmental Approvals"** means, at any particular date of determination with respect to any Person or its property assets, all licenses, permits, consents, authorizations and approvals required from Governmental Authorities for the conduct of such Person's business on such date.

**"Governmental Authority"** means any domestic or foreign government including any federal, provincial, state, territorial or municipal government and any executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or any Person, body, department, bureau, agency, board, tribunal, commission branch or office thereof or having or claiming to have jurisdiction over the Credit Parties or any of their respective property or assets.

**"GST/HST"** means the goods and services tax, harmonized sales tax, and all other amounts payable under the ETA or pursuant to any similar value added tax legislation in any other jurisdiction of Canada or is similar thereto.

**"Guarantee and Servicing Agreement"** is defined in Section 5.3.

**"Guarantees"** means all guarantees held from time to time by or on behalf of the Lender guaranteeing or intending to guarantee, directly or indirectly, repayment of all, or any part of, the Obligations.

**"Hazardous Substance"** means any solid, liquid, gas, odour, heat, sound, vibration, radiation or combination of them that may impair the natural environment, injure or damage property or plant or animal life or harm or impair the health of any individual and includes, but is not limited to, petroleum, its derivatives, by-products or other hydrocarbons, asbestos, controlled products, wastes and any other materials are regulated by Environmental Laws or which may not by their nature be hazardous, either in fact or as defined in or pursuant to any Environmental Laws but which become prohibited, controlled or regulated by any Governmental Authority.

**"Hedging Arrangement"** means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transactions is governed by a or subject to any master agreement and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any international foreign exchange master agreement, or any other master agreement, including any such obligations or liabilities under any such master agreement and its related schedules, in each case for the purpose of hedging the Borrower's exposure to interest or exchange rates, or loan, credit exchange, security or currency valuations.

**"Indemnified Person"** means the Lender, its Affiliates, agents, representatives, attorneys any receiver or receiver and manager appointed by the Lender, and the respective officers, directors and employees of each of the foregoing Persons.

**"Insolvency Event"** means, in respect of any Person, such Person shall generally not pay its debts as they become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any

proceedings shall be instituted by or against, as the case may be, seeking to adjudicate it as bankrupt or insolvent or seeking liquidation, winding up, reorganization arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of insolvent debtors, or seeking the entry of an order for relief by the appointment of a receiver, trustee, custodian or similar official for its or a substantial part of its property and, if such proceeding has been instituted against such Person, while being contested in good faith by such Person, such proceeding has not been stayed or dismissed within 45 days or a receiver, trustee, custodian or other similar official is appointed for it or any substantial part of its property; or a receiver being privately appointed in respect of a substantial part of the assets of such Person; or such Person, takes any corporate action to authorize any of the actions described above.

**"Intellectual Property"** means all trade or brand names, business names, trade-marks (including logos), trade-mark registrations and applications, brand names, service marks, service mark registrations and applications, copyrights, copyright registrations and applications, issued patents and pending applications and other patent rights, industrial design registrations, pending applications and other industrial design rights, trade secrets, proprietary information and know-how, equipment and parts lists and descriptions, instruction manuals, inventions, inventors' notes, research data, blue prints, drawings and designs, formulae, processes, technology and other intellectual property, together with all registered user agreements, technology transfer agreements and other agreements or instruments relating to any of the foregoing.

**"Interest Expense"** means, with reference to any period, the sum of all interest charges (including imputed interest charges with respect to Capital Leases and all amortization of debt discount and expense) of the Borrower for such period determined in accordance with GAAP.

**"Interest Rate"** is defined in Section 3.1.

**"Interest Rate Floor"** means during each of the time periods listed in the column 'Time Period' below, the Interest Rate Floor listed opposite such time period:

<b>Time Period</b>	<b>Interest Rate Floor</b>
May 26, 2022 to May 25, 2023	10.00% per annum
May 26, 2023 to May 25, 2024	9.50% per annum
May 26, 2024 to May 25, 2025	9.00% per annum

**"Inventory"** means all inventory and any other goods which are held for sale or lease or are to be furnished under contracts of service or consumed in a Credit Party's business, all raw materials, work in process and finished goods, all goods that are returned or repossessed, and all materials and supplies of every kind and nature used or usable in connection with the acquisition, manufacture, processing, supply, servicing, storing, packing, shipping, advertising, selling, leasing or furnishing of the foregoing, and any other components or parts thereof.

**"Investment"** is defined in Section 8.2(18).

**"ITA"** means the *Income Tax Act* (Canada) and any successor thereto, and any regulations promulgated thereunder.

**"Landlord"** means any Person that is leasing a Real Property Interest to a Credit Party pursuant to a Lease between such Person and such Credit Party, whether oral or in writing.

**"Laws"** means, collectively, all international, foreign, federal, provincial, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority.

**"Lease"** means, in respect of any Leased Vehicle, a lease agreement in respect of such Leased Vehicle made between a Dealer and a Lessee.

**"Leased Vehicles"** means the vehicles, together with all accessions, additions and enhancements thereto, set out in a Borrowing Base Certificate.

**"Lender"** means Enlightened Funding Corp. and its successors and assigns.

**"Lender Commitment"** means the commitment of the Lender to make Revolving Loans under the Revolving Facility, including Revolving Warehouse Loans under the Revolving Warehouse Subfacility, up to an aggregate outstanding Principal Amount not exceeding the Maximum Facility Amount.

**"Lending Day"** means a Business Day that does not occur between December 15 and January 2 during any calendar year.

**"Lessee"** means, in respect of any Lease, a Person obligated to make payments pursuant to such Lease.

**"Lessee Charges"** means, in respect of any Lease, all charges for excess wear and tear and kilometres charged to the related Lessee on the return of the related Leased Vehicles on the terms and conditions of the Lease.

**"Lien"** means any lien (whether statutory or otherwise), mortgage, pledge, deposit arrangement, preference, priority assignment, security interest, deed of trust, hypothecation, sequestration, deemed trust, charge or other encumbrance or preferential arrangement of any kind or nature whatsoever (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, and any lease in the nature thereof, easement, right of way, or capitalized Lease, any option, trust or other preferential arrangement having the practical effect of any of the foregoing, and in the case of Equity Interest, any purchase option, call or similar right of a third party with respect to such Equity Interest.)

**"Loan"** means any Revolving Loan or Revolving Warehouse Loan, including Prime Rate Loans.

**"Loss"** means any loss whatsoever, whether direct or indirect, including expenses, costs, damages, judgments, penalties, awards, assessments, fines and any and all fees, disbursements and expenses of counsel, experts and consultants.

**"Material Adverse Change"** means a change that results in, or would reasonably be expected to result in a Material Adverse Effect.

**"Material Adverse Effect"** means (a) a material adverse effect on the business, operations, profits, assets, liabilities (actual or contingent), property or financial condition of any Credit Party; (b) a material adverse effect on the ability of any Credit Party to perform their obligations under the Credit Documents; or (c) a material adverse effect on the rights and remedies of the Lender under the Credit Documents or the Lender's ability to enforce its rights or remedies under this Agreement or any other Credit Document.

**"Material Contract"** means, with respect to any particular Person, any contract, licence or other agreement to which such Person is a party or by which it is bound that is material to such Person's business, operations, properties, assets or prospects, having regard to the subject matter thereof or the potential consequences of a breach or termination thereof.

**"Maturity Date"** means the earlier of (i) the first anniversary of the Closing Date or as otherwise extended pursuant to Section 4.2, and (ii) the date on which the Facilities are terminated earlier pursuant to this Agreement.

**"Maximum Facility Amount"** \$20,000,000.00.

**"Monthly Payment Date"** has the meaning ascribed thereto in Section 3.3(1).

**"NAF Dealer"** means 1656801 Ontario Limited, a corporation existing under the laws of the Province of Ontario, and its successors and permitted assigns.

**"Obligations"** means all loans, advances, debts, liabilities and obligations for the performance of covenants, tasks or duties or for the payment of monetary amounts (whether or not performance is then required or contingent, or whether or not those amounts are liquidated or determinable) owing by the Borrower to the Lender, of any kind or nature, present or future, whether or not evidenced by any agreement or other instrument, owing under or in connection with any or all of the Credit Documents, including all obligations owing by the Borrower to the Lender under the Facilities.

**"Original Currency"** is defined in Section 11.7.

**"Other Currency"** is defined in Section 11.7.

**"Permitted Collateral Location"** is defined in Section 8.18(7)(b).

**"Permitted Discretion"** means a determination made by the Lender in good faith and in the exercise of its reasonable judgment as an asset based lender.

**"Permitted Liens"** means, with respect to any property or asset of any Person:

- (a) Liens created by the Security Documents;
- (b) Liens for Taxes which are not delinquent or remain payable without penalty or which are being contested in good faith by appropriate proceedings commenced in a timely manner and diligently pursued and for which appropriate reserves have been taken in accordance with GAAP, *provided that*, the aggregate amount of all outstanding Taxes secured by such Liens do not at any time exceed \$50,000 and there is no material risk, as determined by the Bank in its Permitted Discretion, that enforcement proceedings in respect of any such Lien will result in the seizure or sale of any Collateral;
- (c) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business which are not delinquent for more than 90 days or remain payable without penalty or which are being contested in good faith by appropriate proceedings, provided that the aggregate amount of all such Liens does not at any time exceed \$50,000 and there is no material risk, as determined by the Bank in its Permitted Discretion, that enforcement of any such Lien would result in the seizure or sale of any Collateral;
- (d) Liens (other than any Lien imposed in respect of a Canadian Pension Plan) consisting of pledges or deposits required in the ordinary course of business in connection with workplace safety insurance, employment insurance and other social security legislation or to secure the performance of tenders, statutory obligations, surety, stay, customs and appeals bonds, bids, leases, governmental contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money) or to secure liability to insurance carriers;
- (e) Purchase Money Liens securing indebtedness not in excess of \$25,000 in the aggregate, except in respect of Dealers where the holder of the Purchase Money Lien has entered into an intercreditor agreement with the Lender or otherwise confirmed it has no interest in any Leases or Leased Vehicles and Related Rights, in each case in form and substance satisfactory to the Lender;
- (f) Liens arising solely in respect of indebtedness between Credit Parties provided that such indebtedness is assigned to the Lender and such Liens are subordinated to Liens arising under the Security;
- (g) permits, licenses, agreements, restrictions, easements, rights-of-way and other similar interests in land (including permits, licenses, agreements, restrictions, easements and rights-of-way for sidewalks, public ways, sewers, drains, gas steam and water mains, utilities, telephone and telegraph conduits, poles, wires and cables) which do not, in the reasonable opinion of the Lender, materially impair the use or the value of the real property and improvements thereon;
- (h) title defects or irregularities in respect of real property, and reservations, limitations, provisos and conditions, if any, expressed in any original grants from the Crown, provided that in the Lender's Permitted Discretion, such matters do not materially impair or detract from the use or the value of the real property and



improvements thereon or materially interfere with the business of the Credit Parties;

- (i) Liens held by Landlords in respect of property held under Lease and any other Liens of a similar nature which do not, in the Lender's Permitted Discretion, materially impair the use of such property in the operation of the business of the Credit Parties or the value of such property for the purposes of such business;
- (j) applicable municipal and other governmental restrictions affecting the use of real property or the nature of any structure which may be erected thereon, provided that in the reasonable opinion of the Lender, such matters do not materially impair or detract from the use or the value of the real property and improvements thereon or materially interfere with the business of the Credit Parties;
- (k) the right reserved to or vested in any Governmental Authority to terminate any lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof, provided that any such right does not, in the Lender's Permitted Discretion, materially impair the value thereof or materially interfere with the business of the Credit Parties; and
- (l) any other Lien consented to in writing by the Lender including those described in Schedule 1.1 hereto;
- (m) Liens securing Capitalized Lease Obligations incurred in accordance with Section 8.2(7)(v); and
- (n) Liens of any depositary bank in connection with statutory, common law and contractual rights of set-off with respect to any deposit account of the Credit Parties.

provided that the use of the term "Permitted Liens" to describe the foregoing Liens shall mean that such Liens are permitted to exist (whether in priority to or subsequent in priority to the Security, as determined by Applicable Law); and for greater certainty such Liens shall not be entitled to priority over the Security by virtue of being described in this Agreement as "Permitted Liens".

**"Person"** means any natural person, sole proprietorship, partnership, syndicate, trust, joint venture, Governmental Authority or any incorporated or unincorporated entity or association of any nature.

**"Personal Guarantor"** means each of Hugh Waddell and Adam Mounzer, and **"Personal Guarantors"** means both of them, collectively, and, following the Closing Date, means any principal of a Person that becomes a Dealer required to provide a Guarantee by the Lender or otherwise pursuant to the terms of this Agreement.

**"PPSA"** shall mean the *Personal Property Security Act* (Ontario), the Civil Code of Quebec or any other applicable Canadian federal or provincial statute pertaining to the granting, perfecting, priority or ranking of Liens on personal property, and any successor statutes, together with any regulations thereunder, in each case as in effect from time to time, and any reference to any particular section of the PPSA shall be construed to also refer to any successor section thereto.

**"Prime Rate"** means, on any particular date of determination, the rate of interest, expressed as an annual rate, announced on such date by the Bank of Montreal as its reference rate then in effect for determining interest rates on Canadian Dollar denominated commercial loans made by it in Canada.

**"Prime Rate Loan"** means a Loan in Canadian Dollars that bears interest at a rate based upon the Prime Rate.

**"Prime Rate Margin"** means during each of the time periods listed in the column 'Time Period' below, the Prime Rate Margin listed opposite such time period:

<b>Time Period</b>	<b>Prime Rate Margin</b>
May 26, 2022 to May 25, 2023	7.55% per annum
May 26, 2023 to May 25, 2024	7.05% per annum
May 26, 2024 to May 25, 2025	6.55% per annum

**"Principal Amount"** means, with reference to any Loan, the principal amount thereof.

**"Priority Payables"** means, as at any particular time of determination, any amount due and payable at such time by a Credit Party that is secured by a Lien (whether choate or inchoate) or a statutory right in favour of a Governmental Authority or third party, that encumbers any Collateral and that ranks, or is capable of ranking prior to or *pari passu* with any Lien on such Collateral granted in favour of the Lender, including without limitation, amounts secured by a purchase money security interest, Sales Tax, amounts payable for repair, storage, transportation or construction or other services which may give rise to a possessory or registerable lien, claims which suppliers could assert pursuant to Section 81.1 or Section 81.2 of the *Bankruptcy and Insolvency Act* (Canada), amounts due deducted or withheld, as applicable, and not yet paid, contributed or remitted, as applicable, by any Credit Party in respect of employee source deductions, vacation pay, termination and severance pay, realty, municipal or similar Taxes, or pursuant to any legislation relating to workers' compensation, employment insurance, the ITA, any Canadian Pension Plan, *the Wage Earners Protection Act* or any similar legislation, in each case, as determined by the Lender in its sole discretion.

**"PST"** means amounts payable under any statute in Canada imposing a single stage retail sales tax.

**"Purchase Money Lien"** means any Lien on specific fixed assets (including Capital Leases but, for greater certainty, excluding real property) granted by such Credit Party to secure payment of the purchase price thereof, and all extensions, renewals or replacements of such loan, provided that the obligations secured thereby do not at any time exceed 100% of the cost of such fixed assets of a Credit Party and, with respect to any extension, renewal or replacement of such Lien, the obligations secured thereby are not increased.

**"Real Property Interest"** means, at any particular time of determination, any interest (whether fee, leasehold or otherwise) in real property owned at such time by any Credit Party.

**"Receivables"** means, in respect of any Lease, all moneys payable with respect to such Lease including all scheduled periodic payments, extra charges, fees and penalties and other moneys payable by the related Lessee under such Lease.

**"Records"** means, in respect of any Lease, all contracts (including those evidencing such Lease), books, records, reports and other documents and information (including, to the extent obtainable by way of existing software controlled by a Dealer, hard copies of all data maintained in databases of the relevant Dealer, tapes and disks) maintained by or on behalf of a Dealer in respect of the related Lessee.

**"Release"** means a discharging, spraying, injection, abandonment, depositing, spilling, leaking, seeping, pouring, emitting, emptying, throwing, dumping, placing, pumping, escaping, leaching, migrating, dispensing, dispersal, disposing, and exhausting, and when used as a noun has a correlative meaning.

**"Reserves"** means reserves, established from time to time by the Lender in its Permitted Discretion, that limit the Excess Availability under the Revolving Facility and the Revolving Warehouse Subfacility, consisting of reserves against Eligible Leases including without limitation rent reserves, reserves in respect of suppliers the Lender has identified would be likely to exercise unpaid seller's thirty (30) day goods rights to repossess goods or revendication rights, reserves in respect of dilution in excess of the percentage assumed by the Lender for the purpose of establishing the advance rates used to calculate the Borrowing Base, warehousemen's and bailees' charges reserves established from time to time by the Lender in its sole discretion in respect of Priority Payables and with respect to amounts that the Lender believes in its Permitted Discretion may be required to be paid in connection with the preservation, protection, collection or realization of Collateral, or in connection with any obligation of any Credit Party set forth in any Credit Document. Without limiting the foregoing, in the event that a Credit Party and the Lender do not enter into a Collateral Access Agreement with respect to a Permitted Collateral Location in accordance with Section 8.1(7)(b), the Lender may reserve at least three months' rent of such Credit Party with respect to such Permitted Collateral Location.

**"Revolving Facility"** means the revolving facility established pursuant to Section 2.1(a).

**"Revolving Facility Limit"** means an amount equal to the Lender Commitment less Aggregate Revolver Warehouse Outstandings.

**"Revolving Loan"** means any Loan made under the Revolving Facility.

**"Revolving Warehouse Loan"** means any Loan made under the Revolving Warehouse Subfacility.

**"Revolving Warehouse Subfacility"** means the Revolving Warehouse Subfacility established pursuant to Section 2.1(b).

**"Revolving Warehouse Subfacility Limit"** means an amount equal to the lesser of (a) the Lender Commitment less Aggregate Revolver Outstandings and (b) \$1 million, as such amount may be reduced by the Lender from time to time by providing notice to the Borrower of such reduction.

**"Rights"** means, in respect of any Lease and the related Leased Vehicles and the related Vehicle, as applicable, the following:

- (a) all rights and benefits accruing to the Dealer under such Lease, including all right, title and interest in and to the related Receivables but excluding all rights and benefits excluded in the definition of "Receivables";
- (b) all right in or to payments (including both proceeds and, to the extent the relevant Dealer has any rights therein, premium refunds) under any insurance policies maintained by the related Lessee pursuant to the terms of such Lease, respectively, to the extent the same indemnify for loss of or damage to such related Leased Vehicles;
- (c) solely with respect to Leased Vehicles, all Lessee Charges or other payments made or received on account of any loss of or damage to the related Leased Vehicles, in each case whether under such Lease or otherwise;
- (d) all claims, demands, actions, damages and indemnities owing to the Dealer under such Lease with respect to any patent and copyright indemnity agreements or manufacturers' or sellers' warranties relating to the related Leased Vehicles (excluding any risk-sharing agreements entered into between the Dealer and its affiliates), except to the extent that the same indemnify against liability to others;
- (e) the benefit of all covenants with respect to the related Leased Vehicles made by the related Lessee, including all indemnities and covenants with respect to maintenance and repair, use and insurance obligations, except to the extent that the same indemnify against liability to third parties;
- (f) the right of the relevant Dealer to ask, demand, sue for, collect, receive and enforce any and all sums payable under the Lease in respect of the related Leased Vehicles and to enforce all other covenants, obligations, rights and remedies thereunder with respect thereto, except to the extent that the same indemnify against liability to third parties;
- (g) all of the right, title and interest of the relevant Dealer in, to and under all prepayments, guarantees, promissory notes and indemnities (except to the extent that the same indemnify against liability to others) including any vendor support agreements or arrangements and the benefit of any statutory indemnities, payment or reimbursement obligations or guarantees, and other agreements or arrangements of whatsoever character (including all security interests and all property subject thereto) from time to time supporting or securing payment or performance of the related Lessee's obligations in respect of the Lease, whether pursuant to such Lease or otherwise and, in the case of security deposits, shall include the relevant Dealer's rights to such security deposits but only to the extent that such Dealer is entitled to use such security deposits in satisfaction of the Lessee's obligations, as applicable, in respect of such Lease;

- (h) the related Records; and
- (i) all proceeds of or relating to any of the foregoing.

**"Sales Taxes"** means all federal, provincial and other sales, goods and services, value added, use or other transfer taxes, and all other similar taxes whatsoever, including GST/HST and PST.

**"Scheduled Expiration Date"** means, in respect of any Lease, the date on which such Lease is to terminate in accordance with its terms.

**"Scheduled Payment"** means, in respect of an Eligible Lease or Warehouse Lease the regularly scheduled monthly payments (whether principal and interest, rent or otherwise) payable by the Lessee thereunder during a term not exceeding the lesser of (i) 120 months and (ii) the remainder of the term of such Eligible Lease or Warehouse Lease, as applicable.

**"Schedules"** means the schedules to this Agreement, which are listed in Section 1.11.

**"Securities"** means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation), including, without limitation, partnership interests and membership interests, and any and all warrants, rights or options to purchase or other arrangements or rights to acquire any of the foregoing.

**"Security"** means all security agreements and other documents held by the Lender from time to time which secure or are intended to secure, directly or indirectly, repayment of the Obligations, and the security interests, assignments and Liens constituted thereby;

**"Security Document"** is defined in Section 5.3

**"Solvent"** means:

- (a) with respect to a Credit Party that, as of the particular date of determination, (i) the aggregate property of such Credit Party is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due; (ii) the aggregate property of such Credit Party is, at a fair valuation, sufficient to enable payment of all its obligations, due and accruing due; (iii) such Credit Party is able to meet its obligations as they generally become due; and (iv) such Credit Party has not ceased paying its current obligations in the ordinary course of business as they generally become due;
- (b) with respect to any other Credit Party that, as of the particular date of determination, such Credit Party is "solvent" under Applicable Law;

and for purposes of this definition, the amount of any Contingent Obligation at such time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

**"Subordinated Debt"** means Debt owing by any Credit Party in respect of which the payee has agreed to postpone payment of all principal and interest thereon to payment

and satisfaction in full of the Obligations and such payee has subordinated any security taken in respect of such Debt to the Lien of the Lender, all in form and substance satisfactory to the Lender in its sole discretion.

**"Subsidiary"** of any particular Person means any other Person in respect of which such Person and/or any one of its Affiliates holds, directly or indirectly, other than by way of security only, Securities or other Equity Interests to which are attached more than 50% of the votes that may be cast or, through operation of law or otherwise, has the ability to elect or cause the election of a majority of the directors, members, or individuals holding similar positions, or having similar powers, to the board of directors, or other governing body of such other Person or otherwise control its activities.

**"Tax"** and **"Taxes"** include, at any time, all taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other charges of any nature imposed by any Governmental Authority (including income, capital (including large corporations), withholding, consumption, sales, use, transfer, goods and services or other value-added, excise, customs, anti-dumping, countervail, net worth, stamp, registration, franchise, payroll, employment, health, education, business, school, property, local improvement, development, education development and occupation taxes, together with all fines, interest, penalties on or in respect of, or in lieu of or for non-collection of, those taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other charges.

**"Tangible Net Worth"** means the excess of total assets over total liabilities, in each case as determined in accordance with GAAP, excluding, however, from the determination of total assets all assets which would be classified as intangible assets under GAAP including goodwill, licenses, patents, trademarks, trade names, copyrights, and franchises;

**"Twelve Month Period"** means the period of twelve (12) calendar months ending on or immediately prior to such date of determination.

**"Unaudited Financial Statements"** means in respect of any particular Fiscal Year, Fiscal Quarter or month, as applicable, the unaudited consolidated balance sheet of the Borrower as at the last day of such Fiscal Year, Fiscal Quarter or month, as applicable, and the related unaudited consolidated income statements, statement of changes, cash flow statements and changes in shareholders' equity for such Fiscal Year, Fiscal Quarter or month, as applicable, and the accompanying notes thereto, all prepared in accordance with GAAP and setting forth in each case, in comparative form, figures for the corresponding period for the preceding Fiscal Year, Fiscal Quarter or month, as applicable, all in reasonable detail and fairly presenting in all material respects the financial position and the results of operations of the Borrower as at the date thereof and for the Fiscal Year, Fiscal Quarter or month, as applicable, then ended.

**"Warehouse Leases"** means a Lease that is not an Eligible Lease that the Lender determines, in its sole discretion, to include in the Borrowing Base.

**"written"** or **"in writing"** includes printing, typewriting, or any electronic means of communication capable of being legibly reproduced at the point of reception.

## 1.2 Business Day

Except as otherwise expressly provided herein, if any payment or calculation is to be made pursuant to this Agreement, or any other action is to be taken pursuant to this Agreement, on or as of a day which is not a Business Day, such payment, calculation or other action, as applicable will be made or taken, as applicable, on or as of the next day that is a Business Day unless the Business Day next following the day is in the next following month, in which event the payment, calculation or action shall be made or taken, as applicable, on or as of the immediately preceding Business Day.

### **1.3 Accounting Principles and Calculations**

Unless otherwise specifically provided herein, any accounting term used in this Agreement shall have the meaning customarily given such term in accordance with GAAP, and all financial computations hereunder shall be computed in accordance with GAAP consistently applied. That certain items or computations are explicitly modified by the phrase "in accordance with GAAP" shall in no way be construed to limit the foregoing. If there occurs after the date hereof any change in GAAP from that used in the preparation of the financial statements referred to in Section 8.1(5) or if, after the date hereof the Borrowers and its Subsidiaries (if any) adopt any other accounting principles for use in the preparation of their financial statements (such changes in GAAP and such adoption being referred to herein as "**Accounting Changes**") that affects in any respect the calculation of any covenants contained in this Agreement (including those in Section 5.3), the Lender and the Borrower shall negotiate in good faith amendments to the provisions of this Agreement that relate to the calculation of such covenants with the intent of having the respective positions of the Lender and the Borrower after such Accounting Changes conform as nearly as possible to their respective positions as of the date of this Agreement and, until any such amendments have been agreed upon by the Lender and the Borrower, or if no such changes are mutually agreed upon, the covenants in this Agreement (including those in Section 5.3) shall be calculated as if no Accounting Changes have occurred and all financial statements of the Borrower and its Subsidiaries (if any) shall be prepared and delivered in accordance with GAAP.

### **1.4 Conflict**

If there is a conflict or inconsistency between any provision of this Agreement and any provision of another Credit Document contemplated by or delivered under or in connection with this Agreement, the relevant provision of this Agreement shall prevail. For greater certainty, notwithstanding events of default set forth in such other Credit Documents, the events of default contained in such other Credit Documents will only be applicable to the extent that the relevant representation, warranty and/or covenant relating specifically to the property secured, charged or hypothecated by such other Credit Document is not addressed in the Credit Agreement.

### **1.5 Currency**

Unless otherwise specified, all dollar amounts stated herein refer to Canadian Dollars.

### **1.6 Time of Essence**

Time shall be of the essence in all provisions of this Agreement.

### **1.7 Headings and Table of Contents**

The division of this Agreement into sections, the insertion of headings and the provision of a table of contents are for convenience of reference only and are not to affect the construction or interpretation of this Agreement.

### **1.8 General Interpretation**

Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders. Unless otherwise specified, references in this Agreement to Sections, Schedules and exhibits are to sections of, and schedules and exhibits to, this Agreement. Unless otherwise specified, each reference to an enactment of legislation is deemed to be a reference to that enactment of legislation, and to the regulations made under that enactment, as amended or re-enacted from time to time. Unless otherwise specified, references to time of day or date mean the local time or date in the City of Toronto, Ontario. "**Including**" means "including without limitation" and the term "including" shall not be construed to limit any general statement that precedes such term to the specific or similar items or matters immediately following it.

### **1.9 Computation of Time Periods**

In this Agreement and any note or other Credit Document, except where expressly otherwise provided, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" mean "to but excluding".

### **1.10 Severability**

If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, such provision shall be deemed to be severable and the illegality, invalidity or unenforceability of such provision shall not affect the legality, validity or enforceability of the remaining provisions of this Agreement or the legality, validity or enforceability of such provision in any other jurisdiction in which such provision is not illegal, invalid or unenforceable.

### **1.11 Schedules and Exhibits**

The following Schedules and Exhibits are attached to and form part of this Agreement:

<b><u>Schedule</u></b>	<b><u>Description</u></b>
Schedule 1.1	Permitted Liens
Schedule 6.1(a)(ix)	Closing Deliveries
Schedule 7.1(d)	Business and Operations
Schedule 7.1(e)	Approvals
Schedule 7.1(j)	Litigation
Schedule 7.1(l)	Taxes
Schedule 7.1(m)	Equity Interests



<b><u>Schedule</u></b>	<b><u>Description</u></b>
Schedule 7.1(s)	Intellectual Property
Schedule 7.1(t)	Real Property and Locations of Collateral
Schedule 7.1(u)(i)	Environmental Matters
Schedule 7.1(w)	Material Contracts and Licences
Schedule 7.1(x)	Existing Debt
Schedule 7.1(ff)	Deposit Accounts
Schedule 8.1(4)	Insurance
Schedule 8.2(8)	Transactions with Affiliates

<b>Exhibit</b>	<b>Description</b>
Exhibit "A"	Borrowing Base Certificate
Exhibit "B"	Compliance Certificate
Exhibit "C"	Drawdown Notice
Exhibit "D"	Credit and Collection Policies

## **ARTICLE 2 CREDIT FACILITIES**

### **2.1 Facilities**

Subject to the terms and conditions set forth in this Agreement, the Lender hereby agrees to make available to the Borrower:

- (a) a revolving credit facility (the "**Revolving Facility**") in a maximum Principal Amount not exceeding the Revolving Facility Limit; and
- (b) a revolving warehouse credit subfacility (the "**Revolving Warehouse Subfacility**") in a maximum Principal Amount not exceeding the Revolving Warehouse Subfacility Limit, which credit subfacility, for greater certainty, is a subfacility of the Revolving Facility.

### **2.2 Advances**

Subject to the terms and conditions set forth in this Agreement:

- (a) **Revolving Facility.** The Borrower may borrow, repay and reborrow under the Revolving Facility, provided that the Aggregate Revolver Outstandings do not at any time exceed the lesser of (i) the Revolving Facility Limit and (ii) the Borrowing Base less the Principal Amount of the Warehouse Subfacility at such time.
- (b) **Revolving Warehouse Subfacility.** The Borrower may borrow, repay and reborrow under the Revolving Warehouse Subfacility, provided that the Aggregate Revolver Warehouse Outstandings do not at any time exceed the lesser of (i) the Warehouse Subfacility Limit and (ii) the Borrowing Base less the Principal Amount of the Revolving Facility at such time.

### 2.3 Availments

The Borrower may avail itself of (i) the Revolving Facility at any time and from time to time and (ii) the Revolving Warehouse Subfacility at any time and from time to time, in each case prior to the Maturity Date, subject to and in accordance with the terms and conditions set forth herein. Subject to the terms and conditions set forth in this Agreement, the Lender agrees to make the following Accommodations available to the Borrower under the Facilities:

- (a) the Revolving Facility shall be available by way of Prime Rate Loans; and
- (b) the Revolving Warehouse Subfacility shall be available by way of Prime Rate Loans.

### 2.4 Purpose of Advances

The Borrower shall use the proceeds of all Advances hereunder for such legal and proper purposes as are consistent with all Applicable Laws and with the terms of this Agreement; and without limiting the foregoing, the Borrower shall use the proceeds of any particular Advance as follows:

- (a) at the Borrower's discretion, to repurchase Leases from special purpose Subsidiaries of the Borrower financed by the Existing Lender;
- (b) to finance the Borrower's financing of Eligible Consumer Leases and Warehouse Leases made by the Dealers to Lessees, including the repurchase of Leases from special purpose Subsidiaries of the Dealer financed by the Existing Lender; and
- (c) to provide for ongoing general corporate and working capital purposes of the Borrower.

### 2.5 Borrowing Procedures

- (1) **Drawdown Notice.** Each Drawdown shall be made upon the Borrower's irrevocable written notice, countersigned by each Dealer, substantially in the form attached as Exhibit "C" (a "**Drawdown Notice**"), delivered to the Lender at or before 11:00 a.m. two Business Days prior to the applicable Drawdown Date. Each Drawdown Notice must specify the Borrower's requested Drawdown Date (which must be a Lending Day) and Principal Amount and include a Borrowing Base as well as an updated calculation of the Dealer Allocated Amount for each Dealer.

- (2) **Restrictions on Advances.** Each Drawdown shall, unless otherwise specifically provided for herein, be in a minimum amount of not less than \$50,000 and integral multiples of \$1,000 above such minimum amount.
- (3) **Drawdown Notice Irrevocable.** Any Drawdown Notice made pursuant to Section 2.5(1) shall be irrevocable and the Borrower shall be bound to borrow the funds requested therein in accordance therewith. The crediting of the applicable Advance to the Borrower in the Lender's records conclusively establishes, in the absence of manifest error, the Borrower's obligation to repay such Advance as provided herein.
- (4) **No Liability.** The Lender shall be entitled to rely upon, and shall not incur any liability to the Borrower as a result of acting upon, any Drawdown Notice. The Lender shall not be responsible for any error or omission in any Drawdown Notice or in the performance thereof and the Borrower shall indemnify the Lender for any Loss or expense suffered or incurred by the Lender as a consequence of the Lender acting upon instructions given in any such Drawdown Notice.
- (5) **Limits on Advances.** Notwithstanding any other term of this Agreement, the Borrower shall not request an Advance under any Facility, and the Lender shall not be obligated to make an Advance under such Facility, if the amount of such Advance would exceed the Excess Availability under such Facility.
- (6) **Determination of Rates and Fees.** Each determination by the Lender of any applicable rate or fee shall, in the absence of manifest error, be final, conclusive and binding on the Borrower.

## 2.6 Reserves

Notwithstanding any other provision of this Agreement to the contrary, the Lender shall have the right at any time and from time to time to establish Reserves, and to adjust the amount of any existing Reserve, against the amount of any Revolving Loan, or Revolving Warehouse Loan, which the Borrower may otherwise request hereunder, in each case, in such amounts and with respect to such matters as the Lender shall deem necessary or appropriate in its Permitted Discretion, provided that the Lender provides 15 days prior written notice of such adjustments to the Reserves to the Borrower. Such amendments may include, without limitation, (i) Reserves in respect of dilution and Reserves in respect of amounts owing by any Credit Party to holders of Liens that may have priority over the Liens of the Lender (regardless of whether such third party Liens are Permitted Liens) and (ii) Reserves in respect of any accounts payable that are more than thirty (30) days past the date on which payment thereof is due other than those accounts payable where payment plans exist, have been established in the ordinary course business and are acceptable to the Lender in its Permitted Discretion. The amount of all Reserves established by the Lender shall be subtracted from the applicable Borrowing Base when calculating the Excess Availability of the Facilities.

## 2.7 Deposit of Proceeds of Advances

The Lender shall credit to the Borrower's Account on the applicable Drawdown Date the proceeds of each Advance made by way of Prime Rate Loan.

## 2.8 Evidence of Obligations

The Lender shall open and maintain records evidencing the Obligations of the Borrower under this Agreement and all Advances and repayments made hereunder, which shall constitute

conclusive evidence thereof in the absence of manifest error. The Lender may, but shall not be obliged to, require the Borrower to execute and deliver to the Lender promissory notes from time to time as additional evidence of the Obligations.

## **2.9 Cash Management**

The Borrower will establish the Borrower Collection Account which will be subject to a springing blocked account agreement in favour of the Lender and over which the Lender may exercise sole dominion upon notice to the account bank. The Borrower shall ensure that all funds transferred from Dealer Blocked Accounts are deposited solely to the Borrower Collection Account and funds in the Borrower Collection Account shall only be withdrawn in accordance with Section 4.1. The Borrower shall cause each Dealer to establish a Dealer Blocked Account which shall be subject to a springing blocked account agreement in favour of the Lender and over which the Lender shall have sole dominion and control upon notice to the account bank. Each Dealer shall ensure that all collections in respect of Leases of such Dealer and the proceeds of all Leased Vehicles are deposited directly and solely to its Dealer Blocked Account and no amounts may be withdrawn from a Dealer Blocked Account except as provided in Section 8.1(9)(c). No other funds of a Dealer or any other person shall be commingled with any funds in a Dealer Blocked Account.

## **ARTICLE 3 INTEREST, FEES AND EXPENSES**

### **3.1 Interest on Loans**

- (1) The Borrower shall pay to the Lender interest calculated and payable in accordance with this Article 3, both before and after maturity, default and judgment on the unpaid Principal Amount of each Loan made hereunder from the date of the Advance until the Principal Amount of such loan is repaid in full, at a rate per annum equal to the greater of (i) the Prime Rate plus the Prime Rate Margin and (ii) the Interest Rate Floor (the greater of (i) and (ii), the "**Interest Rate**").
- (2) Each change in the Prime Rate shall result in a corresponding change in the rate of interest payable hereunder for Prime Rate Loans.
- (3) If any Event of Default occurs and is continuing and the Lender in its discretion so elects, then, while any such Event of Default is continuing, and, after notification of the Borrower, all of the Obligations shall bear interest at the Default Rate applicable thereto.

### **3.2 Overdue Amounts**

- (1) The Borrower shall pay to the Lender interest as prescribed in this Agreement both before and after demand, default and judgment. Interest on any overdue amounts hereunder is payable upon demand by the Lender for overdue amounts, at the Interest Rate plus 2% per annum, calculated on a daily basis on the actual number of days elapsed in a 365 or 366 day year, as applicable, computed from the date the amount becomes due until such overdue amount is paid in full, and shall be compounded on the last Business Day of each month ending during such period of arrears. The Borrower shall pay interest on any Borrowing Base Deficiency, upon demand by the Lender for Borrowing Base Deficiencies, at the Interest Rate plus 2% per annum, calculated on a daily basis on the actual number of days elapsed in a 365 or 366 day year, as applicable, computed from the date on which such Borrowing Base Deficiency arises to,

but excluding, the date on which such Borrowing Base Deficiency is repaid and shall be compounded on the last Business Day of each month ending during such period of arrears.

### 3.3 Payment of Interest

- (1) Accrued interest in relation to each Prime Rate Loan shall be payable monthly in arrears on the first Business Day of the following month and the Maturity Date (the "**Monthly Payment Date**") in accordance with Section 4.1.
- (2) Interest on each Loan hereunder on which interest is payable shall accrue from day to day from and including the date on which credit is obtained by way of such Loan to but excluding the date on which such Loan is repaid in full (both before and after maturity and judgment) and shall be calculated on the basis of the actual number of days elapsed divided by, in the case of each Prime Rate Loan, the actual number of days in the relevant calendar year, whether 365 or 366, as the case may be.
- (3) For the purposes of the *Interest Act* (Canada), whenever any interest or fee under this Agreement is calculated using a rate based on a period other than a calendar year, such rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to such rate as determined multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends and divided by the number of days comprising such other period.
- (4) The Lender's certificate as to each amount and/or each rate of interest payable hereunder shall, in the absence of error which the Borrower can demonstrate to the reasonable satisfaction of the Lender, be conclusive evidence of such amount and/or rate.
- (5) If any provision of this Agreement or any other Credit Document would obligate the Borrower or a Credit Party to make any payment of interest or other amount payable to the Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by the Lender of interest at a criminal rate (as construed under the *Criminal Code* (Canada)), then notwithstanding that provision, that amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in a receipt by the Lender of interest at a criminal rate, the adjustment to be effected, to the extent necessary, as follows:
  - (a) first, by reducing the amount or rate of interest required to be paid to the Lender under this Article 3; and
  - (b) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to the Lender which would constitute interest for purposes of the *Criminal Code* (Canada);

provided that, notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if the Lender receives an amount in excess of the maximum permitted by the *Criminal Code* (Canada), then the Borrower shall be entitled, by notice in writing to the Lender, to obtain reimbursement from the Lender in an amount equal to the excess, and pending reimbursement, the amount of the excess shall be deemed to be an amount payable by the Lender to the Borrower.

- (6) Any amount or rate of interest referred to in this Agreement shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that any Advance remains outstanding on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the *Criminal Code* (Canada)) shall, if they relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the period from the earlier of the date of advance and the Closing Date to the relevant Maturity Date and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Lender shall be conclusive for the purposes of that determination.

### **3.4 Closing Fee**

The Borrower shall pay to the Lender on each of the Closing Date and any renewal, the applicable Closing Fee, which Closing Fee shall be due and payable and fully-earned on such date.

### **3.5 Monthly Monitoring Fee**

The Borrower shall pay to the Lender a monitoring fee in the amount of \$2,500.00 on the first Business Day of each calendar month (provided that the monthly monitoring fee for the calendar month during which the initial Advance is made hereunder shall be pro rated, based upon the number of days in such calendar month) and such monitoring fee shall be paid by the Borrower so long as any Obligations remain owing to the Lender or the Lender has any obligation to make any Accommodation available to the Borrower.

### **3.6 Unused Line Fee**

Commencing on the Closing Date, the Borrower shall pay to the Lender an unused line fee at an annual rate (based on a 365 day year, or 366 days in the case of a leap year) equal to 1.00% on the undrawn portion of the amount of the Lender Commitment, such fee to be calculated daily and payable monthly, in arrears, on the first Business Day following the end of each calendar month, on the outstanding daily undrawn portion of the Lender Commitment, for the period from the Closing Date to and including the last day of the first calendar month ending after the Closing Date and thereafter from the first day of each calendar month to and including the last day of such calendar month. The Lender will debit the Borrower's Account for the amount of each commitment fee payable hereunder.

### **3.7 Early Termination Fee**

- (1) The Borrower may terminate all of the Facilities in whole (but not in part) at any time if: (i) the Borrower provides the Lender with not less than forty five (45) days' prior written notice of its intention to terminate the Facilities and (ii) the Borrower repays in full all outstanding Obligations, together with all accrued and unpaid interest thereon, all accrued and unpaid commitment fees and all other fees due hereunder (including any prepayment fee payable pursuant to Section 3.7(2) to the Maturity Date).
- (2) If the Borrower terminates the Facilities, or if all or any of the Obligations are declared due and payable pursuant to Article 9, the Borrower shall pay a prepayment fee to the Lender, as liquidated damages for the loss of bargain and not as a penalty, in an amount equal to (i) two percent (2%) of the Maximum Facility Amount, if such termination or declaration occurs on or prior to the first anniversary of the date hereof,

or (ii) one percent (1%) of the Maximum Facility Amount, if such termination or declaration occurs after the first anniversary of the Closing Date.

### 3.8 Field Examination Fees

The Borrower shall, forthwith upon request by the Lender, pay to the Lender a fee for each field examination of the Collateral performed by the Lender or its agents or representatives, calculated in a manner consistent with the Lender's normal practices at the Lender's then standard rate charged by it for such field examinations and the Borrower shall reimburse the Lender for all reasonable out-of-pocket expenses incurred in connection therewith.

### 3.9 Indemnity

- (1) **General.** Borrower shall, and does hereby indemnify the Indemnified Persons against all suits, actions, proceedings, claims, Losses, expenses (including fees, charges and disbursements of counsel), damages and liabilities including, without limitation, liabilities arising under Environmental Laws that the Lender may sustain or incur as a consequence of (i) any default under this Agreement or any other Credit Document, (ii) any misrepresentation contained in any writing delivered to the Lender in connection with this Agreement, (iii) the Lender entering into this Agreement, (iv) the use of proceeds of any Facility, or (v) the operations of any of the Credit Parties or any Affiliate of any of the Credit Parties, except that no Indemnified Person shall be indemnified for any of the foregoing matters to the extent the same resulted from its own gross negligence or wilful misconduct as determined by a court of competent jurisdiction.
- (2) **Certificate.** A certificate of the Lender setting out the basis for the determination of the amount necessary to indemnify the relevant Person pursuant to this Section 3.9(2) shall be conclusive evidence, absent manifest error, of the correctness of that determination.
- (3) **Survival.** It is the intention of the Borrower and the Lender this Section 3.9 shall supersede any other provisions in this Agreement which in any way limit the liability of the Borrower and that Borrower shall be liable for any obligations arising under this Section 3.9 even if the amount of the liability incurred exceeds the amount of the other Obligations. The obligations of the Borrower under this Section 3.9 absolute and unconditional and shall not be affected by any act, omission or circumstance whatsoever, whether or not occasioned by the fault of the Lender, except in respect of gross negligence or wilful misconduct by it. The obligations of the Borrower under this Section 3.9 shall survive the repayment of the other Obligations and the termination of the Facilities.

### 3.10 Breakage Costs

- (1) The Borrower shall indemnify the Lender for any loss or expense actually suffered or incurred by the Lender by reason of the liquidation or redeployment of deposits or other funds acquired by it as a consequence of the failure of the Borrower to borrow any Loan after giving a Drawdown Notice to the Lender. The Lender agrees to take reasonable steps to reduce the amount of such loss or expense.
- (2) A certificate of the Lender setting out the basis for the determination of the amount necessary to indemnify the Lender pursuant to this Section 3.10 shall be conclusive evidence, absent manifest error, of the correctness of such determination.

### 3.11 Change in Circumstances

- (1) **Reduction in Rate of Return.** If at any time the Lender determines, acting reasonably, that any change in any Applicable Law or any interpretation thereof after the date of this Agreement, or compliance by the Lender with any direction, requirement, guidelines or policies or request from any Governmental Authority given after the date of this Agreement, whether or not having the force of law, has or would have, as a consequence of the Lender's obligations under this Agreement, and taking into consideration the Lender's policies with respect to capital adequacy, the effect of reducing the rate of return on the Lender's capital (in respect of making, maintaining or funding an Advance hereunder) to a level below that which the Lender would have achieved but for the change or compliance, then from time to time, upon demand of the Lender, the Borrower shall pay the Lender such additional amounts as will compensate the Lender for the reduction.
- (2) **Taxes, Reserves, Capital Adequacy, etc.** If, after the date of this Agreement, the introduction of any Applicable Law or any change or introduction of a change in any Applicable Law (whether or not having the force of law) or in the interpretation or application thereof by any court or by any Governmental Authority, central bank or other authority or entity charged with the administration thereof, or any change in the compliance of the Lender therewith now or hereafter:
  - (a) subjects the Lender to, or causes the withdrawal or termination of a previously granted exemption with respect to, any Tax or changes the basis of taxation, or increases any existing Tax on payments of principal, interest, fees or other amounts payable by the Borrower to the Lender under or by virtue of this Agreement (except for Excluded Taxes); or
  - (b) imposes, modifies or deems applicable any reserve, special deposit, deposit insurance or similar requirement against assets held by, or deposits in or for the account of, or loans by or any other acquisition of funds by, the Lender in respect of any Advance or any other condition with respect to this Agreement;

and the result of any of the foregoing, in the sole determination of the Lender acting reasonably, shall be to increase the cost to, or reduce the amount received or receivable by the Lender or its effective rate of return in respect of making, maintaining or funding an Advance hereunder, the Lender shall, acting reasonably, determine that amount of money which shall compensate the Lender for the increase in cost or reduction in income.

- (3) **Payment of Additional Compensation.** If the Lender determines that it is entitled to compensation in accordance with the provisions of this Section 3.11 ("**Additional Compensation**"), the Lender shall promptly so notify the Borrower and shall provide to the Borrower a photocopy of the relevant Applicable Law or direction, requirement, guideline, policy or request, as applicable, and a certificate of an officer of the Lender setting forth the Additional Compensation and the basis of calculation thereof, which shall be conclusive evidence of the Additional Compensation in the absence of manifest error. The Borrower shall pay to the Lender within 120 days of the giving of notice the Additional Compensation for the account of the Lender accruing from the date of the notification. The Lender shall be entitled to be paid Additional Compensation from time to time to the extent that the provisions of this Section 3.11 are then applicable notwithstanding that the Lender has previously been paid Additional Compensation.



The Borrower shall be entitled to prepay any Loan advanced hereunder which is the subject of a demand for Additional Compensation under this Section 3.11(3) with 30 days' prior notice but without bonus or penalty within such 120 day period, or such longer period as agreed to by the Borrower and the Lender.

### **3.12 Illegality**

If any Applicable Law, or any change therein or in the interpretation or application thereof by any court or by any Governmental Authority or central bank or other authority or entity charged with the interpretation or administration thereof, or compliance by the Lender with any request or direction (whether or not having the force of law) of any Governmental Authority, central bank or other authority or entity charged with the administration or interpretation thereof, now or hereafter makes it unlawful or impossible for the Lender to make, fund or maintain an Advance or to perform its obligations under or by virtue of this Agreement, the Lender may, by written notice thereof to the Borrower, terminate its obligations to make further Advances under this Agreement, and the Borrower, if required by the Lender, shall repay forthwith (or at the end of such longer period as the Lender in its discretion has agreed) the Principal Amount of the Advance together with accrued interest without penalty or bonus and such Additional Compensation as may be applicable to the date of payment and all other outstanding Obligations to the Lender. If any change shall only affect a portion of the Lender's obligations under this Agreement which is, in the opinion of the Lender, severable from the remainder of this Agreement so that the remainder of this Agreement may be continued in full force and effect without otherwise affecting any of the obligations of the Lender or the Borrower under this Agreement, the Lender shall only declare its obligations under that portion so terminated by written notice to the Borrower.

## **ARTICLE 4 PAYMENTS AND REPAYMENTS OF FACILITIES**

### **4.1 Place and Application of Payments and Collections**

- (1) All payments of principal, interest, fees and all other Obligations payable hereunder and under the other Credit Documents shall be made to the Lender at its office at the address set out on the signature page hereof (or at such other place as the Lender may specify). All such payments shall be made in the currency in which such Obligations are denominated, in immediately available funds at the place of payment, without set-off or counterclaim and without reduction for, and free from, any and all present or future taxes, levies, imposts, duties, fees, charges, deductions, withholdings, restrictions or conditions of any nature imposed by any government or any political subdivision or taxing authority thereof (but excluding Excluded Taxes).
- (2) So long as no Event of Default has occurred and is continuing (after giving effect to the application of funds in accordance herewith on the relevant date), the Borrower will apply amounts in the Borrower Collection Account on each Monthly Payment Date (including all amounts collected under Leases or otherwise and required to be deposited to the Dealer Blocked Accounts) in the following amounts and priority:
  - (ii) First, to the Lender, to pay any accrued but unpaid interest, fees, indemnification amounts and expenses of the Lender in connection with this Agreement and any other Credit Document;
  - (iii) Second, to the Lender, any amounts necessary to reduce the Borrowing Base Deficiency, if any, to zero; and

- (iv) Third, provided that no Borrowing Base Deficiency would occur after giving effect to such distribution, any remainder to be deposited to the Borrower's Account for the account of the Borrower.
- (3) Notwithstanding anything herein to the contrary, upon the occurrence and during the continuance of an Event of Default, the Lender will apply all amounts in the Borrower Collection Account and each Dealer Blocked Account on each Monthly Payment Date until the Obligations have been fully and indefeasibly paid in full as follows:
- (i) First, to the payment of, and in the same priority as, items (i) – (ii) in Section 4.1(2) above; and
  - (ii) Second, to the Lender to reduce the outstanding principal balance on the Advances to zero and to pay all other Obligations or any other amount due hereunder.

#### 4.2 Maturity of Revolving Loans

The Borrower shall repay in full the outstanding Principal Amount under the Facilities, and all accrued and unpaid interest thereon, on the Maturity Date. Upon the written request of the Borrower and so long as no Default or Event of Default has occurred and is continuing, the initial Maturity Date (the first anniversary of the date of this Agreement) may be extended for one additional year (to the second anniversary of the date of this Agreement) with approval of the Lender in its sole discretion. Following any such extension, upon the written request of the Borrower and so long as no Default or Event of Default has occurred and is continuing, the extended Maturity Date (the second anniversary of the date of this Agreement) may be extended for one additional year (to the third anniversary of the date of this Agreement) with approval of the Lender in its sole discretion. Any such extensions are fully discretionary and at the option of the Lender, and any request for such extensions must be made in writing by the Borrower to the Lender no earlier than 120 days and no later than 45 days prior to the initial Maturity Date (the first anniversary of the date of this Agreement) and extended Maturity Date (the second anniversary of the date of this Agreement), as applicable, provided that the Lender shall respond to any request for extension within 30 days of such request by the Borrower.

#### 4.3 Mandatory Repayments

- (1) **Asset Dispositions.** The Borrower agrees upon the occurrence of a sale or disposition (whether voluntary or involuntary, including as a result of expropriation), or on account of damage or destruction, of any Vehicle or Leased Vehicle of a Dealer, the Borrower and Dealer shall cause the proceeds of such sale shall be deposited into the Borrower Collection Account. All amounts deposited into the Borrower Collection Account pursuant to this Section 4.3(1) shall be applied pursuant to Section 4.1 on the related Monthly Payment Date.
- (2) **Termination of Revolving Facility.** The Borrower covenants and agrees that concurrently with any termination of the Revolving Facility in whole (including any such termination on the Maturity Date), the Borrower shall prepay the Revolving Warehouse Subfacility in full accompanied by (i) any prepayment fee required pursuant to the terms hereof or any other Credit Document, (ii) accrued and unpaid interest on the Revolving Warehouse Subfacility to the date of prepayment, and (iii) all other amounts due on the Obligations.

#### 4.4 Payments Generally

All amounts owing in respect of any Facility, whether on account of principal, interest or fees or otherwise, shall be paid in the currency in which the Advance is outstanding. Each payment under this Agreement shall be made for value on the day the payment is due. All interest and other fees shall continue to accrue until payment has been received by the Lender. Each payment shall be made by debit to the Borrower's Account by the Lender at or before 11 a.m. (Toronto time) on the day that payment is due. The Borrower hereby authorizes the Lender to debit the Borrower's Account in respect of any and all payments to be made by the Borrower or any Credit Party under this Agreement.

#### **4.5 Taxes**

- (1) **Payments.** All payments to be made by or on behalf of the Borrower under or with respect to the Credit Documents shall be made free and clear of and without deduction or withholding for, or on account of, any present or future Taxes, unless such deduction or withholding is required by Applicable Law. If the Borrower is required to deduct or withhold any Taxes from any amount payable to the Lender (i) the amount payable shall be increased as may be necessary so that after making all required deductions or withholdings (including deductions and withholdings applicable to, and taking into account all Taxes on, or arising by reason of the payment of, additional amounts under this Section 4.5), the Lender receives and retains an amount equal to the amount that it would have received had no such deductions or withholdings been required, (ii) the Borrower shall make such deductions or withholdings, and (iii) the Borrower shall remit the full amount deducted or withheld to the relevant taxing authority in accordance with Applicable Law. Notwithstanding anything in any Credit Document, the Borrower shall not be required to pay additional amounts in respect of Excluded Taxes.
- (2) **Indemnity.** The Borrower shall indemnify the Lender for the full amount of any Taxes (other than Excluded Taxes) imposed by any jurisdiction on amounts payable by the Borrower under this Agreement and paid by the Lender and any liability (including penalties, interest and reasonable expenses) arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally asserted, and any Taxes levied or imposed with respect to any indemnity payment made under this Section 4.5. The Borrower shall also indemnify the Lender for any Taxes (other than Excluded Taxes) that may arise as a consequence of the execution, sale, transfer, delivery or registration of, or otherwise with respect to this Agreement or any other Credit Document. The indemnifications contained in this Section 4.5 shall be made within 30 days after the date the Lender makes written demand therefor.
- (3) **Evidence of Payment.** Within 30 days after the date of any payment of Taxes by the Borrower, the Borrower shall, if requested by the Lender, furnish to the Lender a copy of a receipt evidencing payment by the Borrower of any Taxes with respect to any amount payable to the Lender hereunder.
- (4) **Survival.** The Borrower's obligations under this Section 4.5 shall survive the termination of this Agreement and the payment of all amounts payable under or with respect to this Agreement.

#### **4.6 No Set-Off**

All payments to be made by the Borrower shall be made without set-off or counterclaim and without any deduction of any kind.

## ARTICLE 5 COLLATERAL

### 5.1 Collateral

The payment and performance of the Obligations shall at all times be secured by, among other things, all of the Credit Parties' assets, including without limitation, all Leases and related Rights, Inventory, Equipment, chattel paper, documents of title, instruments, intangibles, and property of the Credit Parties, in each case whether now or hereafter acquired or arising, pursuant to the Security required by the Lender, including all documents listed in Section 5.3.

### 5.2 Collateral Proceeds

The Borrower shall make such arrangements as shall be necessary or appropriate in the Lender's Permitted Discretion to ensure that all proceeds of the Collateral are promptly remitted to the Lender or to the Borrower Collection Account; and until so remitted, such proceeds shall be deemed to be held in trust for the Lender. Without limiting the foregoing, the Borrower and each of the Dealers agrees to make such arrangements as shall be necessary or appropriate to assure that all proceeds of the Collateral are deposited (in the same form as received) in the Dealer Blocked Accounts and/or the Borrower Blocked Account. Any proceeds of Collateral received by any Credit Party shall be held in trust for the Lender in the same form in which received, shall not be commingled with any assets of such Credit Party, and shall be delivered promptly to the Lender (together with any necessary endorsements thereto) for deposit into such account. The Borrower, for itself and each of the Credit Parties, acknowledges that all funds in such accounts are held in trust for the Lender, and that, to the extent of any interest of the Credit Parties therein, the Lender has (and is hereby granted to the extent it does not already have) a Lien on such accounts and all funds contained therein to secure the Obligations.

### 5.3 Security Documents

The Credit Parties shall cause the following documents and guarantees to be executed and delivered to the Lender on or prior to the Closing Date or such other date specified below, if applicable, to secure the Obligations, each in form and substance satisfactory to the Lender (collectively, the "**Security Documents**"):

- (a) a general security agreement executed by the Borrower, creating a security interest in all of the present and future personal property, assets and undertaking of the Borrower, including Securities (or the equivalent), registered in every location where the Borrower has assets, subject only to Permitted Liens;
- (b) a guarantee and servicing agreement (a "**Guarantee and Servicing Agreement**"), executed by each Dealer, guaranteeing repayment of the Obligations in an amount equal to the Dealer Allocated Amount for such Dealer;
- (c) a security agreement executed by each Dealer, creating a security interest in the Funded Assets (as defined in the Guarantee and Servicing Agreement) of such Dealer, registered in every location necessary to perfect the Lender's first priority security interest therein, subject only to Permitted Liens;
- (d) a limited guarantee, executed by each Personal Guarantor, guaranteeing (i) in respect of Hugh Waddell, repayment of the Obligations in the amount of \$10,000,000, and (ii) in respect of any other Personal Guarantor that is the

principal of a Dealer, the Obligations of such Dealer in respect of the Dealer's Guarantee and Servicing Agreement;

- (e) a springing blocked account agreement over the Dealer Blocked Account of CAS Dealer between CAS Dealer, the Lender and the related account bank;
- (f) a springing blocked account agreement over the Dealer Blocked Account of NAF Dealer between NAF Dealer, the Lender and the related account bank within 30 days of the Closing Date;
- (g) a springing blocked account agreement over the Borrower Collection Account in favour of the Lender within 30 days of the Closing Date;
- (h) an assignment of the interest of each Credit Party to the Lender in all insurance policies held by or for the benefit of such Credit Party; and
- (i) such other security agreements as may be reasonably requested by the Lender.

## ARTICLE 6 CONDITIONS PRECEDENT

### 6.1 Conditions Precedent to Disbursements of Advances

The obligation of the Lender to make available the first Advance under any Facility is subject to and conditional upon the satisfaction of the following conditions:

- (a) ***Delivery of Credit Documents.*** The Lender shall have received sufficient copies, in form and substance satisfactory to the Lender, of the following:
  - (i) all documents relating to the Security and all other Credit Documents, duly executed by all the parties thereto (other than the Lender);
  - (ii) a Certificate of an Authorized Representative of each Credit Party, dated the Closing Date, with respect to its constating documents and by-laws and the due authorization, execution and delivery of all Credit Documents to which it is a party and all the transactions contemplated thereby, and confirming that all representations and warranties contained in this Agreement are true and correct as if made on the date of the Certificate;
  - (iii) the Lender shall have received a good standing, status or compliance certificate (as applicable) for each of the Credit Parties (dated as of the date no earlier than one day prior to the date hereof or such longer period as may be acceptable to the Lender) from the applicable government office in the jurisdiction of its incorporation and each jurisdiction in which it is qualified to do business;
  - (iv) opinions of counsel to the Credit Parties, addressed to the Lender and its counsel with respect to, inter alia, due authorization, execution, delivery, and enforceability of the Credit Documents and the creation, validity and perfection of the security interests constituted by the Security;
  - (v) duly executed and binding certificate(s) of insurance evidencing the insurance required under this Agreement, that: (A) all losses under all insurance policies are payable to the Lender, as first loss payee, (B) the Lender has been added as an additional insured in respect of all liability

policies, (C) the policies contain a standard mortgage clause approved by the Insurance Bureau of Canada, and (D) that the Lender will be given at least 30 days prior written notice of any cancellation or termination of any policy;

- (vi) such other Credit Documents as the Lender may reasonably request, including (A) the Security Documents listed in Section 5.3 hereof, (B) all applicable Collateral Access Agreements, and (C) the Lender shall have received and reviewed, to its satisfaction, original copies of the environmental questionnaires or checklists completed by the Borrower in respect of each premise occupied by each Credit Party, each in form and substance acceptable to the Lender;
  - (vii) searches against the Borrower and each Dealer and each Subsidiary thereof or other entity holding Leases financed by the Existing Lender or not otherwise owned by the Borrower or a Dealer prior to the Closing Date;
  - (viii) estoppel letters or discharges in respect of existing security filings;
  - (ix) Financial Projections for the Borrower; and
  - (x) such other documents or agreements as may be requested by the Lender, including the documents listed on Schedule 6.1(a)(ix).
- (b) **Payout and Discharge.** All funds owed by the Credit Parties or their Subsidiaries to those creditors, identified (based upon information provided by any Credit Party) by the Lender shall be repaid in full and all Liens and/or security registrations made in favour of such creditors shall be discharged or the Lender shall have received an undertaking from such creditors to discharge all such Liens and/or security registrations in form and substance satisfactory to the Lender and all conveyance agreements and related security registrations required to transfer the Leases, Leased Vehicles and Related Rights to the Credit Parties free and clear of all Adverse Claims satisfactory to the Lender shall have been delivered to the Lender.
- (c) **Registration of Security.** All registrations, recordings and filings of or with respect to the Security which in the opinion of counsel to the Lender are necessary to render effective the Lien intended to be created thereby shall have been completed.
- (d) **Fees.** All fees payable in accordance with this Agreement on or before the Closing Date (including legal fees and expenses of the Lender) shall have been paid to the Lender.
- (e) **Due Diligence.** The Lender shall have completed its business, legal and accounting due diligence with the respect to the Credit Parties, and shall have received, in form and substance satisfactory to the Lender, a Compliance Certificate, the most recent financial statements of the Borrower for the period ending March 31, 2022, and any and all other information or certificates which the Lender may require in order to satisfy its internal requirements and those of Applicable Law relating to its anti-money laundering, anti-corruption and anti-terrorism responsibilities.

- (f) **Excess Availability.** Immediately after giving effect to the initial Advance hereunder, the Excess Availability with respect to the Revolving Facility on a pro forma basis shall be not less than \$1,000,000.00 after taking into account the payment of all fees and expenses owing in connection with the transaction and any Reserves established as of the Closing Date.
- (g) **Material Adverse Change.** No Material Adverse Change shall have occurred with respect to the Credit Parties.
- (h) **Credit Party Structure.** Satisfactory corporate, management and ownership structure in place for each Credit Party, in form and substance acceptable to the Lender in its sole discretion.

## 6.2 Conditions Precedent to All Advances

The obligation of the Lender to make available any Advance, including the first Advance, are subject to and conditional upon each of the conditions below being satisfied on the applicable Drawdown Date:

- (a) **No Default.** No Default or Event of Default exists has occurred and is continuing on the Drawdown Date, or would result from making the Advance and, without limiting the generality of the foregoing, the Borrower shall be in compliance with its obligation to deliver Borrowing Base Certificates in accordance with Section 8.1(5)(a).
- (b) **Representations Correct.** The representations and warranties contained in Section 7.1 shall be true and complete on each Drawdown Date as if made on that date unless specifically made as of a certain date.
- (c) **No Breach of Laws.** Such Advance shall not violate any order, judgment or decree of any court or other authority or any provision of law or regulation applicable to the Lender as then in effect;
- (d) **Notice of Advance.** The Borrower shall have provided notice in respect of such Advance as required hereunder, including a Borrowing Base Certificate duly executed by the Borrower and each Dealer.
- (e) **Estoppel Letters.** Other than the Floor Plan Releases, the Lender shall have received such estoppel letters or discharges as may be required to ensure the Lender has a first priority security interest in all Leases and the related Leased Vehicles to be included in the Borrowing Base.

## 6.3 Waiver of any Condition Precedent

The conditions stated in Section 6.1 and Section 6.2 are inserted for the sole benefit of the Lender and the conditions stated therein may only be waived by the Lender, and any such waiver may be made in whole or in part, with or without terms or conditions and in respect of all or any portion of the Advances, without affecting the right of the Lender to assert terms and conditions in whole or in part in respect of any other future Advance.

# ARTICLE 7 REPRESENTATIONS AND WARRANTIES

## 7.1 Representations and Warranties of the Borrower

The Borrower makes the following representations and warranties to the Lender, all of which shall survive the execution and delivery of this Agreement, and acknowledges and confirms that the Lender is, among other things, relying upon such representations and warranties as a basis for its decision to enter into this Agreement and to make Advances hereunder:

- (a) **Status.** Each Credit Party is duly organized, validly existing and in good standing (or the local applicable equivalent) under the laws of the jurisdiction of its incorporation and it has the power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage. Each Credit Party is duly qualified to carry on its business, and is in good standing (or the local applicable equivalent), in each jurisdiction where the ownership, leasing or operation of its property or the conduct of its business requires such qualification except where not being so qualified would not have a Material Adverse Effect.
- (b) **Power and Authority.** It has the corporate or other equivalent power to execute, deliver and perform the terms and provisions of each Credit Document to which it is a party and has taken all necessary action to authorize the execution, delivery and performance by it of each Credit Document to which it is a party. Each Credit Party has duly executed and delivered each Credit Document to which it is a party, and each such Credit Document constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, moratorium or similar laws affecting creditors' generally, the fact that specific performance and injunctive relief may only be given at the discretion of the courts, and the equitable or statutory powers of the courts to stay proceedings before them and to stay the execution of judgments.
- (c) **No Violation.** Neither the execution, delivery or performance by each Credit Party of the Credit Documents to which it is a party, nor compliance by it with the terms and provisions thereof, contravenes any Applicable Law, conflicts with or results in any breach of any of the terms, covenants, conditions or provisions of, or constitutes a default under, or results in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Credit Documents) upon any of its property or assets pursuant to, any indenture, mortgage, deed of trust, credit agreement, loan agreement or any other agreement or instrument to which it is a party or by which it or any of its property or assets is bound or to which it may be subject, or breaches or violates any provision of its constating documents or any Contractual Obligation to which it is a party.
- (d) **Business and Operations.** The business and operations of each Credit Party, and the locations thereof, as of the Closing Date are accurately described in Schedule 7.1(d).
- (e) **Approvals.** Except as set forth in Schedule 7.1(e), as of the Closing Date no order, consent, certificate, approval, permit, license, authorization or validation of, or filing, recording or registration with, or exemption by, any Person (including any Governmental Authority, shareholder, member, partner or other owner of Issued Equity, or any Person that is party to a Contractual Obligation of any Credit Party) is required to authorize, or is required in connection with, the



execution, delivery or performance by any Credit Party of any Credit Document to which it is a party, or the legality, validity, binding effect or enforceability with respect to it of any such Credit Document, or the consummation of the transactions contemplated therein, other than filings and recordings with respect to the Collateral to be made, or otherwise delivered to the Lender for filing or recordation, on or prior to the Closing Date.

- (f) **Security Documents.** The Security Documents create, and grant to the Lender, valid and enforceable first priority Liens upon the Collateral, subject only to the terms of this Agreement and to Permitted Liens, on the terms set out therein, and the Security Documents have been registered or recorded, as applicable, in all places where registration or recording, as applicable, is necessary to perfect the charges and security interests created thereby.
- (g) **Title to Collateral.** Each Credit Party has good and marketable title to all of its Collateral, free and clear of all Liens other than Permitted Liens.
- (h) **Financial Statements; Financial Condition; Undisclosed Liabilities.**
  - (i) The Financial Statements submitted to the Lender for the Fiscal Year ended December 31, 2021 and for the period ended March 31, 2022, present fairly, in all material respects and all Financial Statements submitted to the Lender during the term of this Agreement, present or will present fairly (subject, in the case of any interim Financial Statements prepared by management of the applicable Person in the Borrower, to normal year-end adjustments), the financial position, on a consolidated basis, of the Borrower and, on an unconsolidated basis of Borrower as at the date thereof and the results of operations and cash flows, on a consolidated or unconsolidated basis, as applicable, for the periods covered thereby, and all such Financial Statements have been, or will be, as applicable, prepared in accordance with GAAP. Since March 31, 2022, there has been no Material Adverse Change.
  - (ii) Except as fully reflected in the Financial Statements described in Section 7.1(h), there are no liabilities or obligations with respect to any Credit Party of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, either individually or in aggregate, would be material; and no Credit Party is aware of any basis for the assertion against it of any liability or obligation of any nature whatsoever that is not fully reflected in the Financial Statements described in Section 7.1(h) that, either individually or in the aggregate, would be material.
- (i) **Projections.** The financial projections of the Borrower for the Fiscal Year ending December 31, 2022, including monthly projections for each remaining calendar month during the Fiscal Year ending December 31, 2022 and annual projections thereafter, are based upon good faith estimates and assumptions made by the management of the Borrower and, notwithstanding that such projections are not to be viewed as facts and that actual results during the period covered by such projections may differ from such projections, as of the Closing Date, the Borrower believes the assumptions made in such projections are reasonable and that such projections are attainable.

- (j) **Litigation.** Except as set forth on Schedule 7.1(j), there are no Claims as of the Closing Date.
- (k) **Disclosure.** No Credit Document furnished to the Lender by or on behalf of any Credit Party for use in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which the same were made. There are no facts known (or which should upon the reasonable exercise of diligence be known) to any Credit Party (other than matters of a general economic nature) that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect and that have not been disclosed herein or in the other Credit Documents furnished to the Lender for use in connection with the transactions contemplated hereby.
- (l) **Taxes.** Except as set forth on Schedule 7.1(l) or as otherwise permitted pursuant to Section 8.1(3), (i) all Tax returns and reports required to be filed by each Credit Party for its five most recent taxation years or Fiscal Years have been filed in a timely manner, and all Taxes due and payable on such Tax returns, and all assessments, fees and other governmental charges levied against any Credit Party, and upon their respective assets, have been paid when due; and (ii) no Credit Party has received notice of any proposed tax audits with respect to any Credit Party, or of any tax assessments against any Credit Party, that are not being actively contested in good faith by appropriate proceedings by the applicable Credit Party and in respect of which adequate reserves or other appropriate provisions, if any, have been made in accordance with GAAP and the details thereof have been provided to the Lender to its satisfaction in its Permitted Discretion.
- (m) **Equity Interests.** Schedule 7.1(m) sets forth as of the Closing Date a true and complete list of all Subsidiaries of the Borrower and of each other Credit Party, each registered owner of Equity Interests in the Borrower, each Subsidiary thereof and each other Credit Party and the number and percentage ownership of such Equity Interests held by each such owner thereof. All outstanding Equity Interests in each Credit Party have been duly authorized and validly issued and are fully paid and non-assessable. Except as set forth on Schedule 7.1(m), as of the Closing Date there is no existing option, warrant, phantom stock or unit, call, right, commitment or other agreement to which any Credit Party is a party requiring, or any other Equity Interest that upon conversion or exchange would require, the issuance by any Credit Party of any additional Equity Interests.
- (n) **No Restrictions.** There is no encumbrance or restriction on the ability of any Credit Party to (i) pay dividends or make any other distributions on its Equity Interests, or to pay any Debt owed by it, (ii) make loans or advances, or (iii) transfer any of its properties or assets, except, in each case, such encumbrances or restrictions existing under or by reason of (A) Applicable Law, (B) this Agreement or the other Credit Documents, (C) customary provisions restricting subletting or assignment of any lease governing any of its leasehold interests, or (D) customary provisions restricting the assignment of contracts, permits and/or licenses.

- (o) **Compliance with Applicable Laws.** Each Credit Party (i) has obtained and is in compliance with all Governmental Approvals that are necessary for the conduct of its business as presently conducted, and as contemplated by it to be conducted, and the use of its property and assets (both real and personal), each of which is in full force and effect, is a good, valid and subsisting approval that has not been surrendered, forfeited or become void or voidable, and (ii) is in compliance in all material respects with all Applicable Laws, including Environmental Laws.
- (p) **Labour Matters.** There are no strikes or other labour disputes against any Credit Party that are pending or, to the knowledge of each Credit Party, threatened. All payments due from any Credit Party on account of employee insurance of any kind and vacation pay have been paid or accrued as a liability on its books and each Credit Party has withheld and remitted all amounts on behalf of all employees of such Credit Party required to be withheld or remitted by it, and has made all employer contributions to be made by it, in each case, in accordance with Applicable Laws. There is no obligation of any Credit Party under any collective agreements or under any consulting or management agreement requiring payments which cannot be cancelled without material liability. Each Credit Party is in material compliance with the terms and conditions of all consulting agreements, management agreements and employment agreements, if any. There is no organizing activity involving any Credit Party or, to the knowledge of any Credit Party, threatened by any labour union or group of employees. No labour union or group of employees has made a pending demand for recognition. There are no complaints or charges against any Credit Party pending or threatened to be filed with any Governmental Authority or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment of any individual by any Credit Party.
- (q) **Insurance.** Each Credit Party maintains insurance in compliance with Section 8.1(4) and all premiums and other sums of money payable for that purpose have been paid.
- (r) **Locations of Collateral.** All of the Collateral is located at the Permitted Collateral Locations or is in transit to or from such locations.
- (s) **Intellectual Property.** All Intellectual Property owned or used by any Credit Party as of the Closing Date is listed on Schedule 7.1(s).
- (t) **Real Property.** All Real Property Interests of each Credit Party and the nature of its interest (both registered and beneficial) therein, as of the Closing Date is correctly set forth on Schedule 7.1(t). Each Credit Party has legal and marketable title to all of its Real Property Interests, free and clear of all Liens other than Permitted Liens.
- (u) **Environmental Matters.**
  - (i) No Credit Party, nor any of its premises or operations used in the conduct of its business, is subject to any outstanding written order, consent decree or settlement agreement with any Person relating to any Environmental Law, any Environmental Claim, or any activity relating to any Hazardous Substance. No Credit Party has received any letter or request for information under any provincial, federal or state law or law of

any other jurisdiction applicable to it, in respect of any Hazardous Substance or any activity relating thereto that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Each Credit Party's premises and operations is free from the presence of all Hazardous Substances except for such presence that could not individually or in the aggregate reasonably be expected to have a Material Adverse Effect. No Credit Party has caused or suffered to occur any Release of any Hazardous Substance on, at, in, under, above, to or from any real property owned, leased or otherwise used by it or any other real property that could individually or in the aggregate reasonably be expected to have a Material Adverse Effect. The Borrower has no knowledge of any conditions, occurrences or activities relating to any Hazardous Substance which could reasonably be expected to form the basis of an Environmental Claim against any Credit Party. No Credit Party nor any predecessor of any Credit Party has filed any notice under any Environmental Law indicating past or present treatment of any Hazardous Substance at any real property owned, leased or otherwise used by it or any other real property, and no Credit Party's operations involve the generation, transportation, treatment, storage or disposal of any Hazardous Substance. Each Credit Party is, and, except as set forth in Schedule 7.1(u)(i), has been, in compliance with all Environmental Laws, except for such non-compliance that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Each Credit Party has obtained, and is in compliance with, all Environmental Permits required by Environmental Laws for the operations of its businesses as presently conducted or as proposed to be conducted and all such Environmental Permits are valid, uncontested and in good standing. Compliance by the Credit Parties with all current requirements pursuant to or under Environmental Laws could not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. No event or condition has occurred or is occurring with respect to any Credit Party relating to any Environmental Law, any Release of any Hazardous Substances, or any activity relating to any Hazardous Substance which individually or in the aggregate has had, or could reasonably be expected to have, a Material Adverse Effect. The Borrower on its own and on behalf of each other Credit Party, hereby acknowledges and agrees that neither the Lender nor any of its officers, directors, employees, attorneys and representatives (i) is now, or has ever been, in control of any Credit Party's premises or operations or any Credit Party's affairs, and (ii) has the capacity or the authority through the provisions of the Credit Documents or otherwise to direct or influence any (A) Credit Party's conduct with respect to the ownership, operation or management of any Credit Party's premises or operations or any Credit Party's affairs, (B) undertaking, work or task performed by any employee, Lender or contractor of any Credit Party or the manner in which such undertaking, work or task may be carried out or performed, or (C) Credit Party's compliance with Environmental Laws or Environmental Permits.

- (v) **No Defaults.** No Credit Party is in default in the performance, observance or fulfillment of any of its obligations, covenants or conditions contained in any Contractual Obligations, and no condition exists which, with the giving of notice

or the lapse of time or both, could constitute such a default, except where the consequences, directly or indirectly, of such default or defaults, if any, could not reasonably be expected to have a Material Adverse Effect.

- (w) **Material Contract.** All Material Contracts as of the Closing Date are listed on Schedule 7.1(w), and a true and complete copy of each such Material Contract has been provided to the Lender. All Material Contracts are in full force and effect, and there are no defaults thereunder.
- (x) **Debt.** All Debt of the Credit Parties, as of the Closing Date, is disclosed in the Audited Financial Statements of the Borrower for the most recently completed Fiscal Year or on Schedule 7.1(x).
- (y) **Employee Benefit Plans.** No Credit Party sponsors, contributes to or administers any Canadian Pension Plans. All obligations of each Credit Party (including fiduciary, contribution, funding, investment and administration obligations) required to be performed in connection with the Employee Benefit Plans and any funding agreements therefor under the terms thereof and applicable statutory and regulatory requirements, have been performed in a timely and proper fashion. There have been no improper withdrawals or applications of the assets of any Credit Party's Employee Benefit Plans. There are no outstanding material disputes concerning the assets or liabilities of any Credit Party's Employee Benefit Plans.
- (z) **Not an Investment Company.** No Credit Party is an "investment company" or a company "controlled" by an "investment company" within the meaning of the United States Investment Company Act of 1940, as amended or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a holding company, or of a "subsidiary company" of a "holding company", within the meaning of the United States Public Utility Holding Company Act of 1935, as amended.
- (aa) **No Margin Stock.** No Credit Party is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock. None of the proceeds of any Advance shall be used to purchase or carry, or to reduce or retire or refinance any credit incurred to purchase or carry, any margin stock (within the meaning of Regulations U and X of the Board of Governors of the Federal Reserve System of the United States of America) or to extend credit to others for the purpose of purchasing or carrying any margin stock.
- (bb) **Solvency.** Each Credit Party is Solvent.
- (cc) **Default.** No Default or Event of Default has occurred which is continuing.
- (dd) **Location.** Each Credit Party's principal place of business, chief executive office, registered office and office where it keeps all Records held by it are located at the address set forth under its name on the signature pages hereto.
- (ee) **Leases.** Each Lease forming part of the Borrowing Base is an Eligible Lease and the information in respect thereof provided to the Lender is in all material respects true and correct.
- (ff) **Deposit Accounts.** The location, description and beneficiary of each Deposit Account is accurately set forth on Schedule 7.1(ff).

## 7.2 Deemed Repetition

The representations and warranties made in Section 7.1 shall be deemed to be repeated on each Drawdown Date, Monthly Payment Date, and as of the last day of each Fiscal Quarter, as if made on and as of each such date unless specifically made as of a certain date.

## ARTICLE 8 COVENANTS

### 8.1 Affirmative Covenants

While any obligation of any Credit Party or the Lender is outstanding under any Credit Document and the Commitments have not been terminated, the Borrower agrees as follows:

- (1) **Maintenance of Business.** Except as provided in Section 8.2(4), it shall preserve and maintain its existence, and preserve and keep in force and effect all licenses, permits and franchises necessary to the proper conduct of its business.
- (2) **Maintenance of Properties.** It shall maintain, preserve and keep its property, plant, Equipment and other assets in good repair, working order and condition (ordinary wear and tear excepted) and shall from time to time make all needed and proper repairs, renewals, replacements, additions and improvements thereto so that at all times the efficiency thereof shall be fully preserved and maintained.
- (3) **Taxes and Assessments.** It shall duly pay and discharge, all Taxes, rates, assessments, fees and governmental charges upon or against it or its property and assets, in each case before the same become delinquent and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith and by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves are provided therefor.
- (4) **Insurance.**
  - (a) It shall maintain in force, with good and responsible insurance companies, insurance coverage on its property, assets and undertaking that is substantially similar to the coverage listed in Schedule 8.1(4). The Borrower shall upon request, furnish to the Lender a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section 8.1(4).
  - (b) All insurance required hereby shall be maintained in amounts and under policies and with insurers acceptable to the Lender in its Permitted Discretion, and all such policies shall name the Lender as first loss payee, first mortgagee and additional insured, and shall contain a standard mortgage clause all in form and content acceptable to the Lender in its Permitted Discretion. The Credit Parties shall pay or caused to be paid, when due all premiums on such insurance. Certificates of insurance evidencing compliance with the foregoing and, at the Lender's request, the policies of such insurance shall be delivered by the Borrower to the Lender. All insurance required hereby shall provide that no cancellation thereof shall be effective until at least 30 days after receipt by the applicable Credit Party and the Lender of written notice thereof, and shall be satisfactory to the Lender in its Permitted Discretion in all other respects. In case of any material loss, damage to or destruction of the Collateral or any part thereof, the Borrower shall promptly give written notice thereof to the Lender

generally describing the nature and extent of such damage or destruction. In case of any loss, damage to or destruction of the Collateral or any part thereof, the Credit Parties, at their cost and expense, shall, if commercially reasonable to do so, promptly cause to be repaired or replaced the Collateral so lost, damaged or destroyed. If any Credit Party receives any proceeds of insurance for any loss, damage to or destruction of Collateral, such proceeds shall promptly be paid to the Borrower's Account. Upon the occurrence of an Event of Default that is continuing, each Credit Party hereby authorizes the Lender, at the Lender's option, to adjust, compromise and settle any Losses under any insurance afforded to such Credit Party, and hereby irrevocably constitutes the Lender, and each of its nominees, officers, agents, attorneys, and any other Person whom the Lender may designate, as its attorney in fact, with full power and authority to effect such adjustment, compromise and/or settlement and to endorse any drafts drawn by an insurer of the Collateral or any part thereof and to do everything reasonably necessary to carry out such purposes. All insurance proceeds shall be subject to the Lien of the Lender under the Security Documents.

- (c) Unless it provides the Lender with evidence of the insurance coverage required by this Agreement, the Lender may purchase insurance at the Credit Parties' expense to protect the Lender's interests in the Collateral, and the Lender shall not be required to require such coverage to apply to claims made by or against any Credit Party. The Borrower may later cancel any such insurance purchased by the Lender, but only after providing the Lender with evidence that the Borrower has obtained insurance as required by this Agreement. If the Lender purchases insurance for the Collateral, the Borrower shall be responsible for the costs of that insurance, including interest and any other charges that the Lender may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance shall be added to the Obligations. The costs of the insurance may be more than the cost of insurance the Borrower may be able to obtain on its own.
- (5) **Financial Reports.** It shall maintain a standard system of accounting in accordance with GAAP and shall promptly furnish to the Lender and its duly authorized representatives such information respecting its business and financial condition as the Lender may reasonably request; and without limiting the foregoing, it shall provide the following information to the Lender:
- (a) on any Business Day, as agreed between the Borrower and the Lender, prior to the date of any Advance under the Revolving Facility or Revolving Warehouse Facility, a Borrowing Base Certificate in form and substance satisfactory to the Lender, showing the computation of such Borrowing Base in reasonable detail as of the close of business on such Business Day, together with such other information and support schedules as is therein required by the Lender, prepared by the Borrower and executed by each Dealer. For greater certainty, all calculations of availability in any Borrowing Base Certificate shall originally be made by the Borrower and certified by an Authorized Representative of the Borrower, provided that the Lender shall from time to time in its Permitted Discretion, and at such intervals as the Lender determines, review and adjust any such calculation (A) to reflect its reasonable estimate of declines in value of any Collateral, due to collections of Leases and Loans received or otherwise and (B) to the extent the calculation is not made in accordance with this Agreement or does not accurately reflect the Reserves determined by the Lender;

- (b) on the last Business Day of each calendar month, any information required by the Lender in respect of the Borrowing Base;
- (c) as soon as available, and in any event within twenty (20) days after the close of each monthly accounting period of the Borrower:
  - (i) a copy of the Unaudited Financial Statements as of the last day of such monthly accounting period;
  - (ii) a Leases aging report on an "invoice date" basis, including reconciliation of cash and accounts receivable;
  - (iii) an accounts payable aging report;
  - (iv) a priority claims and statutory deductions report; and
  - (v) a report reconciling accounts payable, Lease amounts set out in the reports provided pursuant to Section 8.1(5)(c)(ii), Section 8.1(5)(c)(iii) and Section 8.1(5)(c)(iv) for the applicable monthly accounting period to the corresponding figures for such items in the Unaudited Financial Statements for such monthly accounting period provided pursuant to Section 8.1(5)(c)(i);

in each case (A) accompanied by management commentary on the results reported as compared to performance in the previous Fiscal Year and as against the budget prepared for the current Fiscal Year of the Borrower, (B) prepared by the Borrower in such format and detail as is required by the Lender in its Permitted Discretion, and (C) certified by an Authorized Representative of the Borrower;

- (d) as soon as available, and in any event within forty-five (45) days after the last day of each Fiscal Quarter of the Borrower, a copy of the Unaudited Financial Statements as of the last day of such Fiscal Quarter that does not end on the last day of a Fiscal Year;
- (e) as soon as available, and in any event within one hundred and twenty (120) days after the last day of each Fiscal Year of the Borrower:
  - (i) a copy of the Audited Financial Statements for such Fiscal Year, certified by an Authorized Representative of the Borrower and accompanied by an unqualified opinion of the Auditor, confirming that the financial statements have been prepared in accordance with GAAP and present fairly in accordance with GAAP the consolidated financial condition of the Borrower as of the close of such Fiscal Year and the results of its operations and cash flows for the fiscal year then ended and that an examination of such accounts in connection with such financial statements has been made in accordance with generally accepted auditing standards and, accordingly, such examination included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances; and
  - (ii) a report reconciling accounts payable, Lease and Loan amounts provided pursuant to Section 8.1(5)(c)(c)(ii), Section 8.1(5)(c)(iii) and Section 8.1(5)(c)(c)(iv) for such Fiscal Year to the corresponding amounts for



such items in the Audited Financial Statements and Unaudited Financial Statements for such Fiscal Year;

- (f) promptly after receipt thereof, any additional written reports, management letters or other detailed information contained in writing concerning significant aspects of the operations and financial affairs of any Credit Party relevant to the preparation of the Financial Statements;
- (g) as soon as available, and in any event not less than sixty (60) days prior to the end of each Fiscal Year, a copy of the Annual Budget and Financial Projections for the next Fiscal Year;
- (h) promptly after knowledge thereof shall come to the attention of any officer or director of any Credit Party, written notice of any threatened or pending litigation or governmental proceeding or labour controversy against the Borrower, or any Credit Party that, if adversely determined, would have a Material Adverse Effect, or of the occurrence of any Default or Event of Default; and
- (i) promptly after knowledge thereof shall come to the attention of any officer or director of any Credit Party, written notice of any Default or Event of Default.

Each of the financial statements of the Borrower furnished to the Lender pursuant to this Section 8.1(5) shall be accompanied by a Compliance Certificate (which such certificate shall include for greater certainty the requisite financial covenant calculations hereunder).

(6) ***Inspection; Appraisals; Verification.***

- (a) It shall permit (and arrange for all access required to permit) the Lender and its duly authorized representatives and agents, with reasonable prior notice by the Lender and during normal business hours to (i) examine and make copies of the corporate books and books of accounts and other financial records of each Credit Party, (ii) discuss the affairs, finances and accounts of each Credit Party with, and to be advised as to the same by, their officers, employees and independent chartered accountants (and Borrower hereby authorizes its accountants to discuss with the Lender the finances and affairs of such Credit Party), and (iii) visit and inspect any of the premises of the Credit Parties and to conduct field examinations, provided that the Lender shall not conduct more than four (4) field examinations during any particular calendar year; but for greater certainty, the number of visits and inspections that do not constitute field examinations shall not be restricted unless an Event of Default has occurred and is continuing, in which case the Lender shall be entitled to conduct field examinations of the Credit Parties, for as long as such Event of Default is continuing, at such times and intervals as the Lender determines appropriate in its sole discretion.
- (b) The Lender may from time to time obtain (or direct any Credit Party to obtain and provide to the Lender) appraisals of the Credit Parties' as the Lender may designate, which appraisal reports shall in each case be prepared by an appraiser acceptable to the Lender and be in such format and contain such detail as the Lender may reasonably request.
- (c) It shall, as soon as reasonably practical upon request by the Lender at any time and from time to time, deliver to the Lender such evidence of the existence,

identity and location of the Collateral and of its availability as collateral security pursuant hereto (including, without limitation, reports stating the book value of Leases). It agrees that the Lender shall have the right to verify all or any part of the Collateral in any manner, and through any medium, that the Lender considers appropriate, and it agrees to furnish all assistance and information, and perform any acts, that the Lender may require in connection therewith. It agrees to promptly notify the Lender of any Collateral that such Credit Party has determined is obsolete, and it shall provide the prior book value of such Collateral, a description thereof and its location.

(7) ***Location of Collateral and Offices.***

- (a) The Collateral is and shall remain in the possession or control of the applicable Credit Party at the Permitted Collateral Locations or in transit to or from such locations.
- (b) If a Permitted Collateral Location is not owned by a Credit Party, the Borrower shall deliver a Collateral Access Agreement on or prior to the Closing Date, if such Permitted Collateral Location exists on the Closing Date and, in all other circumstances, it shall use commercially reasonable efforts to deliver a Collateral Access Agreement to the Lender prior to the transfer of any Collateral to such location.

(8) ***Settlements.***

- (a) If an Event of Default has occurred and is continuing, the proceeds of any Collateral sold by it shall be set aside at the request of the Lender and held by it as trustee for the Lender and such shall remain part of the Collateral.
- (b) Unless an Event of Default has occurred and is continuing, each Credit Party may settle and adjust disputes and claims with its customers and account debtors, handle returns and recoveries and grant discounts, credits and allowances in the ordinary course of its business as presently conducted for amounts and on terms which it in good faith considers advisable. If an Event of Default has occurred and is continuing, unless the Lender requests otherwise, each Credit Party shall promptly notify the Lender of (i) all returns and recoveries and, upon the Lender's request, deliver any such merchandise or other goods to the Lender, and (ii) all disputes and claims and settle or adjust them at no expense to the Lender, provided that no discount, credit or allowance shall be granted to any customer or account debtor and no returns of merchandise or other goods shall be accepted by any Credit Party without the Lender's consent. Notwithstanding the foregoing, the Lender may, if an Event of Default has occurred and is continuing, settle or adjust disputes and claims directly with customers or account debtors for amounts and upon terms which the Lender considers advisable.

(9) ***Collection of Leases.***

- (a) Regardless of whether an Event of Default has occurred and is continuing, and regardless of whether the Lender has exercised any or all of its rights under other provisions of this Agreement or any other Credit Document, and without prejudice to any other right or remedy available to the Lender at law or in equity, all instruments and chattel paper at any time constituting part of the Leases or

any other Collateral (including any post-dated cheques) shall, upon receipt by such Credit Party, be immediately endorsed to and delivered to or deposited with the Borrower and, upon request of the Lender, will be immediately endorsed to and delivered to or deposited with the Lender;

- (b) the Credit Parties shall irrevocably instruct all Lessees in respect of Leases owned by the Credit Parties to remit all payments in respect of Leases or any other Collateral to a Dealer Blocked Account; and.
- (c) on a weekly basis on Friday of each week, the Borrower shall transfer or cause the Dealer to transfer all funds on deposit in the Dealer Blocked Accounts to the Borrower Collection Account. Funds on deposit in the Borrower Collection Account shall be applied on each Monthly Payment Date in accordance with Section 4.1. Except as provided hereunder on a Monthly Payment Date, the Borrower shall not debit or otherwise transfer funds from the Borrower Collection Account except to the extent funds remain on deposit at all times equal to the greater of (i) the amounts payable to the Lender on the preceding Monthly Payment Date, and (ii) the amount expected to become payable to the Lender on the next following Monthly Payment Date. From and after an Event of Default, the Borrower shall not debit or otherwise transfer funds from the Borrower Collection Account except on a Monthly Payment Date in accordance with Section 4.1. Except as provided hereunder, no Dealer shall debit or otherwise transfer funds from a Dealer Blocked Account except to the extent funds remain on deposit at all times equal to the greater of (i) the amounts payable to the Lender from such Dealer Blocked Account on the preceding Monthly Payment Date, and (ii) the amount expected to become payable to the Lender from such Dealer Blocked Account on the next following Monthly Payment Date.
- (d) If an Event of Default has occurred and is continuing, and without prejudice to any other rights or remedies available to the Lender at law or in equity, the Lender or its designee may notify any Credit Party's customers and account debtors at any time that Leases or any other Collateral have been assigned to the Lender or of the Lender's security interest therein, and either in its own name, or the applicable Credit Parties' name, or both, demand, collect (including, without limitation, through a lockbox or blocked account analogous to that described in Section 8.1(9)(b), receive, bring enforcement proceedings in respect of, compound and give acquittances for, any or all amounts due or to become due on Leases or any other Collateral, and in the Lender's discretion file any claim or take any other action or proceeding which the Lender may deem necessary or appropriate to protect or realize upon the Lien of the Lender in the Leases or any other Collateral.
- (e) Any proceeds of Leases or other Collateral transmitted to or otherwise received by the Lender pursuant to any of the foregoing provisions hereof may be handled and administered by the Lender in and through one or more remittance accounts at the Lender (such remittance accounts to constitute special restricted accounts for purposes of and subject to the provisions of this Agreement), and each Credit Party acknowledges that the maintenance of such remittance account by the Lender is solely for the Lender's convenience and that no Credit Party has any right, title or interest in such remittance account or any amounts at any time standing to the credit thereof.

- (f) The Lender shall apply proceeds of Leases and other Collateral received by it from any source to the payment of the Obligations (whether or not then due and payable), such applications to be made in accordance with Section 4.1(1). Except for purposes of computing interest on the Obligations in accordance with this Agreement, the Lender need not apply or give credit for any item included in proceeds of Leases or other Collateral until the Lender has received final payment therefor at its office in cash or Cash Equivalents, acceptable to the Lender. Upon request by the Lender in its Permitted Discretion, the Borrower shall, concurrently with each application of any proceeds of Leases or other Collateral in accordance with Section 4.1, furnish the Lender with a report in such form as the Lender shall reasonably require, identifying the particular Lease or other Collateral from which the same arises or relates.
- (11) **Compliance with Laws.** It shall comply in all material respects with the requirements of all Applicable Laws.
- (12) **Insolvency Applications.** It acknowledges that its business and financial relationships with the Lender are unique, and that the Lender does not have a common interest with any of its other creditors; and it agrees that if it files any plan of arrangement under the *Companies' Creditors Arrangement Act* or makes any proposal under the *Bankruptcy and Insolvency Act*, the Lender will be placed in its own class for voting and distribution purposes, and the Credit Party will not permit or acquiesce in, directly or indirectly, the classification of the Lender with any other creditor for any purpose of such plan or proposal or otherwise.

## 8.2 Negative Covenants

While any obligation of any Credit Party to the Lender is outstanding under any Credit Document and the Commitments have not been terminated, the Borrower agrees as follows:

- (1) **Change of Name.** It shall not change its name, and it shall ensure that no other Credit Party changes its name, without first giving the Lender at least thirty (30) days' prior written notice of its intent to do so.
- (2) **Limitation on Liens.** It shall not, and it shall ensure that each other Credit Party does not, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any Collateral, whether now owned or hereafter acquired, other than Permitted Liens.
- (3) **Disposition of Assets.** It shall not, and it shall ensure that each other Credit Party does not sell, lease, transfer, assign, convey or otherwise dispose of any of its properties or assets (or in the case of a Credit Party, the Collateral) except in the ordinary course of business and in accordance with the terms of the Credit Documents.
- (4) **Consolidations and Mergers.** It shall not, and it shall ensure that each other Credit Party does not merge, consolidate, amalgamate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favour of any Person, except that any Credit Party may merge, amalgamate with, or dissolve or liquidate into, or convey, transfer, lease or otherwise dispose of assets to, any other Credit Party (so long as it remains a Credit Party), provided that in any such reorganization transaction, other than an amalgamation, the Credit Party shall be the continuing or surviving corporation.

- (5) **Formation of New Entities.** It shall not form or acquire or otherwise permit to exist any Subsidiary, without the prior written consent of the Lender, such consent not to be unreasonably withheld or delayed provided that immediately after its formation or acquisition, as the case may be, such Subsidiary shall become a guarantor hereunder and provide the Lender with a first ranking security interest over all its present and after-acquired property and assets.
- (6) **Maintenance of Equity Interests.** It shall not assign, sell or transfer, or permit the assignment, sale or transfer of, any of its Equity Interests other than up to 15% of the Equity Interests of the Borrower may be assigned, sold or transferred to its management; and the Borrower shall not permit a Change of Control to occur.
- (7) **Limitations on Debt.** It shall not, and it shall ensure that each other Credit Party and each of their Subsidiaries does not (except as permitted in the related Guarantee and Servicing Agreement) create, incur, assume, suffer to exist, or otherwise become or remain directly or indirectly liable with respect to, Debt, except: (i) Debt incurred pursuant to this Agreement; (ii) Debt existing on the Closing Date and described on Section 7.1(x); (iii) Debt secured by Permitted Liens subject to an aggregate limit not to exceed \$25,000; (iv) Debt for amounts payable to suppliers in the ordinary course of business; (v) Capitalized Lease Obligations subject to an aggregate limit not to exceed \$25,000 at any time, determined in accordance with GAAP on a consolidated basis for the Borrower; and (vi) Debt incurred for the purpose of acquiring the use or possession of any property under a lease or similar arrangement, whether or not the Credit Party has the express or implied right to acquire title to or purchase such property, if, after giving effect thereto, the aggregate amount of fixed rentals and other consideration payable by all Credit Parties under all such leases and similar arrangements would exceed \$25,000 and (vii) Debt in connection with the Existing Facility existing on the Closing Date, such Debt not to exceed \$1,570,787.00.
- (8) **Transactions with Affiliates or Associates.** It shall not, and it shall ensure that each other Credit Party does not (except as permitted in the related Guarantee and Servicing Agreement) enter into any contract, arrangement or transaction with any Affiliate or Associate, except: (i) as expressly permitted by this Agreement or listed on Schedule 8.2(8) hereto; (ii) agreements approved by the Lender in respect of Subordinated Debt, (iii) agreements in the ordinary course of, and pursuant to the reasonable requirements of, business and at prices and on terms substantially the same as those that the Credit Party would reasonably expect to receive in a comparable arm's length transaction with another Person (excluding any requirement for security that might otherwise be required from an arm's length party), or (iv) as otherwise disclosed in writing to, and approved by, the Lender in its Permitted Discretion.
- (9) **Management Fees and Compensation.** Without the prior written consent of the Lender, each Credit Party shall not (except as permitted in the related Guarantee and Servicing Agreement) pay any management bonuses, shareholder bonuses, or similar compensation or any management, consulting or similar fees to any shareholder, officer, director or employee of it or any Affiliate except (i) payment of reasonable compensation and expense reimbursement to officers and employees for actual services rendered to, and expenses incurred for, it in the ordinary course of business, and (ii) payment of directors' fees and reimbursement of actual out-of-pocket expenses incurred in connection with attending board of director meetings all in the ordinary course of business.

- (10) **Contingent Obligations.** It shall not, and it shall ensure that each other Credit Party does not (except as permitted in the related Guarantee and Servicing Agreement) create, incur, assume or suffer to exist any Contingent Obligations, except: (i) endorsements for collection or deposit in the ordinary course of business; (ii) Contingent Obligations incurred in the ordinary course of business with respect to surety and appeal bonds, performance bonds and other similar obligations; (iii) Contingent Obligations arising with respect to customary indemnification obligations in favour of purchasers in connection with dispositions permitted under Section 8.2(3), (iv) Contingent Obligations described in clause (b) of the definition thereof and permitted pursuant to Section 8.2(10); and (v) Contingent Obligations with respect to Debt permitted to be incurred pursuant to Section 8.2(7); provided that, in any such case, such Contingent Obligations are not otherwise expressly restricted or prohibited by this Agreement.
- (11) **Restricted Payments.** It shall not, and it shall ensure that each other Credit Party does not (except as permitted in the related Guarantee and Servicing Agreement), directly or indirectly, (i) declare or make any payment or other distribution of assets, properties, cash, rights, obligations or Securities on account of any of Equity Interests, or (ii) purchase, redeem or otherwise acquire for value any of its, or any of its Affiliate's, shares of capital stock, partnership interests, membership interests or other equity securities or any warrants, rights or options to acquire such interests or Securities now or hereafter outstanding, or (iii) make any payment in respect of Subordinated Debt, or (iv) make any other payment or distribution to any of its shareholders or Affiliates or any other non-arm's length party.
- (12) **Change in Business.** It shall not, and it shall ensure that each other Credit Party does not (except as permitted in the related Guarantee and Servicing Agreement) engage in any material line of business substantially different from those lines of business carried on by it on the date hereof and it shall not change the location from which such line of business is carried on by it, all as described in Section 7.1(d) without reasonable prior written notice to the Lender in the case of changing locations.
- (13) **Change in Structure.** It shall not, and it shall ensure that each other Credit Party does not (except as permitted in the related Guarantee and Servicing Agreement) make any changes in its equity capital structure (including a change in the terms of its outstanding equity securities), or amend its constating documents (including any shareholder agreement), except as necessary to effect transactions permitted under Section 8.2(3) and (6).
- (14) **Accounting Changes.** It shall not, and it shall ensure that each other Credit Party does not (except as permitted in the related Guarantee and Servicing Agreement) make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change its Auditor or Fiscal Year.
- (15) **Deposit Accounts.** It shall not open or maintain any Deposit Account except as described in Schedule 7.1(ff) or as agreed to by the Lender.
- (16) **Material Contracts.** It shall not, and it shall ensure that each other Credit Party does not (except as permitted in the related Guarantee and Servicing Agreement) (i) cancel or terminate any Material Contract; (ii) waive any default or breach under any Material Contract; (iii) amend or otherwise modify any Material Contract; or (iv) take any other

action in connection with any Material Contract or Licence, that would, in each case, have a Material Adverse Effect.

- (17) **Limitation on Sale and Leaseback Transactions.** It shall not, and it shall ensure that each other Credit Party does not (except as permitted in the related Guarantee and Servicing Agreement), directly or indirectly, enter into any sale and leaseback transaction with respect to any property or assets (whether now owned or hereafter acquired).
- (18) **Loans and Investments.** It will not, and it shall ensure that each other Credit Party does not (except as permitted in the related Guarantee and Servicing Agreement), without the prior written approval of the Lender, (i) purchase or acquire, or make any commitment to purchase or acquire, any capital stock, equity interest, or any obligations or other Securities of, or any interest in, any Person, including, without limitation, the establishment or creation of a Subsidiary, or (ii) make or commit to make any acquisition of all or substantially all of the assets of another Person, or of any business or division of any Person, including without limitation, by way of merger, consolidation, amalgamation or other combination or (iii) make or commit to make any advance, loan, extension of credit or capital contribution to or any other investment in or guarantee of, any Person including any Affiliate or make any payments in respect thereof (the items described in clauses (i), (ii), and (iii) are referred to as "**Investments**"), except for: (A) Investments in cash and Cash Equivalents; (B) Investments by one Credit Party to or in another Credit Party (so long as it remains a Credit Party), as the case may be and interest and other payments made in connection with such Investments; and (C) extensions of credit which constitute trade receivables in the ordinary course of business.
- (19) **Use of Cash.** Use any cash on deposit with the Lender which is subject to an offset agreement in breach of any term or covenant contained in this Agreement or any other Credit Document.
- (20) **Location of Assets in Other Jurisdictions.** It will not, and it shall ensure that each other Credit Party does not (except as permitted in the related Guarantee and Servicing Agreement), except for any Collateral in transit for delivery to a customer in the ordinary course of business of such Credit Party, as part of the performance of its obligations or the provision of its services to such customer under a contract entered into with such customer in the ordinary course of business of such Credit Party, (i) acquire or move any Collateral to a jurisdiction where the Lender would not have, or continue to have, a first priority Lien over such Collateral under Applicable Law, or (ii) knowingly suffer or permit in any other manner any of its Collateral to not be subject to the Lender's Lien or to be or become located in a jurisdiction as a result of which the Lender's Lien over such Collateral is not perfected.
- (21) **Pension Plans.** It will not, and it shall ensure that each other Credit Party does not create or establish a defined benefit pension plan.

### 8.3 Financial Covenants of the Borrower

While any Obligation of any Credit Party or any Obligation of the Lender is outstanding under any Credit Document, the Borrower shall, at all times:

- (a) maintain earnings before taxes, depreciation and amortization, tested by the Lender at the end of each month on a trailing 12 month basis, of not less than 80% of the amounts projected in the most recent Financial Projections; and
- (b) maintain Tangible Net Worth of greater than 80% of the amounts projected in the most recent Financial Projections at all times, and as calculated at the end the end of each fiscal month by the Lender.

## **ARTICLE 9 DEFAULT AND ENFORCEMENT**

### **9.1 Events of Default**

The occurrence of any of the following events shall constitute an event of default (an "**Event of Default**") under this Agreement:

- (a) **Payment Defaults.** Failure by any Credit Party to pay to the Lender within three (3) Business Days of when due all amounts owing to the Lender under any Credit Document, including without limitation, all Accommodations Outstanding, interest and other Obligations.
- (b) **Non-Payment Defaults under Article 8.** Failure of any Credit Party to comply with any covenant in Article 8 hereof (other than a Default pursuant to Section 9.1(a) or Section 9.1(c)) or any Cash Management Breach if such failure or Cash Management Breach is capable of being remedied and such failure to comply has not been remedied within three (3) Business Days after the earlier of (A) the date on which an officer of any Credit Party became aware of such failure to comply, and (B) the date on which the Borrower received notice of such failure to comply from the Lender.
- (c) **Other Non-Payment Defaults under Credit Documents.** Failure of any Credit Party to comply with any covenant given in favour of the Lender in any Credit Document (other than a Default pursuant to Section 9.1(a) or Section 9.1(b)) if such Default is capable of being remedied and such Default has not been remedied within thirty (30) days after the earlier of (A) the date on which an officer of any Credit Party became aware of such Default, and (B) the date on which the Borrower received notice of such Default from the Lender.
- (d) **Default in Other Agreements.** (i) Failure of any Credit Party to pay when due any principal, interest or other amount payable in respect of any indebtedness owing by such Credit Party (other than indebtedness owing pursuant to any Credit Document) in an individual principal amount of \$100,000 or more or in an aggregate principal amount of \$250,000 or more, after the expiry of any applicable grace period provided therefor; or (ii) breach or default by any Credit Party with respect to any other term of any indebtedness owing by any Credit Party (other than covenants in respect of indebtedness owing pursuant to any Credit Document), including any loan agreement, mortgage, indenture or other agreement relating thereto, after the expiry of any applicable grace period provided therefor, in each case in this clause (d), if the effect of such breach or default is to cause, or to permit such indebtedness to become or be declared due and payable (or subject to a compulsory repurchase or redemption) prior to its stated maturity or the stated maturity of any underlying obligation, as the case may be.



- (e) **Breach of Representations and Warranties.** Any representation, warranty, certification or statement made or deemed to be made by any Credit Party in any Credit Document is untrue in any material respect as of the date on which such representation, warranty, certification or statement was made or deemed to have been made.
- (f) **Action by Other Creditors.** Any judgment, writ, warrant of attachment, distress or any similar process in an amount exceeding \$50,000.00 is entered or filed against one or more of the Credit Parties or against any Collateral (or which, when combined with other judgments, writs, warrants of attachment, distress or other similar proceedings entered or filed against one or more Credit Parties or against any Collateral, exceeds an aggregate amount of \$150,000.00), and such judgment, writ, warrant of attachment, distress or any similar process is not diligently appealed in good faith and vacated, bonded, stayed or satisfied within thirty (30) days thereafter or, within such thirty (30) day period, any Collateral is possessed or seized by any third party creditor.
- (g) **Invalidity and Contest.** (i) Any Credit Document, or any provision thereof, shall at any time cease to be a legally binding and enforceable obligation of any Credit Party that is a party thereto in accordance with its terms or be declared null and void, (ii) the legality, validity, binding nature or enforceability of any Credit Document, or any provision thereof, shall be contested by any Credit Party, or (iii) any Credit Party shall deny that it has any further liabilities or obligations under any Credit Document to which it is a party except as permitted under such Credit Document.
- (h) **Governmental Approvals.** Any Governmental Approval required for any Credit Party to conduct its business substantially in the manner presently conducted or to perform its obligations under any Credit Document is not obtained or is withdrawn or ceases to be in full force and effect and (i) in the Lender's opinion, it is not possible for such Credit Party to obtain such Governmental Approval within thirty (30) days after the date on which such Governmental Approval was required or withdrawn, as applicable, or (ii) in the Lender's opinion, it is possible for such Credit Party to obtain such Governmental Approval within thirty (30) days after the date on which such Governmental Approval was required or withdrawn, as applicable, but such Governmental Approval is not obtained within such thirty (30) day period.
- (i) **Voluntary Proceedings.** Any Credit Party (i) institutes proceedings for substantive relief in any bankruptcy, insolvency, debt restructuring, reorganization, readjustment of debt, dissolution, liquidation, winding-up or other similar proceedings (including proceedings under the *Bankruptcy and Insolvency Act* (Canada), the *Winding-up and Restructuring Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), incorporating statute (or other legislation, document or agreement creating such Credit Party), including proceedings for the appointment of a trustee, interim receiver, receiver, receiver and manager, administrative receiver, custodian, liquidator, provisional liquidator, administrator, sequestrator or other like official with respect to such Credit Party or all or any material part of the Collateral, or (ii) makes an assignment for the benefit of creditors, or (iii) is unable, or admits in writing its inability, to pay its debts as they become due or otherwise acknowledges its insolvency or commits any other act of bankruptcy or is insolvent under any applicable legislation, or (iv) voluntarily

suspends the conduct of its business or operations, or (v) acquiesces in, or takes any action in furtherance of, any of the foregoing.

- (j) **Involuntary Proceedings.** If any third party (i) makes any application under the *Companies' Creditors Arrangement Act* (Canada) or similar legislation in respect of any Credit Party, or (ii) files a proposal or notice of intention to file a proposal under the *Bankruptcy and Insolvency Act* (Canada) or similar legislation in respect of any Credit Party, or (iii) institutes any winding-up proceeding under the *Winding-up and Restructuring Act* (Canada), relevant incorporating statute or any similar legislation in respect of any Credit Party, or (iv) presents a petition in bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or any similar legislation in respect of any Credit Party, or (v) files, institutes or commences any other petition, proceeding or case under any other bankruptcy, insolvency, debt restructuring, reorganization, incorporation, readjustment of debt, dissolution, liquidation, winding-up or similar law now or hereafter in effect, seeking bankruptcy, liquidation, reorganization, dissolution, winding-up, composition or readjustment of debt of any Credit Party, the appointment of a trustee, interim receiver, receiver, receiver and manager, administrative receiver, custodian, liquidator, provisional liquidator, administrator, sequestrator or other like official for any Credit Party, or any material part of any Credit Party's assets or any similar relief; unless such application, filing, proceeding, petition or case, as applicable, is being contested in good faith by *bona fide* action on the part of the relevant Credit Party and is dismissed, stayed or withdrawn within forty-five (45) days after the commencement thereof.
- (k) **Material Adverse Change.** At any time an event or circumstance occurs that, in the opinion of the Lender, is or will be a Material Adverse Change.
- (l) **Change of Control.** A Change of Control occurs.
- (m) **Pension Plans.** The institution of any steps by any Credit Party or any applicable regulatory authority to terminate a Canadian Pension Plan (in whole or in part) if, as a result of such termination, any Credit Party may be required to make an additional contribution to such Canadian Pension Plan or to incur an additional liability or obligation to such Canadian Pension Plan.
- (n) **Loss of Collateral, etc.** Any loss, theft, damage or destruction occurs with respect to any Collateral if the amount not covered by insurance exceeds \$500,000.00 (excluding any related deductible under insurance policies).
- (o) **Dissolution, etc.** The dissolution, liquidation, wind-up or termination of existence of any Credit Party (not otherwise permitted hereunder) or if any proceedings are commenced in respect thereof unless, in the case of proceedings not brought by a Credit Party, such proceedings are being actively and diligently contested in good faith by *bona fide* action on the part of the relevant Credit Party and is dismissed, stayed or withdrawn within forty-five (45) days after the commencement thereof.

## 9.2 Rights upon Default and Event of Default

Upon the occurrence of a Default, which is continuing, the Lender may, on notice to the Borrower, declare that the ability of the Borrower to require any further Advances under the

Facilities shall be suspended. Upon the occurrence of an Event of Default which is continuing, the Lender may do either or both of the following:

- (a) declare that the Commitment under any or all of the Facility has expired and that the Lender's obligation to make Advances has terminated; and
- (b) declare the entire principal amount of all Advances outstanding, all unpaid accrued interest and all fees and other amounts required to be paid by the Borrower hereunder to be immediately due and payable without the necessity of presentment for payment, notice of non-payment and of protest (all of which are hereby expressly waived) and proceed to exercise any and all rights and remedies hereunder and under any other Credit Document.

From and after the issuance of any declaration referred to in this Section 9.2, the Lender shall not be required to honour any cheque or other instrument presented to it by the Borrower regardless of the date of issue or presentation. Immediately upon receipt of a declaration under Section 9.2(b), the Borrower shall pay to the Lender all amounts outstanding hereunder.

### **9.3 Waiver of Default**

No express or implied waiver by the Lender of any demand, Default or Event of Default shall in any way be or be construed to be a waiver of any future or subsequent Default or Event of Default. To the extent permitted by Applicable Law, the Credit Parties hereby waive any rights now or thereafter conferred by statute or otherwise which may limit or modify any of the Lender's rights or remedies under any Credit Document. The Borrower agrees that the exercise by the Lender of any rights or remedies under any Credit Document without having declared an acceleration shall not in any way alter, affect or prejudice the right of the Lender to make a declaration pursuant to Section 9.2 at any time and, without limiting the foregoing, shall not be construed as or deemed to constitute a waiver of any rights under Section 9.2.

## **ARTICLE 10 REMEDIES**

### **10.1 Remedies Cumulative**

For greater certainty, the rights and remedies of the Lender under this Agreement and the other Credit Documents are cumulative and are in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by the Lender of any right or remedy upon the occurrence of a demand, Default or Event of Default shall not be deemed to be a waiver of, or to alter, affect or prejudice any other right or remedy to which the Lender may be lawfully entitled as a result of the demand, Default or Event of Default, and any waiver by the Lender of the strict observance of, performance of or compliance with any term, covenant, condition or agreement herein contained, and any indulgence granted thereby, shall be deemed not to be a waiver of any subsequent demand, Default or Event of Default.

### **10.2 Remedies Not Limited**

The Lender may, to the extent permitted by Applicable Law, bring suit at law, in equity or otherwise, for any available relief or purpose including, but not limited to: (a) the specific performance of any covenant or agreement contained in this Agreement or in any other Credit Document; (b) an injunction against a violation of any of the terms of this Agreement or any other Credit Document; (c) in aid of the exercise of any power granted by this Agreement or any

other Credit Document or by law; or (d) the recovery of any judgment for any and all amounts due in respect of the Obligations.

### **10.3 Set-Off**

Upon the occurrence of a demand, Default or Event of Default that is continuing, the Lender is hereby authorized by each Credit Party from time to time, without notice to: (a) set-off and apply any and all amounts owing by the Lender to any Credit Party (whether payable in Canadian Dollars or any other currency and any amounts so owing in any other currency may be converted into one or more currencies in which the Obligations are denominated at such rate or rates as the party may be able to obtain, acting reasonably, and whether matured or unmatured, and in the case of deposits, whether general or special, time or demand and however evidenced) against and on account of the Obligations (whether or not any declaration under Section 9.2 has been made and whether or not those Obligations are unmatured or contingent); and (b) hold any amounts owing by the Lender as collateral to secure payment of the Obligations owing to it to the extent that those amounts may be required to satisfy any contingent or unmatured Obligations owing to it. For greater certainty, and in addition to the rights, powers and remedies set out above, the Lender may exercise at its discretion any and all set-off and other rights and remedies afforded to each of them pursuant to Applicable Law.

### **10.4 Lender May Perform Covenants**

If any Credit Party fails to perform any of its obligations under any covenant contained in this Agreement or any other Credit Document, the Lender may (but has no obligation to), upon notice to such Credit Party, perform any covenant on behalf of such Credit Party and, if the covenant requires the payment or expenditure of money, the Lender may make Advances to fund such expenditure, and such Advances shall constitute Prime Rate Loans under the Revolving Facility and shall be repaid by the Borrower upon demand by the Lender.

## **ARTICLE 11 GENERAL PROVISIONS**

### **11.1 Assignment**

- (1) This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective successors and any permitted Assignees. The Credit Parties shall not assign, delegate or transfer all or any part of their rights or obligations under this Agreement without the prior written consent of the Lender, which consent may be withheld in the Lender's sole discretion.
- (2) The Lender may without the consent of but upon notice to the Borrower assign all or any part of its rights and obligations in respect of the Credit Documents to one or more persons (each an "**Assignee**"), and any such assignment shall become effective upon receipt by the Borrower of (i) written notice from the Lender that it has assigned all or any part of its rights under the Credit Documents and (ii) a written undertaking from the Assignee (addressed to all the parties to this Agreement) agreeing to be bound by this Agreement and to perform the obligations assigned to it. Any Assignee shall be treated as a lender for all purposes of this Agreement, shall be entitled to the full benefit hereof and shall be subject to the obligations of the Lender to the same extent as if it were an original party in respect of the rights or obligations assigned to it, and the Lender shall be released and discharged accordingly and to the same extent, and the Schedules

hereto, as applicable, shall be amended accordingly from time to time without further notice or other requirement.

- (3) The Lender may disclose to any prospective Assignee, on a confidential basis, such information concerning the Credit Parties, their businesses and properties as it considers appropriate, without liability to any Credit Party.

## **11.2 Amendments**

No amendment or waiver of any provision of this Agreement or consent to any departure by a party from any provision of this Agreement will be effective unless it is in writing, and any such amendment, modification, waiver or consent will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given.

## **11.3 Notice**

Unless otherwise specified, any notice or other communication required or permitted to be given to a party under this Agreement shall be in writing and may be delivered personally or sent by prepaid registered mail, e-mail, PDF or facsimile, to the address, e-mail address or facsimile number of the party set out beside its name at the foot of this Agreement to the attention of the Person there indicated or to such other address, e-mail address, facsimile number or other Person's attention as the party may have specified by notice in writing given under this Section 11.3. Any notice or other communication shall be deemed to have been given (i) if delivered personally, when received; (ii) if mailed, subject to Section 11.4, on the fifth Business Day following the date of mailing; (iii) if sent by facsimile or e-mail, on the Business Day when the appropriate confirmation of receipt has been received if the confirmation of receipt has been received before 3:00 p.m. on that Business Day or, if the confirmation of receipt has been received after 3:00 p.m. on that Business Day, on the next succeeding Business Day; and (iv) if sent by facsimile or e-mail on a day which is not a Business Day, on the next succeeding Business Day on which confirmation of receipt has been received. All communication with any Credit Party hereunder may be directed through the Borrower. For greater certainty, any notice or other document or instrument which is required to be given or delivered to any Credit Party hereunder shall be deemed (unless notice to such Credit Party is required by Applicable Law) to have been given to and received by such Credit Party if given to the Borrower.

## **11.4 Disruption of Postal Service**

If a notice has been sent by prepaid registered mail and before the fifth Business Day after the mailing there is a discontinuance or interruption of regular postal service so that the notice cannot reasonably be expected to be delivered within five Business Days after the mailing, the notice will be deemed to have been given when it is actually received (or upon refusal of receipt).

## **11.5 Environmental Indemnity**

Each Credit Party shall, and does hereby, indemnify and hold each Indemnified Person harmless from and against any and all Claims and Losses incurred or suffered by, or asserted against, the Indemnified Person, with respect to or as a direct or indirect result of, (a) the presence on or under, or any Release or likely Release of any Hazardous Substance from any of the Collateral, comprising real property or any other real properties owned or used by any of the Credit Parties or any Subsidiary or any of their successors and assigns; or (b) the breach of any Applicable Laws by any mortgagor, owner, lessee or occupant of such properties. The

obligations of each of the Credit Parties under this Section 11.5 shall survive the repayment of the other Obligations and the termination of the Facilities.

#### **11.6 Further Assurances**

The Borrower agrees to comply, and to cause each other Credit Party to comply, with all terms and conditions of each of the Credit Documents and, at any time and from time to time, upon request of the Lender, acting reasonable, to execute and deliver to the Lender, such further Credit Documents or instruments and shall do or cause to be done such further acts as the Lender, acting reasonable, may deem necessary or desirable to ensure such compliance, to give effect to the intent of the Credit Documents and to secure the Obligations, including, without limitation, executing and delivering, or causing to be executed and delivered, such further Credit Documents or instruments as may be necessary or desirable to (i) give the Lender a first priority Lien in any and all property and assets now or hereafter acquired by any Credit Party, subject only to Permitted Liens, and (ii) to assign all or any part of the Lender's rights and obligations hereunder to any Assignee.

#### **11.7 Judgment Currency**

If for the purpose of obtaining judgment in any court it is necessary to convert all or any part of the liabilities or any other amount due to the Lender in respect of any of the Borrower's obligations under this Agreement in any currency (the "**Original Currency**") into another currency (the "**Other Currency**"), the Borrower, to the fullest extent that it may effectively do so, agrees that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Lender could purchase the Original Currency with the Other Currency on the Business Day preceding that on which final judgment is paid or satisfied. The obligations of the Borrower in respect of any sum due in the Original Currency from it to the Lender shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Lender of any sum adjudged to be so due in such Other Currency the Lender may, in accordance with its normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Lender in the Original Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Lender against such Loss, and if the amount of the Original Currency so purchased exceeds the sum originally due to the Lender in the Original Currency, the Lender agrees to remit such excess to the Borrower.

#### **11.8 Waivers**

No failure to exercise, and no delay in exercising, on the part of the Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege shall preclude the exercise of any other right, remedy, power or privilege.

#### **11.9 Reimbursement of Expenses**

The Credit Parties jointly and severally agree to: (a) pay or reimburse the Lender on demand, for all of its reasonable out-of-pocket costs and expenses (including reasonable legal fees and disbursements, filing and search fees, credit appraisal fees, field examinations, background searches, credit reports, due diligence expenses and all other expenses incurred by the Lender) incurred in connection with the preparation, negotiation and execution of this Agreement and the other Credit Documents including any subsequent amendments of this

Agreement or any other Credit Document, and the consummation and the administration of the transactions contemplated hereby including the reasonable fees and disbursements of counsel to the Lender, credit reports, and appraisals; and (b) pay or reimburse, on demand, the Lender for all its costs and expenses (including reasonable legal fees) incurred in connection with the determination, preservation and enforcement of any responsibilities, rights and remedies under this Agreement and the other Credit Documents, including the reasonable fees and disbursements of its counsel. The obligations of the Credit Parties under this Section 11.9 shall survive the repayment of all Advances and the termination of the Facilities.

#### **11.10 Governing Law**

This Agreement and each of the Credit Documents (unless the particular Credit Document otherwise provides) are governed by, and are to be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

#### **11.11 Submission to Jurisdiction**

The Borrower and each Credit Party irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such court. The Borrower hereby irrevocably waives, to the fullest extent it may effectively do so, the defence of an inconvenient forum to the maintenance of such action or proceeding. The Borrower hereby irrevocably consents to the service of any and all process in such action or proceeding by the delivery of such process to such Borrower at its address provided in accordance with Section 11.3.

#### **11.12 Waiver of Trial by Jury**

The Borrower and the Credit Parties hereby knowingly voluntarily and intentionally waive any rights they may have to a trial by jury in respect of any litigation based on, or arising out of, under, or in connection with, this Agreement or any other Credit Document, or any course of conduct, course of dealing, statements (whether oral or written) or actions of the Lender or of the Borrower or any Credit Parties. The Borrower and the Credit Parties acknowledge and agree that they have received full and sufficient consideration for this provision (and each other provision of each other Credit Document to which it is a party) and that this provision is a material inducement for the Lender entering into this Agreement and each other Credit Document.

#### **11.13 Counterparts**

This Agreement and the Credit Documents may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument. This Agreement and the Credit Documents may be executed and delivered by facsimile transmission or PDF and each of the parties hereto may rely on such facsimile signature of PDF as though that facsimile signature or PDF were an original hand-written signature.

#### **11.14 Adjustments to this Agreement**

Each of the Credit Parties hereby agrees with the Lender that, if at any time after the date hereof, any of the Credit Parties enters into an agreement with any other party in respect of Debt which contains a covenant, an event of default or any financial ratio or other form of financial measurement covenant (in each case an "**Amended Provision**") which is not

specifically included in this Agreement or which is more onerous to any Credit Party than the comparable provision, if any, in this Agreement, then this Agreement shall be deemed to have been automatically amended to have the benefit of such Amended Provision; provided that if any such Amended Provision is subsequently changed or eliminated, the same change or elimination will automatically apply to this Agreement. If an Amended Provision and any covenant, event of default, financial ratio or other form of financial measurement covenant contained in this Agreement address the same matter, but such covenant, event of default, financial ratio or other form of financial measurement covenant, as the case may be, are expressed differently such that it is not clear to the Borrower and the Lender which covenant, event of default, financial ratio or other form of financial measurement covenant is more onerous than the other, then the Lender shall elect by written notice to the Borrower which of such covenant, event of default, financial ratio or other form of financial measurement covenant, as the case may be, is to be applicable with respect to such matter for the purposes of this Agreement. The Borrower shall promptly provide prior written notice to the Lender of all Amended Provisions

#### **11.15 Entire Agreement**

This Agreement and all other Credit Documents constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and supersede all prior agreements, negotiations, discussions, undertakings, representations, warranties and understandings, whether written or oral.

#### **11.16 Acknowledgement**

Each Credit Party hereby acknowledges, confirms and agrees that all Credit Documents (including without limitation Security Documents) previously, now or hereafter delivered by such Credit Party in favour of the Lender remain in full force and effect in accordance with their respective terms, subject to any amendments thereof from time to time. For greater certainty, each Credit Party that has previously executed and delivered a Security Document hereby acknowledges and confirms that each such Security Document secures the obligations of such Credit Party under and in connection with this Agreement and all other relevant Credit Documents.

#### **11.17 Language**

The parties acknowledge that they have required that this Agreement, the Credit Documents and all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto be drawn up in English. *Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement ou à la suite de la présente convention.*

**[SIGNATURE PAGES FOLLOW]**



The parties have executed this Agreement as of the day and year first written above.

**Notice Information**

Address: 809 Clonsilla Avenue  
Peterborough, ON K9J 5Y2  
Attention: Hollinsworth Auguste  
Email: htauguste@thedgroup.ca  
Facsimile:

**VELOCITY ASSET AND CREDIT CORPORATION, as Borrower**

By:   
Name: Hollinsworth Auguste  
Title: President

By: \_\_\_\_\_  
Name:  
Title:  
I/we have authority to bind the corporation

**Notice Information**

Address: 1100 Burloak Drive, Suite 702  
Burlington, ON, L7L6B2  
Attention: Eamonn Glavey  
Email: eg@enlightenedcapital.net

**ENLIGHTENED FUNDING CORPORATION, as Lender**

By: \_\_\_\_\_  
Name: Eamonn Glavey  
Title: President

The parties have executed this Agreement as of the day and year first written above.

**Notice Information**

Address: 809 Clonsilla Avenue  
Peterborough, ON K9J 5Y2

Attention: Hollinsworth Auguste

Email: htauguste@thedgroup.ca

Facsimile:

**VELOCITY ASSET AND CREDIT CORPORATION, as Borrower**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

I/we have authority to bind the corporation

**Notice Information**

Address: 1100 Burloak Drive, Suite 702  
Burlington, ON, L7L6B2

Attention: Eamonn Glavey

Email: eg@enlightenedcapital.net

**ENLIGHTENED FUNDING CORPORATION, as Lender**

By: \_\_\_\_\_

Name: Eamonn Glavey

Title: President

Schedule 1.1	Permitted Liens
Schedule 6.1(a)(ix)	Closing Deliveries
Schedule 7.1(d)	Business and Operations
Schedule 7.1(e)	Approvals
Schedule 7.1(j)	Litigation
Schedule 7.1(l)	Taxes
Schedule 7.1(m)	Equity Interests
Schedule 7.1(s)	Intellectual Property
Schedule 7.1(t)	Real Property and Locations of Collateral
Schedule 7.1(u)(i)	Environmental Matters
Schedule 7.1(w)	Material Contracts and Licences
Schedule 7.1(x)	Existing Debt
Schedule 7.1(ff)	Deposit Accounts
Schedule 8.1(4)	Insurance
Schedule 8.2(8)	Transactions with Affiliates

<b>Exhibit</b>	<b>Description</b>
Exhibit "A"	Borrowing Base Certificate
Exhibit "B"	Compliance Certificate
Exhibit "C"	Drawdown Notice
Exhibit "D"	Credit and Collection Policies

## Schedule 1.1 Permitted Liens

### VELOCITY ASSET AND CREDIT CORPORATION

1.	<b>File #</b> 754939773 <b>Type</b> PPSA-5 yrs <b>Date Filed</b> 2019-08-29 <b>Expiry Date</b> 2024-08-29 <b>Registration #</b> 20190829 1744 1590 4238	<b>Debtors</b> VELOCITY ASSET AND CREDIT CORPORATION	<b>Secured Parties</b> BEACON HOLDINGS LIMITED BEACON HOLDINGS LIMITED	<b>Collateral Classifications</b> Accounts Other
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2.	<b>File #</b> 782257221 <b>Type</b> PPSA-5 yrs <b>Date Filed</b> 2022-04-22 <b>Expiry Date</b> 2027-04-22 <b>Registration #</b> 20220422 1114 1793 6595	<b>Debtors</b> VELOCITY ASSET AND CREDIT CORPORATION	<b>Secured Parties</b> ENLIGHTENED FUNDING CORPORATION	<b>Collateral Classifications</b> Inventory Equipment Accounts Other Motor Vehicle
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### 1656801 ONTARIO LIMITED

1.	<b>File #</b> 616100823 <b>Type</b> PPSA-5 yrs <b>Date Filed</b> 2005-06-15 <b>Expiry Date</b> 2025-06-15 <b>Registration #</b> 20050615 1456 1530 0662	<b>Debtors</b> 1656801 ONTARIO LTD NATIONAL AUTOMOTIVE	<b>Secured Parties</b> THE TORONTO-DOMINION BANK - 28316 CAS 3472	<b>Collateral Classifications</b> Inventory Equipment Accounts Other Motor Vehicle No Fixed Date
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<b>Type</b>	Renewal	<b>Reference Debtors</b>
<b>Date Filed</b>	2010-06-15	1656801 ONTARIO LTD
<b>Duration</b>	5 yrs	

**Registration #** 20100615 1942 1531 8499

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**Type** Renewal  
**Date Filed** 2015-05-12  
**Duration** 5 yrs  
**Registration #** 20150512 1950 1531 1059  
**Reference Debtors**  
1656801 ONTARIO LTD

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**Type** Amendment  
**Date Filed** 2016-10-24  
**Registration #** 20161024 1937 1531 9742  
**Debtors**  
1656801 ONTARIO LTD  
NATIONAL AUTOMOTIVE

**Reference Debtors**  
1656801 ONTARIO LTD

**Reason**

CHANGE BOTH DEBTORS ADDRESS FROM - 973 B LIMOGES RD LIMOGES ON K0A 2M0 TO - 1886 MERIVALE RD SUITE 300 OTTAWA ON K2G 1E6

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**Type** Renewal  
**Date Filed** 2020-04-20  
**Duration** 5 yrs  
**Registration #** 20200420 1450 1530 2531  
**Reference Debtors**  
1656801 ONTARIO LTD

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2.

**File #** 782257266  
**Type** PPSA-5 yrs  
**Date Filed** 2022-04-22  
**Expiry Date** 2027-04-22  
**Registration #** 20220422 1116 1793 6597

**Debtors**  
1656801 ONTARIO LIMITED

**Secured Parties**  
ENLIGHTENED FUNDING CORPORATION

**Collateral Classifications**  
Inventory  
Equipment  
Accounts  
Other  
Motor Vehicle

**General Collateral**

ALL OF DEBTOR'S RIGHT, TITLE AND INTEREST, BOTH PRESENT AND FUTURE, IN ALL OF ITS PRESENTLY OWNED OR HELD AND AFTER-ACQUIRED OWNED OR HELD LEASES, LEASED VEHICLES, RIGHTS, COLLECTIONS, AND DEALER BLOCKED ACCOUNT (AS SUCH TERMS ARE DEFINED IN THE SECURITY AGREEMENT BETWEEN SECURED PARTY AND DEBTOR DATED ON OR ABOUT APRIL 27, 2022, AS AMENDED, RESTATED, SUPPLEMENTED, OR OTHERWISE MODIFIED FROM TIME TO TIME), AND ALL PRODUCTS AND PROCEEDS OF OR RELATING TO ANY OF THE FOREGOING, IN EACH CASE, WHETHER NOW OWNED OR HEREAFTER ACQUIRED OR EXISTING, AND IN WHATEVER FORM AND WHEREVER LOCATED.

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<b>3.</b>	<b>File #</b> 782282565 <b>Type</b> PPSA-5 yrs <b>Date Filed</b> 2022-04-25 <b>Expiry Date</b> 2027-04-25 <b>Registration #</b> 20220425 0847 1793 6703	<b>Debtors</b> 1656801 ONTARIO LIMITED	<b>Secured Parties</b> VELOCITY ASSET AND CREDIT CORPORATION	<b>Collateral Classifications</b> Inventory Equipment Accounts Other Motor Vehicle
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**General Collateral**

ALL OF DEBTOR'S RIGHT, TITLE AND INTEREST, BOTH PRESENT AND FUTURE, IN ALL OF ITS PRESENTLY OWNED OR HELD AND AFTER-ACQUIRED OWNED OR HELD LEASES, LEASED VEHICLES, RIGHTS AND COLLECTIONS (AS SUCH TERMS ARE DEFINED IN THE SECURITY AGREEMENT BETWEEN SECURED PARTY AND DEBTOR DATED ON OR ABOUT APRIL 27, 2022, AS AMENDED, RESTATED, SUPPLEMENTED, OR OTHERWISE MODIFIED FROM TIME TO TIME), AND ALL PRODUCTS AND PROCEEDS OF OR RELATING TO ANY OF THE FOREGOING, IN EACH CASE, WHETHER NOW OWNED OR HEREAFTER ACQUIRED OR EXISTING, AND IN WHATEVER FORM AND WHEREVER LOCATED.

**926749 ONTARIO LTD.**

<b>1.</b>	<b>File #</b> 782787537 <b>Type</b> PPSA-1 yrs <b>Date Filed</b> 2022-05-09 <b>Registration #</b> 20220509 0911 2013 4903	<b>Debtors</b> 926749 ONTARIO LTD. CLONSILLA AUTO SALES AND LEASING	<b>Secured Parties</b> NEXTGEAR CAPITAL CORPORATION	<b>Collateral Classifications</b> Inventory Motor Vehicle No Fixed Date
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**Serial Numbered Collateral**

2008, JAGUAR, XK, SAJWA44C989B22581

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<b>2.</b>	<b>File #</b> 782600283 <b>Type</b> PPSA-1 yrs <b>Date Filed</b> 2022-05-03	<b>Debtors</b> 926749 ONTARIO LTD.	<b>Secured Parties</b> NEXTGEAR CAPITAL CORPORATION	<b>Collateral Classifications</b>
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**Registration #** 20220503 1056 2013 4126  
**CLONSILLA AUTO SALES AND LEASING**

Inventory  
Motor Vehicle  
No Fixed Date

**Serial Numbered Collateral**

2017, FORD, MUSTANG, 1FA6P8AM4H5308251

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<b>3.</b>	<b>File #</b>	782499816	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2022-04-29			Motor Vehicle
	<b>Registration #</b>	20220429 1420 2013 3628	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2011, MINI, COOP CLS SPT, WMWSU3C51BT095334

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<b>4.</b>	<b>File #</b>	782500275	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2022-04-29			Motor Vehicle
	<b>Registration #</b>	20220429 1420 2013 3673	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2020, FORD, EXPLORER, 1FM5K8GC7LGC05062

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<b>5.</b>	<b>File #</b>	782348022	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2022-04-26			Motor Vehicle
	<b>Registration #</b>	20220426 1026 2013 2964	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2019, FORD, F150, 1FTFW1E51KFD03937

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<b>6.</b>	<b>File #</b>	782282493	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-5 yrs	926749 ONTARIO LTD.	VELOCITY ASSET AND CREDIT CORPORATION	Inventory
	<b>Date Filed</b>	2022-04-25			Equipment
	<b>Registration #</b>	20220425 0847 1793 6702			Accounts
					Other
				Motor Vehicle	

**General Collateral**

ALL OF DEBTOR'S RIGHT, TITLE AND INTEREST, BOTH PRESENT AND FUTURE, IN ALL OF ITS PRESENTLY OWNED OR HELD AND AFTER-ACQUIRED OWNED OR HELD LEASES, LEASED VEHICLES, RIGHTS AND COLLECTIONS (AS SUCH TERMS ARE DEFINED IN THE SECURITY AGREEMENT BETWEEN SECURED PARTY AND DEBTOR DATED ON OR ABOUT APRIL 27, 2022, AS AMENDED, RESTATED, SUPPLEMENTED, OR OTHERWISE MODIFIED FROM TIME TO TIME), AND ALL PRODUCTS AND PROCEEDS OF OR RELATING TO ANY OF THE FOREGOING, IN EACH CASE, WHETHER NOW OWNED OR HEREAFTER ACQUIRED OR EXISTING, AND IN WHATEVER FORM AND WHEREVER LOCATED.

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<b>7.</b>	<b>File #</b>	782257248	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-5 yrs	926749 ONTARIO LTD.	ENLIGHTENED FUNDING CORPORATION	Inventory
	<b>Date Filed</b>	2022-04-22			Equipment
	<b>Registration #</b>	20220422 1115 1793 6596			Accounts
					Other
				Motor Vehicle	

**General Collateral**

ALL OF DEBTOR'S RIGHT, TITLE AND INTEREST, BOTH PRESENT AND FUTURE, IN ALL OF ITS PRESENTLY OWNED OR HELD AND AFTER-ACQUIRED OWNED OR HELD LEASES, LEASED VEHICLES, RIGHTS, COLLECTIONS, AND DEALER BLOCKED ACCOUNT (AS SUCH TERMS ARE DEFINED IN THE SECURITY AGREEMENT BETWEEN SECURED PARTY AND DEBTOR DATED ON OR ABOUT APRIL 27, 2022, AS AMENDED, RESTATED, SUPPLEMENTED, OR OTHERWISE MODIFIED FROM TIME TO TIME), AND ALL PRODUCTS AND PROCEEDS OF OR RELATING TO ANY OF THE FOREGOING, IN EACH CASE, WHETHER NOW OWNED OR HEREAFTER ACQUIRED OR EXISTING, AND IN WHATEVER FORM AND WHEREVER LOCATED.

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<b>8.</b>	<b>File #</b>	781966026	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	



<b>Date Filed</b>	2022-04-12	CLONSILLA AUTO SALES AND	Inventory
<b>Registration</b>	20220412 0927 2013	LEASING	Motor Vehicle
<b>#</b>	1371		No Fixed Date

**Serial Numbered Collateral**

2013, SCION, TC, JTKJF5C79D3058453

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9.	<b>File #</b>	781564392	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	<b>Classifications</b>
	<b>Date Filed</b>	2022-03-30			Inventory
	<b>Registration</b>	20220330 0912 2013	CLONSILLA AUTO SALES AND		Motor Vehicle
	<b>#</b>	9581	LEASING		No Fixed Date

**Serial Numbered Collateral**

2019, RAM, 1500, 1C6SRFLT6KN742004

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10.	<b>File #</b>	781564464	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	<b>Classifications</b>
	<b>Date Filed</b>	2022-03-30			Inventory
	<b>Registration</b>	20220330 0912 2013	CLONSILLA AUTO SALES AND		Motor Vehicle
	<b>#</b>	9588	LEASING		No Fixed Date

**Serial Numbered Collateral**

2017, CHEVROLET, SILVERADO 1500, 3GCUKREC1HG517057

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11.	<b>File #</b>	781420545	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	<b>Classifications</b>
	<b>Date Filed</b>	2022-03-25			Inventory
	<b>Registration</b>	20220325 1030 2013	CLONSILLA AUTO SALES AND		Motor Vehicle
	<b>#</b>	8879	LEASING		No Fixed Date

**Serial Numbered Collateral**

2010, DODGE, GRAND C SE, 2D4RN4DEXAR276993

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12.	<b>File #</b>	781421346	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2022-03-25	CLONSILLA AUTO SALES AND LEASING		Motor Vehicle
	<b>Registration #</b>	20220325 1030 2013 8958			No Fixed Date

**Serial Numbered Collateral**

2012, LAND ROVER, LR4, SALAF2D42CA619377

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13.	<b>File #</b>	781383213	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2022-03-24	CLONSILLA AUTO SALES AND LEASING		Motor Vehicle
	<b>Registration #</b>	20220324 0929 2013 8769			No Fixed Date

**Serial Numbered Collateral**

2014, NISSAN, VERSA SL, 3N1CE2CP9EL359072

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14.	<b>File #</b>	781345602	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2022-03-23	CLONSILLA AUTO SALES AND LEASING		Motor Vehicle
	<b>Registration #</b>	20220323 1017 2013 8560			No Fixed Date

**Serial Numbered Collateral**

2011, HYUNDAI, GENES PRM, KMHGC4DE3BU129568

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15.	<b>File #</b>	780476742	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	
	<b>Date Filed</b>	2022-02-17			

**Registration #** 20220217 0956 2013 3994 CLONSILLA AUTO SALES AND LEASING

Inventory  
Motor Vehicle  
No Fixed Date

**Serial Numbered Collateral**

2017, GMC, 1500 SLE, 3GTU2MEC8HG136339

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16. **File #** 780476751 **Debtors** **Secured Parties** **Collateral Classifications**  
**Type** PPSA-1 yrs 926749 ONTARIO LTD. NEXTGEAR CAPITAL CORPORATION  
**Date Filed** 2022-02-17  
**Registration #** 20220217 0956 2013 3995 CLONSILLA AUTO SALES AND LEASING  
Inventory  
Motor Vehicle  
No Fixed Date

**Serial Numbered Collateral**

2011, ACURA, MDX ELITE, 2HNYD2H74BH000418

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17. **File #** 780416361 **Debtors** **Secured Parties** **Collateral Classifications**  
**Type** PPSA-1 yrs 926749 ONTARIO LTD. NEXTGEAR CAPITAL CORPORATION  
**Date Filed** 2022-02-15  
**Registration #** 20220215 0955 2013 3645 CLONSILLA AUTO SALES AND LEASING  
Inventory  
Motor Vehicle  
No Fixed Date

**Serial Numbered Collateral**

2018, AUDI, Q7, WA1MAAF76JD027085

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18. **File #** 780257655 **Debtors** **Secured Parties** **Collateral Classifications**  
**Type** PPSA-1 yrs 926749 ONTARIO LTD. NEXTGEAR CAPITAL CORPORATION  
**Date Filed** 2022-02-08  
**Registration #** 20220208 0931 2013 2712 CLONSILLA AUTO SALES AND LEASING  
Inventory  
Motor Vehicle  
No Fixed Date

**Serial Numbered Collateral**

2013, NISSAN, SENT SR, 3N1AB7AP1DL784705

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19.	<b>File #</b>	780257808	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2022-02-08			Motor Vehicle
	<b>Registration #</b>	20220208 0931 2013 2727	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2013, NISSAN, SENT S, 3N1AB7AP6DL711782

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20.	<b>File #</b>	780258195	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2022-02-08			Motor Vehicle
	<b>Registration #</b>	20220208 0931 2013 2766	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2015, RAM, 1500 SPT, 1C6RR7UT9FS525492

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21.	<b>File #</b>	780035733	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2022-01-31			Motor Vehicle
	<b>Registration #</b>	20220131 0849 2013 1437	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2014, CHEVROLET, SILVERADO 1500, 3GCUKREC4EG547018

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22.	<b>File #</b>	780035877	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	
	<b>Date Filed</b>	2022-01-31			

**Registration #** 20220131 0849 2013 1451  
**CLONSILLA AUTO SALES AND LEASING**

Inventory  
Motor Vehicle  
No Fixed Date

**Serial Numbered Collateral**

2015, FORD, ESCAP SE, 1FMCU9GXXFUB43608

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23.	<b>File #</b>	780035931	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2022-01-31			Motor Vehicle
	<b>Registration #</b>	20220131 0849 2013 1457	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2013, HYUNDAI, GENES 3.8L, KMHGC4DD4DU216289

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24.	<b>File #</b>	780036561	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2022-01-31			Motor Vehicle
	<b>Registration #</b>	20220131 0849 2013 1520	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2014, PORSCHE, CAYE, WP1AA2A22ELA02821

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25.	<b>File #</b>	779956137	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2022-01-27			Motor Vehicle
	<b>Registration #</b>	20220127 1006 2013 1186	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2014, FORD, ESCAP SE, 1FMCU0GX4EUD34192

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26.	<b>File #</b>	779853006	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	
	<b>Date Filed</b>	2022-01-24			Inventory
	<b>Registration #</b>	20220124 0938 2013 0658	CLONSILLA AUTO SALES AND LEASING		Motor Vehicle
					No Fixed Date

**Serial Numbered Collateral**

2010, GMC, 1500 SL NEV, 3GTRKUEA2AG230369

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27.	<b>File #</b>	779853402	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	
	<b>Date Filed</b>	2022-01-24			Inventory
	<b>Registration #</b>	20220124 0938 2013 0698	CLONSILLA AUTO SALES AND LEASING		Motor Vehicle
					No Fixed Date

**Serial Numbered Collateral**

2013, FORD, FLEX SEL, 2FMHK6C80DBD18301

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28.	<b>File #</b>	779704605	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	
	<b>Date Filed</b>	2022-01-17			Inventory
	<b>Registration #</b>	20220117 1057 2013 9813	CLONSILLA AUTO SALES AND LEASING		Motor Vehicle
					No Fixed Date

**Serial Numbered Collateral**

2013, HYUNDAI, TUCSON PRM, KM8JTCAC4DU581230

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29.	<b>File #</b>	779645682	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	
	<b>Date Filed</b>	2022-01-13			

**Registration #** 20220113 1054 2013  
9504

**Debtors** CLONSILLA AUTO SALES AND  
LEASING

**Collateral Classifications**  
Inventory  
Motor Vehicle  
No Fixed Date

**Serial Numbered Collateral**

2013, DODGE, DURAN SXT, 1C4RDJAG7DC701135

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**30.** **File #** 779461866 **Debtors** **Secured Parties** **Collateral**  
**Type** PPSA-1 yrs 926749 ONTARIO LTD. NEXTGEAR CAPITAL CORPORATION **Classifications**  
**Date Filed** 2022-01-05  
**Registration #** 20220105 0928 2013 CLONSILLA AUTO SALES AND  
8451 LEASING  
Inventory  
Motor Vehicle  
No Fixed Date

**Serial Numbered Collateral**

2016, RAM, 1500, 1C6RR7WM7GS170829

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**31.** **File #** 779018499 **Debtors** **Secured Parties** **Collateral**  
**Type** PPSA-1 yrs 926749 ONTARIO LTD. NEXTGEAR CAPITAL CORPORATION **Classifications**  
**Date Filed** 2021-12-14  
**Registration #** 20211214 1024 2013 CLONSILLA AUTO SALES AND  
5834 LEASING  
Inventory  
Motor Vehicle  
No Fixed Date

**Serial Numbered Collateral**

2015, JEEP, WRANG SAH, 1C4BJWEG5FL754629

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**32.** **File #** 779019219 **Debtors** **Secured Parties** **Collateral**  
**Type** PPSA-1 yrs 926749 ONTARIO LTD. NEXTGEAR CAPITAL CORPORATION **Classifications**  
**Date Filed** 2021-12-14  
**Registration #** 20211214 1024 2013 CLONSILLA AUTO SALES AND  
5906 LEASING  
Inventory  
Motor Vehicle  
No Fixed Date

**Serial Numbered Collateral**

2018, GMC TRUCK, 1500 SLT, 3GTU2NEJ4JG311678

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<b>33.</b>	<b>File #</b>	778939848	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2021-12-10			Motor Vehicle
	<b>Registration #</b>	20211210 0934 2013 5370	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2012, ACURA, MDX TECH PKG, 2HNYD2H67CH001717

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<b>34.</b>	<b>File #</b>	778843206	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2021-12-07			Motor Vehicle
	<b>Registration #</b>	20211207 1033 2013 4810	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2015, RAM, 1500, 1C6RR7TM2FS686518

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<b>35.</b>	<b>File #</b>	778843449	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2021-12-07			Motor Vehicle
	<b>Registration #</b>	20211207 1033 2013 4834	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2014, HONDA, CIVIC, 2HGFB2F46EH047323

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<b>36.</b>	<b>File #</b>	778256172	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-05 yrs	926749 ONTARIO LTD.	VAULT CREDIT CORPORATION	
	<b>Date Filed</b>	2021-11-16			



<b>Registration #</b>	20211116 1044 1901 1365	CLONSILLA AUTO SALES 926749 ONTARIO LTD. CLONSILLA AUTO SALES CLONSILLA AUTO SALES	Equipment Other Motor Vehicle
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**Serial Numbered Collateral**

2022, PACE, PSADA8.5X16TE2RD, 53BMTEA29NA072727

<b>37.</b>	<b>File #</b>	778020885	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2021-11-08	CLONSILLA AUTO SALES AND LEASING		Motor Vehicle
	<b>Registration #</b>	20211108 0836 2013 0681			No Fixed Date

**Serial Numbered Collateral**

2011, JEEP, PATRIOT, 1J4NF2GB6BD207635

<b>38.</b>	<b>File #</b>	777694419	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-3 yrs	926749 ONTARIO LTD.	MERCHANT OPPORTUNITIES FUND LIMITED PARTNERSHIP.	Inventory
	<b>Date Filed</b>	2021-10-27	CLONSILLA AUTO SALES		Equipment
	<b>Registration #</b>	20211027 1635 6083 3891			Accounts
					Other

**General Collateral**

ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTORS, INCLUDING, BUT NOT LIMITED TO, THE FUTURE DEBIT/CREDIT CARD RECEIVABLES OF THE DEBTORS

<b>39.</b>	<b>File #</b>	777546621	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	
	<b>Date Filed</b>	2021-10-22	CLONSILLA AUTO SALES AND LEASING		

**Registration #** 20211022 1021 2013  
8289

Inventory  
Motor Vehicle  
No Fixed Date

**Serial Numbered Collateral**

2013, HYUNDAI, ELAN L, 5NPDH4AE9DH401938

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40.	<b>File #</b>	777547152	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	
	<b>Date Filed</b>	2021-10-22			Inventory
	<b>Registration #</b>	20211022 1021 2013	CLONSILLA AUTO SALES AND LEASING		Motor Vehicle
		8342			No Fixed Date

**Serial Numbered Collateral**

2016, NISSAN, ROGUE SV, 5N1AT2MV2GC860287

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41.	<b>File #</b>	777547377	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	
	<b>Date Filed</b>	2021-10-22			Inventory
	<b>Registration #</b>	20211022 1021 2013	CLONSILLA AUTO SALES AND LEASING		Motor Vehicle
		8364			No Fixed Date

**Serial Numbered Collateral**

2017, CHEVROLET, CRUZE PRMR, 3G1BF6SM4HS547294

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42.	<b>File #</b>	777547656	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	
	<b>Date Filed</b>	2021-10-22			Inventory
	<b>Registration #</b>	20211022 1021 2013	CLONSILLA AUTO SALES AND LEASING		Motor Vehicle
		8392			No Fixed Date

**Serial Numbered Collateral**

2009, HONDA, PILOT TRG, 5FNYF48999B015249

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<b>43.</b>	<b>File #</b>	777092382	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2021-10-06			Motor Vehicle
	<b>Registration #</b>	20211006 1009 2013 5695	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2014, RAM, 2500, 3C6TR5DT8EG222154

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<b>44.</b>	<b>File #</b>	776144088	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2021-09-07			Motor Vehicle
	<b>Registration #</b>	20210907 1050 2013 1076	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2014, TOYOTA, VENZA LE, 4T3BK3BB6EU096674

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<b>45.</b>	<b>File #</b>	774672246	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	Inventory
	<b>Date Filed</b>	2021-07-22			Motor Vehicle
	<b>Registration #</b>	20210722 1056 2013 4942	CLONSILLA AUTO SALES AND LEASING		No Fixed Date

**Serial Numbered Collateral**

2012, HYUNDAI, VERACRUZ, KM8NUDCCXCU197646

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<b>46.</b>	<b>File #</b>	774672471	<b>Debtors</b>	<b>Secured Parties</b>	<b>Collateral Classifications</b>
	<b>Type</b>	PPSA-1 yrs	926749 ONTARIO LTD.	NEXTGEAR CAPITAL CORPORATION	
	<b>Date Filed</b>	2021-07-22			

**Registration #** 20210722 1056 2013 4965  
**CLONSILLA AUTO SALES AND LEASING**

Inventory  
Motor Vehicle  
No Fixed Date

**Serial Numbered Collateral**

2013, RAM, 1500 LAR, 1C6RR7NT6DS636187

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47. **File #** 766726227  
**Type** RSLA-3 yrs  
**Date Filed** 2020-10-14  
**Registration #** 20201014 1138 7036 6379

**Debtors**  
926749 ONTARIO LTD

**Secured Parties**  
564176 ON INC O/A A K SALES AND LEASING

**Collateral Classifications**  
Motor Vehicle  
Principal Amount \$17424  
Date of Maturity ??

**Serial Numbered Collateral**

2009, GMC, STE, 3GTEK13C99G246288

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48. **File #** 766454157  
**Type** PPSA-1 yrs  
**Date Filed** 2020-10-05  
**Registration #** 20201005 1400 2013 9148

**Debtors**  
926749 ONTARIO LTD.  
CLONSILLA AUTO SALES AND LEASING

**Secured Parties**  
NEXTGEAR CAPITAL CORPORATION

**Collateral Classifications**  
Inventory  
Motor Vehicle  
No Fixed Date

**Serial Numbered Collateral**

2013, SUBARU, IMP WRX STI, JF1GR8H68DL867572

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**Type** Renewal  
**Date Filed** 2021-10-01  
**Duration** 1 yrs  
**Registration #** 20211001 1935 2013 5078

**Reference Debtors**  
926749 ONTARIO LTD.

49.	<b>File #</b> 761986935 <b>Type</b> PPSA-1 yrs <b>Date Filed</b> 2020-05-20 <b>Registration #</b> 20200520 1054 2013 0442	<b>Debtors</b> 926749 ONTARIO LTD. CLONSILLA AUTO SALES AND LEASING	<b>Secured Parties</b> NEXTGEAR CAPITAL CORPORATION	<b>Collateral Classifications</b> Inventory Motor Vehicle No Fixed Date
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**Serial Numbered Collateral**

2008, HONDA, ACCOR EX-L, 1HGCP26808A808339

<b>Type</b> Renewal <b>Date Filed</b> 2021-05-13 <b>Duration</b> 1 yrs <b>Registration #</b> 20210513 1055 2013 6060	<b>Reference Debtors</b> 926749 ONTARIO LTD.
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50.	<b>File #</b> 729342981 <b>Type</b> PPSA-05 yrs <b>Date Filed</b> 2017-06-30 <b>Registration #</b> 20170630 1359 1901 6255	<b>Debtors</b> 926749 ONTARIO LTD CLONSILLA AUTO SALES 926749 ONTARIO LTD CLONSILLA AUTO SALES	<b>Secured Parties</b> BLUE CHIP LEASING CORPORATION	<b>Collateral Classifications</b> Equipment Other
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51.	<b>File #</b> 726740352 <b>Type</b> PPSA-5 yrs <b>Date Filed</b> 2017-04-19 <b>Registration #</b> 20170419 1407 1462 1101	<b>Debtors</b> 926749 ONTARIO LTD. CLONSILLA AUTO SALES AND LEASING	<b>Secured Parties</b> NEXTGEAR CAPITAL	<b>Collateral Classifications</b> Inventory Equipment Accounts Other Motor Vehicle
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**General Collateral**

ALL OF DEBTOR'S PRESENT AND AFTER-ACQUIRED UNDERTAKING, PROPERTY AND ASSETS, INCLUDING ALL PRESENT AND FUTURE RIGHT, TITLE, INTEREST AND BENEFIT OF THE DEBTOR IN ALL PROPERTY OF THE FOLLOWING KINDS (COLLECTIVELY, THE "COLLATERAL")- (I) ALL INVENTORY, INCLUDING LENDER FINANCED INVENTORY, NOW OWNED OR HEREAFTER ACQUIRED, (II) ALL AMOUNTS IN THE DEBTOR'S RESERVE HELD BY OR ON BEHALF OF THE SECURED PARTY, IF ANY, (III) ALL GOODS COMPRISING THE INVENTORY OF THE

DEBTOR, INCLUDING GOODS HELD FOR SALE OR LEASE OR THAT HAVE BEEN LEASED OR CONSIGNED TO OR BY THE DEBTOR OR THAT HAVE BEEN FURNISHED OR ARE TO BE FURNISHED UNDER A CONTRACT OF SERVICE OR THAT ARE RAW MATERIALS, WORK IN PROCESS OR MATERIALS USED OR CONSUMED IN A BUSINESS OR PROFESSION OR THAT ARE FINISHED GOODS, (IV) TIMBER, WHETHER CUT OR TO BE CUT, TIMBER LICENSES, OIL, GAS, OTHER HYDROCARBONS AND MINERALS, WHETHER EXTRACTED OR TO BE EXTRACTED, ANIMALS AND THEIR YOUNG AND UNBORN YOUNG, AND CROPS, WHETHER GROWING OR HARVESTED, (V) ALL OTHER GOODS, INCLUDING FURNITURE, FIXTURES, EQUIPMENT, MACHINERY, PLANT, TOOLS AND VEHICLES, (VI) ALL CHATTEL PAPER, (VII) ALL MONEY, (VIII) ALL WAREHOUSE RECEIPTS, BILLS OF LADING AND OTHER DOCUMENTS OF TITLE, WHETHER NEGOTIABLE OR NOT, (IX) ALL INSTRUMENTS, INCLUDING BILLS, NOTES, CHEQUES, LETTERS OF CREDIT AND ADVICES OF CREDIT, (X) ALL INVESTMENT PROPERTY, INCLUDING SHARES, STOCK, WARRANTS, BONDS, DEBENTURES, DEBENTURE STOCK AND OTHER SECURITIES (IN EACH CASE WHETHER EVIDENCED BY A SECURITY CERTIFICATE OR AN UNCERTIFICATED SECURITY) AND FINANCIAL ASSETS, SECURITY ENTITLEMENTS, SECURITIES ACCOUNTS, FUTURES CONTRACTS AND FUTURES ACCOUNTS, (XI) ALL OTHER TANGIBLE PERSONAL PROPERTY, (XII) ALL ACCOUNTS, INCLUDING DEPOSIT ACCOUNTS IN BANKS, CREDIT UNIONS, TRUST COMPANIES AND SIMILAR INSTITUTIONS, RENTS, DEBTS, DEMANDS AND CHOSSES IN ACTION THAT ARE DUE, OWING OR ACCRUING DUE TO THE DEBTOR, AND ALL CLAIMS OF ANY KIND THAT THE DEBTOR HAS, INCLUDING CLAIMS AGAINST THE CROWN AND CLAIMS UNDER INSURANCE POLICIES, (XIII) ALL OTHER INTANGIBLES INCLUDING CONTRACTS, AGREEMENTS, CLEARING HOUSE OPTIONS, PERMITS, LICENCES, CONSENTS, APPROVALS, AUTHORIZATIONS, ORDERS, JUDGMENTS, CERTIFICATES, RULINGS, INSURANCE POLICIES, AGRICULTURAL AND OTHER QUOTAS, SUBSIDIES, FRANCHISES, IMMUNITIES, PRIVILEGES AND BENEFITS AND ALL GOODWILL, PATENTS, TRADEMARKS, TRADE NAMES, TRADE SECRETS, INVENTIONS, PROCESSES COPYRIGHTS, APPLICATIONS FOR INTELLECTUAL PROPERTY RIGHTS AND OTHER INDUSTRIAL OR INTELLECTUAL PROPERTY, (XIV) WITH RESPECT TO THE PROPERTY DESCRIBED IN ITEMS (I) TO (XIII) INCLUSIVE, ALL BOOKS, ACCOUNTS, INVOICES, LETTERS, PAPERS, DOCUMENTS, DISKS AND OTHER RECORDS IN ANY FORM, ELECTRONIC OR OTHERWISE, EVIDENCING OR RELATING TO THAT PROPERTY AND ALL CONTRACTS, INVESTMENT PROPERTY, INSTRUMENTS AND OTHER RIGHTS AND BENEFITS IN RESPECT OF THAT PROPERTY, (XV) WITH RESPECT TO THE PROPERTY DESCRIBED IN ITEMS (I) TO (XIV) INCLUSIVE, ALL PARTS, COMPONENTS, RENEWALS, SUBSTITUTIONS AND REPLACEMENTS OF THAT PROPERTY AND ALL ATTACHMENTS, ACCESSORIES AND INCREASES, ADDITIONS AND ACCESSIONS TO THAT PROPERTY, AND (XVI) WITH RESPECT TO THE PROPERTY DESCRIBED IN ITEMS (I) TO (XV) INCLUSIVE, ALL PROCEEDS FROM THAT PROPERTY, INCLUDING PROPERTY IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH THAT PROPERTY OR PROCEEDS FROM THE PROPERTY, AND ANY INSURANCE OR OTHER PAYMENT AS INDEMNITY OR COMPENSATION FOR LOSS OF OR DAMAGE TO THE PROPERTY OR ANY RIGHT TO PAYMENT, AND ANY PAYMENT MADE IN TOTAL OR PARTIAL DISCHARGE OR REDEMPTION OF AN INTANGIBLE, CHATTEL PAPER, INSTRUMENT OR INVESTMENT PROPERTY DEFINITIONS- "DEBTOR" SHALL MEAN THE BORROWER UNDER THE NOTE, ALSO BEING THE DEBTOR HEREUNDER. "INVENTORY" SHALL MEAN ALL UNITS HELD BY THE DEBTOR FOR WHOLESALE OR RETAIL SALE, LEASE, OR RENT, OR LEASED OR RENTED BY THE DEBTOR. "INVENTORY" INCLUDES LENDER FINANCED INVENTORY. "LENDER FINANCED INVENTORY" SHALL MEAN ALL UNITS FOR WHICH AN ADVANCE HAS BEEN MADE UNDER THE NOTE. "LENDER PARTIES" SHALL MEAN THE SECURED PARTY AND ITS AFFILIATES, AND EACH OF THEIR RESPECTIVE DIRECTORS, OFFICERS, PRINCIPALS, PARTNERS, SHAREHOLDERS OR HOLDERS OF ANY OWNERSHIP INTEREST, AS THE CASE MAY BE, EMPLOYEES, REPRESENTATIVES, ATTORNEYS, AND AGENTS. "MSO" SHALL MEAN THE MANUFACTURER'S CERTIFICATE OF ORIGIN OR OTHER DOCUMENT EVIDENCING OWNERSHIP OF A UNIT ISSUED BY THE MANUFACTURER OF THE UNIT. "NOTE" SHALL MEAN THE DEMAND PROMISSORY NOTE AND LOAN AND SECURITY AGREEMENT ENTERED INTO BETWEEN THE SECURED PARTY AND THE DEBTOR AND BEING THE OBJECT OF THE PRESENT FILING, TOGETHER WITH ALL PRESENT AND FUTURE AMENDMENTS, MODIFICATIONS, AND ADDENDUMS REFERENCED IN SUCH NOTE. "RESERVE" SHALL MEAN THE CASH DEPOSITED WITH THE SECURED PARTY BY THE DEBTOR ON A VOLUNTARY BASIS OR AS REQUIRED AS AN UNDERWRITING CONDITION. "SECURED PARTY" SHALL MEAN NEXTGEAR CAPITAL CORPORATION, THE LENDER UNDER THE NOTE, ALSO BEING THE SECURED PARTY HEREUNDER. "UNIT" SHALL MEAN ANY MANUFACTURED ITEM, INCLUDING MOTOR VEHICLES, FOR WHICH THERE EXISTS A TITLE, MSO, OR OTHER SIMILAR EVIDENCE OF OWNERSHIP.

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**Type** Amendment  
**Date Filed** 2018-05-04  
**Registration #** 20180504 1711 1462 4679

**Reference Debtors**  
926749 ONTARIO LTD.

**Secured Parties**  
NEXTGEAR CAPITAL CORPORATION

**Reason**

AMEND SECURED PARTY NAME

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**Type** Amendment  
**Date Filed** 2020-10-13  
**Registration #** 20201013 1701 1462 7173

**Reference Debtors**  
926749 ONTARIO LTD.

**Secured Parties**  
NEXTGEAR CAPITAL CORPORATION

**Reason**

AMEND SECURED PARTY ADDRESS

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**Type** Renewal  
**Date Filed** 2022-03-22  
**Duration** 5 yrs  
**Registration #** 20220322 1405 1462 1436

**Reference Debtors**  
926749 ONTARIO LTD.

52.

**File #** 719408205  
**Type** PPSA-5 yrs  
**Date Filed** 2016-08-09  
**Registration #** 20160809 1004 1462 1418

**Debtors**  
926749 ONTARIO LTD.  
CLONSILLA AUTO SALES AND LEASING

**Secured Parties**  
AUTOMOTIVE FINANCE CANADA INC.

**Collateral Classifications**  
Inventory  
Equipment  
Accounts  
Other  
Motor Vehicle

**General Collateral**

ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF DEBTOR, INCLUDING WITHOUT LIMITATION, ALL NOW OWNED OR HEREAFTER ACQUIRED INVENTORY (INCLUDING BUT NOT LIMITED TO INVENTORY OF MOTOR VEHICLES), AS WELL AS ALL OWNED AND AFTER ACQUIRED EQUIPMENT, ACCOUNTS, CHATTEL PAPER, DOCUMENTS (INCLUDING BUT NOT LIMITED TO OWNERSHIP CERTIFICATES), FIXTURES, INSTRUMENTS, DEPOSIT ACCOUNTS, INVESTMENT PROPERTY, GENERAL INTANGIBLES, COMPUTER RECORDS, SOFTWARE,

BUSINESS PAPERS, LEDGER SHEETS, FILES, BOOKS, AND RECORDS RELATING TO THE FOREGOING, AND ALL ADDITIONS, ACCESSIONS, ACCESSORIES, AND REPLACEMENTS TO THE FOREGOING, AND ALL PROCEEDS THEREOF.

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<b>Type</b>	Renewal	<b>Reference Debtors</b>
<b>Date Filed</b>	2021-05-10	926749 ONTARIO LTD.
<b>Duration</b>	5 yrs	
<b>Registration #</b>	20210510 1704 1462 2036	

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<b>Type</b>	Amendment	<b>Reference Debtors</b>	<b>Secured Parties</b>
<b>Date Filed</b>	2021-05-10	926749 ONTARIO LTD.	AUTOMOTIVE FINANCE CANADA
<b>Registration #</b>	20210510 1704 1462 2037		INC.

**Reason**  
CHANGE SECURED PARTY LOCATION



**Schedule 6.1(a)(ix)  
Closing Deliveries**

*See attached closing agenda.*

**ENLIGHTENED FUNDING CORPORATION  
LOAN TO VELOCITY ASSET AND CREDIT CORPORATION**

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**Closing Agenda**

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**Place of Closing:** **Bennett Jones LLP**  
3400 One First Canadian Place,  
Toronto, ON, M5X 1A4

**Date of Closing:** **May 26, 2022**

<b>Abbreviation:</b>	<b>Party:</b>	<b>Represented By:</b>
VACC	Velocity Asset and Credit Corporation	Hugh Waddell
Lender	Enlightened Funding Corporation	Eamonn Glavey Bobby Anand
NAF Dealer	1656801 Ontario Limited o/a National Auto Finance	Adam Mounzer
NAF SPV	National Credit Corporation	NAF Dealer
CAS Dealer	926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing	Hugh Waddell
CAS SPV	2712697 Ontario Inc.	CAS Dealer
WACC	Waddell Asset Credit Corporation	Hugh Waddell
Bennett	Bennett Jones LLP, counsel to Lender	Jim Rumball Daniel Tessaro Karly Descoteaux
A&B	Aird & Berlis LLP, counsel to VACC and CAS Dealer	Jill Fraser Jonathan Yantzi
NAF Counsel	Halcyon Legal Professional Corporation, counsel to NAF Dealer	Chadwick Boyd

**Delivery of Documents**

All deliveries shall be held in escrow until all deliveries and payments required to be made have been made or, alternatively, until termination of the closing without protest (which shall be conclusive evidence that the closing shall have been completed). If all deliveries and payments required to be made are not made and the requirement to make the delivery or payment is not waived by the party to whom the delivery or payment is to be made, all deliveries shall be returned to the party making the delivery. All documents shall be deemed to have been executed and delivered in the order set out herein.

**Defined Terms**

In this Closing Agenda, unless otherwise defined herein, initially capitalized terms shall have the meanings ascribed to them in the credit agreement between VACC and Lender dated as of May 26, 2022.

<b>No.</b>	<b>Action or Documentation:</b>	<b>Drafting/ Responsibility:</b>	<b>Executed By:</b>	<b>Status:</b>
<b>A. Pre-Closing</b>				
1.	Information Certificates a) VACC b) NAF Dealer c) CAS Dealer	Borrower, Dealers	a) VACC b) NAF Dealer c) CAS Dealer	Complete
<b>B. Loan Documents</b>				
2.	Credit Agreement	Bennett	VACC and Lender	Complete

No.	Action or Documentation:	Drafting/ Responsibility:	Executed By:	Status:
3.	Borrowing Base Certificate	VACC	VACC	Complete
4.	Compliance Certificate	VACC	VACC	Complete. See 'Post-Closing Matters'
5.	Drawdown Notice	VACC	VACC, NAF Dealer, CAS Dealer	Complete
6.	General Security Agreement of VACC	Bennett	VACC and Lender	Complete
7.	NAF Dealer Guarantee and Servicing Agreement	Bennett	NAF Dealer and Lender	Complete
8.	Security Agreement of NAF Dealer	Bennett	NAF Dealer and Lender	Complete
9.	CAS Dealer Guarantee and Servicing Agreement	Bennett	CAS Dealer and Lender	Complete
10.	Security Agreement of CAS Dealer	Bennett	CAS Dealer and Lender	Complete
11.	Limited Personal Guarantee of Hugh Waddell re: VACC obligations to Lender	Bennett	Hugh Waddell	Complete
12.	Personal Guarantee of Hugh Waddell re: CAS Dealer obligations to Lender	Bennett	Hugh Waddell	Complete
13.	Personal Guarantee of Adam Mounzer re: NAF Dealer obligations to Lender	Bennett	Adam Mounzer	Complete
14.	Funding Direction	A&B	VACC	Complete
<b>C. Searches and Registrations</b>				
15.	Searches conducted against VACC in Ontario	A&B		Complete
16.	(a) <i>Business Names Act</i> (or equivalent) registration and Business Names Report (certified); (b) <i>Personal Property Security Act</i> ; (c) <i>Bank Act</i> (Canada); (d) <i>Execution Act</i> ; (e) <i>Bankruptcy and Insolvency Act</i> (Canada); (f) Local Bankruptcy; (g) Litigation			
17.	Searches conducted against NAF Dealer in Ontario	A&B		Complete
18.	(a) Corporate Profile Report (or equivalent); (b) <i>Personal Property Security Act</i> ; (c) <i>Bank Act</i> (Canada); (d) <i>Execution Act</i> ; (e) <i>Bankruptcy and Insolvency Act</i> (Canada); (f) Local Bankruptcy (g) Litigation			
19.	Searches conducted against CAS Dealer in Ontario	A&B		Complete
20.	(a) Corporate Profile Report (or equivalent); (b) <i>Personal Property Security Act</i> ; (c) <i>Bank Act</i> (Canada); (d) <i>Execution Act</i> ; (e) <i>Bankruptcy and Insolvency Act</i> (Canada); (f) Local Bankruptcy (g) Litigation			
21.	Searches conducted against Hugh Waddell in Ontario	A&B		Complete
22.	(a) <i>Personal Property Security Act</i> ; (b) <i>Bank Act</i> (Canada); (c) <i>Execution Act</i> ; (d) <i>Bankruptcy and Insolvency Act</i> (Canada); (e) Local Bankruptcy (f) Litigation			
23.	Searches conducted against Adam Mounzer in Ontario	A&B		Complete

No.	Action or Documentation:	Drafting/ Responsibility:	Executed By:	Status:
24.	(a) <i>Personal Property Security Act</i> ; (b) <i>Bank Act</i> (Canada); (c) <i>Execution Act</i> (d) <i>Bankruptcy and Insolvency Act</i> (Canada); (e) Local Bankruptcy (f) Litigation			
25.	PPSA Registration against VACC in favour of Lender in Ontario	A&B		Complete
26.	PPSA Registrations against NAF Dealer in favour of Lender in Ontario	A&B		Complete
27.	PPSA Registrations against CAS Dealer in favour of Lender in Ontario	A&B		Complete
28.	Post-Registration Searches against: a) VACC b) NAF Dealer c) CAS Dealer	A&B		Complete
<b>D. Third-Party Documents &amp; Transfer of Leases</b>				
<b>VACC Third-Party Documents</b>				
29.	Beacon Holdings Limited (" <b>Beacon</b> ") estoppel re: VACC pledged shares of Waddell	A&B	Beacon	Complete
<b>NAF Dealer Third-Party Documents</b>				
30.	The Toronto-Dominion Bank (" <b>TD</b> ") release of security against NAF Dealer	A&B	NAF Dealer, TD	Not required. Lender to reserve against TD security
<b>Transfer of Leases</b>				
31.	Repurchase Agreement re: CAS SPV Leases	A&B	CAS Dealer, CAS SPV, WACC, Beacon	Complete
32.	Repurchase Agreement re: NAF SPV Leases	A&B	NAF Dealer, NAF SPV, Beacon	Complete
<b>CAS Dealer Releases</b>				
33.	Releases from the following lenders:	A&B		
	a) Thinking Capital Financial Corporation (" <b>Thinking Capital</b> ")	A&B	Thinking Capital	Discharged
	b) CAS SPV	A&B	CAS SPV	Complete
34.	Releases from the following floor plan lenders:			
	a) Nextgear Capital Corporation (" <b>Nextgear</b> ")	A&B	Nextgear	Not required by Lender
	b) Automotive Finance Canada Inc. (" <b>AFC</b> ")	A&B	AFC	Not required by Lender
<b>CAS Dealer Subordination Agreements</b>				
35.	Payoff letter from Merchant Opportunities Fund Limited Partnership (" <b>Merchant</b> ")	Bennett	Merchant	Draft
<b>CAS Dealer Estoppel Letters</b>				
36.	Estoppel letters from the following secured parties:	A&B		
	a) Jaqstan Consulting Inc. (" <b>Jaqstan</b> ")	A&B	Jaqstan	Discharged
	b) The Shapiro Family Trust (T15-5755-48) (" <b>Shapiro Trust</b> ")	A&B	Shapiro Trust	Discharged
	c) Vault Credit Corporation (" <b>Vault</b> ")	A&B	Vault	Complete
	d) 564176 ON Inc. (" <b>564176</b> ")	A&B	564176	Not required since specific motor vehicle

No.	Action or Documentation:	Drafting/Responsibility:	Executed By:	Status:
	e) Simdon Investments Ltd. (" <b>Simdon</b> ")	A&B	Simdon	Discharged
	f) Blue Chip Leasing Corporation (" <b>Blue Chip</b> ")	A&B	Blue Chip	Complete
	g) National Leasing Group Inc. (" <b>National</b> ")	A&B	National	Not required since limited to office equipment
	h) Stephen Brown	A&B	Stephen Brown	Not required since specific motor vehicle
	i) B & D Auto	A&B	B & D Auto	Not required since specific motor vehicle
<b>CAS SPV Third-Party Documents</b>				
37.	WACC release of security against CAS SPV	A&B	WACC	Complete
<b>Blocked Account Agreements</b>				
38.	VACC Blocked Account Agreement	Account Bank	VACC, Account Bank, Lender	See 'Post-Closing Matters'
39.	NAF Dealer Blocked Account Agreement	Account Bank	NAF Dealer, Account Bank, Lender	See 'Post-Closing Matters'
40.	CAS Dealer Blocked Account Agreement	Account Bank	CAS Dealer, Account Bank, Lender	Complete
<b>Landlord Waivers</b>				
41.	Landlord Waiver re: VACC premises at 809 Clonsilla	Bennett	Lender, Northbridge Estates Inc. (" <b>Northbridge</b> ")	Complete
42.	Landlord Waiver re: NAF Dealer premises at 2739 Carp	Bennett	Lender, AGM Holding Ltd.	Complete
43.	Landlord Waiver re: CAS Dealer premises at 809 Clonsilla	Bennett	Lender, Northbridge	Complete
44.	Landlord Waiver re: CAS Dealer premises at 724 Erskine	Bennett	Lender, 724 Erskine Inc.	Not required. No inventory at property. Service location only
<b>E. Insurance</b>				
45.	Certificates of insurance of: a) VACC b) NAF Dealer c) CAS Dealer	A&B		Not required. VACC doesn't maintain insurance. NAF/CAS Dealer only have floor plan insurance.
<b>F. Certificates of Status</b>				
46.	Certificate of Status for VACC	A&B		Complete
47.	Certificate of Status for NAF Dealer	A&B		Complete
48.	Certificate of Status of CAS Dealer	A&B		Complete
<b>G. Officer's Certificates</b>				
49.	Officer's certificate of VACC addressed to Bennett and Lender attaching the following:	A&B	VACC	Complete
	(a) true and complete copies of the constating documents of VACC, including its unanimous shareholders agreement			
	(b) true and complete copies of the authorizing resolutions of the directors of VACC			Complete
	(c) an incumbency certificate with respect to all of the relevant officers and directors of VACC			
	(d) shareholder agreement, if applicable			

No.	Action or Documentation:	Drafting/ Responsibility:	Executed By:	Status:
50.	Officer's certificate of NAF Dealer addressed to Bennett and Lender attaching the following:	NAF Counsel	NAF Dealer	Complete
	(a) true and complete copies of the constating documents of Dealer			
	(b) true and complete copies of the authorizing resolutions of the directors of Dealer			Complete
	(c) an incumbency certificate with respect to all of the relevant officers and directors of Dealer			
	(d) shareholder agreement, if applicable			
51.	Officer's certificate of CAS Dealer addressed to Bennett and Lender attaching the following:	A&B	CAS Dealer	Complete
	(a) true and complete copies of the constating documents of Dealer			
	(b) true and complete copies of the authorizing resolutions of the directors of CAS Dealer			Complete
	(c) an incumbency certificate with respect to all of the relevant officers and directors of CAS Dealer			
	(d) shareholder agreement, if applicable			
<b>H. Legal Opinion</b>				
52.	Opinion of A&B on behalf of VACC and CAS Dealer	A&B	A&B	Complete
53.	Opinion of NAF Counsel on behalf of NAF Dealer	NAF Counsel	NAF Counsel	Complete
<b>I. Post-Closing Matters</b>				
54.	VACC Blocked Account Agreement	Account Bank	VACC, Account Bank, Lender	30 days post-closing
55.	NAF Dealer Blocked Account Agreement	Account Bank	NAF Dealer, Account Bank, Lender	30 days post-closing
56.	Appendix I to Compliance Certificate	VACC		Promptly post-closing

**Schedule 7.1(d)**  
**Business and Operations**

Velocity Asset and Credit Corporation: Provides fast and direct funding to automotive dealers, allowing reliable, low-risk growth of their sub-prime lease fleet operation.

926749 Ontario Ltd: Car Dealership

1656801 Ontario Limited: Car Dealership

**Schedule 7.1(e)**  
**Approvals**

None.



**Schedule 7.1(j)**  
**Litigation**

None.

**Schedule 7.1(l)**  
**Taxes**

None.

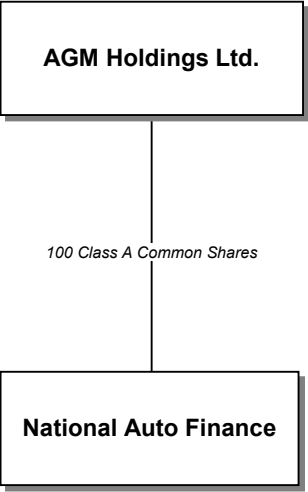
**Schedule 7.1(m)  
Equity Interests**

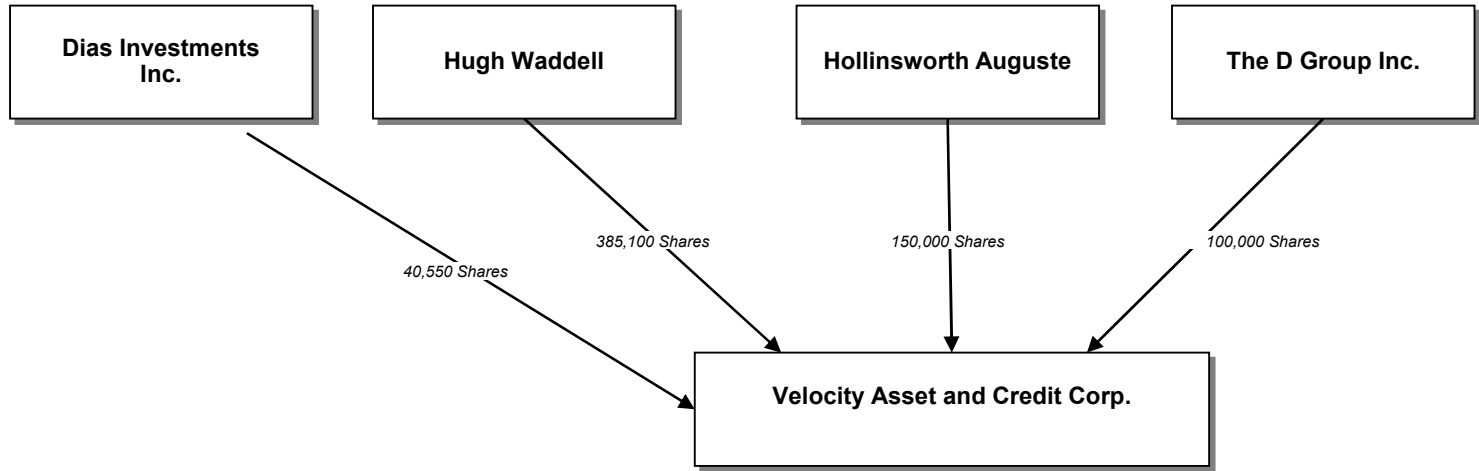
See attached Org Charts

**Hugh Waddell**

*100 Shares*

**926749 Ontario Ltd.**





**Schedule 7.1(s)**  
**Intellectual Property**

None.

**Schedule 7.1(t)**  
**Real Property and Locations of Collateral**

809 Clonsilla Avenue, Peterborough, ON, K9J 5Y2

2739 Carp Road, Ottawa, ON K0A 1L0



**Schedule 7.1(u)(i)  
Environmental Matters**

None.

**Schedule 7.1(w)**  
**Material Contracts and Licences**

**Velocity Asset and Credit Corp.**

Limited Recourse Guarantee and Pledge Agreement dated September 11, 2019 between Velocity Asset and Credit Corporation, as pledgor, Beacon Holdings Limited, as security party, Waddell Asset Credit Corporation, as the Corporation and Computershare Trust Company of Canada, acting not in its individual capacity but solely in its capacity as trustee of Beacon Trust, as Trust.

Series LW2 Lease Subservicing Agreement dated September 11, 2019 between Beacon Portfolio Services Inc., as Lease Servicer and Velocity Asset Credit Corporation, as Lease Subservicer.

**926749 Ontario Ltd.:**

Lease Units Purchase Agreement made as of September 11, 2019 between 926749 Ontario Ltd., as Originator, 2712697 Canada Inc., as buyer, Waddell Asset Credit Corporation, as Note Up-Seller and Beacon Holdings Limited, as Note Purchaser

Funding Agreement made as of September 11, 2019 between Waddell Asset Credit Corporation , as Funder, 926749 Ontario Ltd., as Originator and 2712697 Ontario Inc., as borrower

Series LW2 Note Purchase Agreement made as of September 11, 2019 between Waddell Asset Credit Corporation, as Note Issuer, 926749 Ontario Ltd (d.o.b. Clonsilla Auto Sales), as Originator, 2712697 Ontario Inc. (d.o.b. CAS SPV), as Funding SPE, Beacon Holdings Limited, as Note Purchaser, Beacon Portfolio Servicing Inc., as the Lease Servicer and Computershare Trust Company of Canada, acting not in its individual capacity but solely in its capacity as trustee of Beacon Trust

**1656801 Ontario Limited:**

Series LW2 Note Purchase Agreement made as of November 12, 2019 between Waddell Asset Credit Corporation, as Note Issuer, 1656801 Ontario Ltd., as Originator, National Credit Corporation, as Funding SPE, Beacon Holdings Limited, as Note Purchase, Beacon Portfolio Servicing Inc., as the Lease Servicer and Computershare Trust Company of Canada acting not in its individual capacity but solely in its capacity as trustee of Beacon Trust.

Funding Agreement made as of October 21, 2019 between Waddell Asset Credit Corporation, as Funder, 1656801 Ontario Limited, as Originator and National Credit Corporation, as Borrower.

Lease Units Purchase Agreement made as of November 12, 2019 between 1656801 Ontario Limited, as Originator, National Credit Corporation, as Buyer, Waddell Asset Credit Corporation, as Note Up-Seller and Beacon Holdings Limited, as Note Purchaser.

Amended and Restated Funding Agreement dated February 27, 2020 between Waddell Asset Credit Corporation, as funder, 1656801 Ontario Limited, as Originator and National Credit Corporation, as borrower.

Amended and Restated Lease Units Purchase Agreement made as of February 27, 2020 between 1656801 Ontario Inc., as Originator, National Credit Corporation, as buyer, Waddell Asset Credit Corporation, as note up-seller and Beacon Holdings Limited, as note purchaser.

**Schedule 7.1(x)**  
**Existing Debt**

Velocity Asset and Credit Corporation: Term Loan Agreement with the Toronto-Dominion Bank in the amount of \$60,000.00.

**Schedule 7.1(ff)  
Deposit Accounts**

**Velocity Asset and Credit Corporation:**

TD Canada Trust, 004, Transit: 0606, Account: 5227000

**926749 Ontario Ltd.:**

Royal Bank of Canada, 003, Transit 3782, Account 1285295

**1656801 Ontario Limited:**

TD Canada Trust, 004, Transit: 28316 Account 5212018

**Schedule 8.1(4)**  
**Insurance**

Please see attached.

**CERTIFICATE OF INSURANCE**

**TO:** Enlightened Capital  
1100 Burloak Drive  
Burlington Ontario L7L6B2

This is to certify that the insurance policies detailed below are in force for the term shown.

**INSURED:** 1656801 Ontario Limited o/a National Auto Finance  
2739 Carp Rd.  
Ottawa, ON  
K0A1L0

<b>DIRECT DAMAGE</b>			
POLICY NO.	TERM	INSURER	DETAILS OF COVERAGE & AMOUNT OF INSURANCE
2264118	July 25, 2021 to July 25, 2022	Travelers Canada	Comprehensive Limit – Owned Vehicles: \$200,000 Maximum Value per vehicle \$40,000.00 Comprehensive Limit – Customer’s Vehicles \$40,000 Collision and Comprehensive Deductibles are as follows: \$2,500. - For losses up to \$75,000 per occurrence 5% of the loss - For losses over \$75,001 per occurrence - Subject to a \$10,000 maximum any one loss deductible

<b>AUTOMOBILE – LIABILITY</b>			
POLICY NO.	TERM	INSURER	COMBINED BODILY INJURY & PROPERTY DAMAGE INCLUSIVE LIMIT
2264118	July 25, 2021 to July 25, 2022	Travelers Canada	Third Party Liability Limit \$2,000,000.00

<b>COMMERCIAL PACKAGE – LIABILITY</b>			
POLICY NO.	TERM	INSURER	
2258666	July 25, 2021 to July 25, 2022	Travelers Canada	Commercial Building, Equipment and Stock - \$805,000 Mini Computer Form - \$5,000 Equipment Breakdown Form – Boiler Opt. 3 Commercial General Liability Limit - \$2,000,000 General Aggregate \$5,000,000 Deductibles: Earthquake Deductible – Greater of 5% or \$25,000 Flood Deductible - \$10,000 Sewer Back-up deductible - \$5,000 Deductible on All Other Perils - \$500 90% Co-Insurance, Stated Amount Clause-Waiver of Co-insurance

<b>DESCRIPTION OF OPERATIONS</b>
Used Car Sales, Customer Repairs, Building Owner

COVERAGE UNDER EACH POLICY MENTIONED ABOVE IS SUBJECT TO THE TERMS, CONDITIONS, AND EXCLUSIONS OF EACH SUCH POLICY.  
THE CERTIFICATE HOLDER SHALL NOT BE NOTIFIED OF ANY ALTERATION, REDUCTION, CANCELLATION OR NON-RENEWAL OF COVERAGE NOTED HEREIN.

Date: May 5, 2022

BAIRD MacGREGOR  
INSURANCE BROKERS LP  
PER   
CYNTHIA CORONADO

**AUTHORIZED REPRESENTATIVE**



926749 ONTARIO LTD.  
809 CLONSILLA AVENUE  
PETERBOROUGH ON K9J 5Y2

**Your Aviva Enterprise insurance policy for Automotive Sales & Services**

Policy number 81443067 starting on September 29, 2021

Your insurance coverage is provided by Aviva Insurance Company of Canada.

Dear Sir/Madam,

Thank you for insuring your business with us through your insurance broker.

**What's included in your package**

- Payment Summary
- Policy declarations
- Policy Wordings

If you have any questions about your policy, please contact your insurance broker.

**Your Insurance Broker** IRWIN SARGENT & LOWES LTD.  
441 WATER ST  
PETERBOROUGH ON K9J 7H4  
Tel. (705) 742-3861

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# Do you need to make a claim?



Call your broker or call us at **1-866-MYAVIVA (1-866-692-8482)** to report a claim.



When the unexpected happens, you can expect 24/7 support from our Claims Care Advisors to help you get things back to normal as quickly as possible.



We have a dedicated team of claims relationship managers who understand the needs of your business when it matters the most. They work closely with your broker to help you keep your business running after a claim.

**Contact your broker to find out more.**

## Premiere Vendor Network

Get service, repairs and treatments quickly following a claim.

- **Premiere Contractor Network**  
High quality repairs to your property, backed by a lifetime workmanship guarantee.
- **Premiere Auto Repair Centres**  
Carefully selected auto repair centres provide quick service and includes a lifetime guarantee.
- **Premiere Healthcare\***  
Helps you or your employees receive timely and appropriate health care services following an auto accident.  
\*Program not available in Quebec

To find a Premiere vendor near you, visit [aviva.ca](http://aviva.ca).

Line: COM Company: 04 Branch: 08

Aviva Insurance Company of Canada  
2100-112 Kent Street  
Tower B  
Ottawa, ON  
K1P 5P2

Please visit us at: [aviva.ca](http://aviva.ca)



## Policy Change Notice

926749 ONTARIO LTD.  
809 CLONSILLA AVENUE  
PETERBOROUGH ON K9J 5Y2

If you have any inquiries regarding your policy, please contact your broker:

**IRWIN SARGENT & LOWES LTD.**  
441 WATER ST  
PETERBOROUGH  
ON K9J 7H4

Tel. (705) 742-3861

**IRWIN SARGENT & LOWES LTD.** in partnership with **Aviva Insurance Company of Canada**, encloses the amendment(s) to your Commercial policy.

**Policy Number: 81443067**

**Policy Type: COMMERCIAL**

**Pay Plan: Pre-Authorized Chequing**

### Policy Transactions for Account Number **50250321**

Policy Number	Effective Date	Description	Premium	Finance Charge	Sales Tax	Total
81443067	September 29, 2021	Policy Change	\$49.00	\$1.47	\$3.92	\$54.39
<b>Prior Balance:</b>						<b>\$6,894.90</b>
<b>Total Amount Due:</b>						<b>\$6,949.29</b>

**Named Insured:**

926749 ONTARIO LTD.  
809 CLONSILLA AVENUE  
PETERBOROUGH ON  
K9J 5Y2

**Your summary and payment schedule is shown on the back of this page.**

If you need to change your banking information, please complete the authorization form on the back of this page or notify your broker at least 15 business days prior to your next withdrawal.

**Aviva Insurance Company of Canada**  
10 Aviva Way  
Suite 100  
Markham ON L6G 0G1

# Summary of Account Number 50250321

Policy Number	Description	Premium
81443067	Balance owing	\$6,949.29
<b>Total Amount Due:</b>		<b>\$6,949.29</b>

## Payment Schedule

October 14, 2021	\$689.49	March 14, 2022	\$695.53
November 14, 2021	\$695.56	April 14, 2022	\$695.53
December 14, 2021	\$695.53	May 14, 2022	\$695.53
January 14, 2022	\$695.53	June 14, 2022	\$695.53
February 14, 2022	\$695.53	July 14, 2022	\$695.53

- Pre-authorized payments, from your bank account, will be withdrawn automatically as scheduled.
- A \$50.00 service charge will be levied against payments returned by the bank due to insufficient funds or payments not cleared.

To enroll in our convenient Pre-Authorized Chequing plan, complete, sign, and return this form.

EFT AUTHORIZATION FORM (H1 COMPLIANT)		Account number: 50250321				
<p>Please see below for the Rights and Obligations provided in accordance with CPA's Rule H1.</p> <p><b>MY/OUR SIGNATURE CONFIRMS THAT:</b></p> <ul style="list-style-type: none"> <li>• I/We have been provided with details of and understand the terms and conditions of the payment plan by automatic withdrawals from my/our financial institution.</li> <li>• I/We hereby authorize the named financial institution below to debit my/our account for all payments payable to: Aviva Insurance Company of Canada or any of its associated insurance companies to which my policy may be transferred at a later date (the "Insurer").</li> <li>• I/We understand that this authorization may be cancelled by me/us upon written notice, at least 15 days before the next scheduled payment. I/We may obtain a sample cancellation form, or further information on my/our right to cancel a payment authorization agreement, or more information about Pre-Authorized Debiting at my/our financial institution, by visiting <a href="http://www.cdnpay.ca">www.cdnpay.ca</a>, or through contacting my/our insurance company (contact information available on the reverse of this form).</li> <li>• I/We have certain recourse rights if any debit does not comply with this agreement. For example, I/We have the right to receive reimbursement for any debit that is not authorized or is not consistent with this payment authorization agreement. To obtain more information on my/our recourse rights, I/We may contact my/our financial institution or visit <a href="http://www.cdnpay.ca">www.cdnpay.ca</a>.</li> <li>• I/We warrant and guarantee that all persons whose signatures are required to sign on this account have signed this authorization below.</li> <li>• If there is a change in premiums due to a change in coverage or upon renewal, the amount of the monthly withdrawal will automatically be changed.</li> <li>• I/We will ensure that funds are available on each due date and understand that Non-Sufficient Funds transactions may result in one or all of the following:               <table border="0" style="width: 100%;"> <tr> <td style="width: 33%;">1. A second presentation or attempt to withdraw funds</td> <td style="width: 33%;">2. A second withdrawal notice</td> <td style="width: 33%;">3. Cancellation of my/our policy</td> </tr> </table> </li> <li>• I/We have received a copy of this authorization and have read and understand these terms and conditions.</li> <li>• For pre-authorized debits, I/We shall receive, with respect to the debiting of fixed-amount payments, written notice from the Insurer, the amount to be debited and the due date(s) debiting, at least 10 calendar days prior to the date of the first payment, and such notice shall be received each time there is a change in the amount of payment.</li> <li>• The account that my/our financial institution is authorized to draw upon is indicated below. A specimen cheque has been marked "void" and attached to this authorization.</li> <li>• I/We undertake to inform my/our Insurer, in writing, of any change in the account information provided in this authorization prior to the next payment due date.</li> <li>• I/We understand that this authorization is continuous and will automatically apply to the renewal terms, unless instructed differently.</li> <li>• I/We authorize my/our Insurer to collect or use my/our personal information for the purpose of this authorization for automatic withdrawals for payment of my/our insurance premiums. I/We authorize my/our Insurer to disclose any personal information contained in this authorization form to its financial institution to the extent disclosure is directly related to and necessary for the proper execution of the pre-authorized debit transaction for the policy number(s) noted above.</li> <li>• I/We may withdraw my/our consent to collect, use or disclose my/our personal information for the purpose of this authorization for automatic withdrawals for payment of my/our insurance premiums. Withdrawal of my/our consent will result in cancellation of this authorization for automatic withdrawals for payment of my/our insurance premiums, in which case I/We must make other arrangements for payment of my/our insurance premiums.</li> </ul>				1. A second presentation or attempt to withdraw funds	2. A second withdrawal notice	3. Cancellation of my/our policy
1. A second presentation or attempt to withdraw funds	2. A second withdrawal notice	3. Cancellation of my/our policy				
<b>For pre-authorized payment from your bank account:</b>						
Branch/Transit #:	Bank #:	Bank account #:	Business: <input type="checkbox"/> Personal: <input type="checkbox"/>			
Name and address of Financial Institution:						
Signature(s) as shown on bank records:						
Today's date:						



## Policy declarations

### Named Insured

926749 ONTARIO LTD.  
809 CLONSILLA AVENUE  
PETERBOROUGH ON K9J 5Y2

### Your Broker

IRWIN SARGENT & LOWES LTD.  
441 WATER ST  
PETERBOROUGH  
ON K9J 7H4

## Aviva Enterprise Automotive Sales & Services Policy

Your policy number: 81443067

Effective September 29, 2021 at 12:01 am  
to September 14, 2022 at 12:01 am  
(local time at the postal address)

Your total additional premium is \$49

Your insurance coverage is provided by  
Aviva Insurance Company of Canada  
2100-112 Kent Street  
Tower B  
Ottawa, ON K1P 5P2

## Change description

Location 2: ADDED LOSS PAYEE/LESSOR FOR NEWLY LEASED SWING ARM TIRE  
CHANGER AND INCREASED CONTENTS LIMIT TO INCLUDE THIS  
PIECE OF EQUIPMENT

The only insurance afforded by this policy is that which is provided by the forms indicated below. Reference should be made to the applicable forms for details.

## Conditions, Forms and Endorsements applicable to the entire policy

Form number	Form name
910000-01	Policy Conditions
910001-04	Property, Business Income, Inland Marine, Crime and Equipment Breakdown Common Conditions and Exclusions
910002-02	Liability Conditions
910300-01	Termination Amendment Endorsement
	Number of Days Other than Province of Quebec: 30
910502-01	Sanctions Exclusion Endorsement
910504-01	Contagious Disease Exclusion - Liability

This policy contains a clause(s) that may limit the amount payable.

CONTINUED ON NEXT PAGE

**Location 2****Additional premium: \$49**

**Address:** 724 ERSKINE AVENUE, UNIT 3&4, PETERBOROUGH ON K9J 5T9  
**Insured occupancy/operation:** LIGHT REPAIRS AND DETAILING OF VEHICLES  
**Construction:** MASONRY  
**Loss, if any, is payable to:** LOSS PAYEES AS PER SCHEDULE ATTACHED

**Forms and endorsements applicable to Location 2**

Form number	Coverage		Deductible (\$)	Co-insurance	Limits of insurance (\$)	Premium (\$)
	<b>PROPERTY</b>					
911000-05	Property Insurance					
	Business Contents		1,000	90%	144,104	Changed
911303-02	Sewer Back-Up Coverage		2,500		Included	
911456-02	EDP Equipment Breakdown Endorsement		1,000		25,000	
911301-01	Earthquake Shock Endorsement	Minimum	5% 100,000			
911302-01	Flood Endorsement		25,000			
	<b>CRIME</b>					
915000-02	Crime Form					
	B. Money, Securities and Other Property				10,000	
	Supplementary Coverages					
	Medical Expense Incurred from Robbery				Included	
	Each Person				5,000	
	Annual Aggregate				10,000	



Authorized Signature of Insurer  
Corporate Secretary



President and Chief Executive Officer

## Cancellation of policy

If you wish to cancel this policy, please sign the following and return this certificate to your agent.

In consideration of A RETURN PREMIUM to be calculated as provided in the policy conditions and to be paid by, the Insurer to the Insured, this policy is hereby cancelled.

Date \_\_\_\_\_

\_\_\_\_\_  
Signature of insured

PAYEE, if any, must discharge interest by signing this Form.

\_\_\_\_\_  
Payee

FOR FURTHER INFORMATION, CONTACT YOUR BROKER AT (705) 742-3861



**Policy Number:** 81443067  
**Effective Date:** September 29, 2021

## Schedule of Named Insureds

**926749 ONTARIO LTD.**

and  
2374340 ONTARIO INC.

operating as  
CLONSILLA AUTO SALES



# Schedule of Additional Insureds

Attached to and forming part of Form 916300-Additional Insured (GL) Endorsement

Alta Properties Inc. c/o Monopoly Property Management Inc.  
90 Tiverton Court, Unit 100  
Markham, ONTARIO, L3R 9V2

**Policy Number:** 81443067  
**Effective Date:** September 29, 2021

## Schedule of Loss Payees

**Name:** VAULT CREDIT CORPORATION LEASE # 234692

**Type:** Loss Payee

**Address:** 41 SCARSDALE ROAD, UNIT 5  
TORONTO, ON M3B 2R2

**Applicable Locations:** 2

**Description:** LESSOR AND ADDITIONAL INSURED

## Policy wordings

**This endorsement changes the coverage provided by:  
POLICY CONDITIONS - 910000**

This endorsement changes the termination conditions as follows:

### **A. POLICY CONDITIONS - 910000**

Policy Condition I. 9. TERMINATION AMENDMENT is amended as follows:

1. Subparagraph a. i. is deleted and replaced by the following:
  - i. The contract may be terminated
    - (a) by the Insurer giving to the Insured:
      - (1) 5 days' written notice of termination, for any reason, if personally delivered,
      - (2) 15 days' written notice of termination by registered mail if the contract is terminated for non-payment of premium, or
      - (3) the number of days shown on the "Policy Declarations" for this endorsement, of written notice of termination by registered mail if the contract is terminated for any reason other than non-payment of premium.
    - (b) by the Insured at any time on request.
2. The first line of subparagraph a. iv. is deleted and replaced by the following:  
The periods referred to in subparagraphs a. i. (2) and (3) of this condition:
3. Subparagraph b. i. (b) is deleted and replaced by the following:
  - (b) by the Insurer giving written notice which will be sent to every Insured named in the policy. The termination takes effect:
    - (1) if the policy is cancelled for non-payment of premium, 15 days after notice is received by the Insured at the Insured's last known address;
    - (2) if the policy is cancelled for any other reason, the number of days shown on the "Policy Declarations" for this endorsement after notice is received by the Insured at the Insured's last known address.

All other terms, conditions, exclusions and limitations remain unchanged.

Aviva Insurance Company of Canada

**Schedule 8.2(8)**  
**Transactions with Affiliates**

**Velocity Asset and Credit Corp.**

Limited Recourse Guarantee and Pledge Agreement dated September 11, 2019 between Velocity Asset and Credit Corporation, as pledgor, Beacon Holdings Limited, as security party, Waddell Asset Credit Corporation, as the Corporation and Computershare Trust Company of Canada, acting not in its individual capacity but solely in its capacity as trustee of Beacon Trust, as Trust.

**Exhibit "A"**  
**Borrowing Base Certificate**

**TO:** Enlightened Funding Corp.  
**FROM:** Velocity Asset and Credit Corporation  
**DATE:** [●]

---

The undersigned, Hugh Waddell, the President of Velocity Asset and Credit Corporation (the "**Borrower**"), hereby certifies for and on behalf of the Borrower in that capacity and not personally, that as of the date hereof:

1. This Borrowing Base Certificate is delivered to you pursuant to Section 8.1(5)(a) of the credit agreement dated May [●], 2022 between the Borrower, as borrower, and Enlightened Funding Corp., as lender (as the same may be modified, amended, supplemented, restated and replaced from time to time, the "**Credit Agreement**"). All capitalized terms set forth in this Borrowing Base Certificate and not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.
2. I am familiar with and have examined the provisions of the Credit Agreement and have made reasonable investigations of corporate records and inquiries of other officers and senior personnel of the Borrower.
3. Attached to this Borrowing Base Certificate as (a) Appendix I are the Borrowing Base calculations showing the computation of the Borrowing Base in reasonable detail as of the close of business on the date hereof and (b) Appendix II is a list of Leases the Borrower proposes to include in the Borrowing Base as 'Eligible Leases' and a list of all Leased Vehicles relating to such Leases.
4. The Borrowing Base is \$[●], calculated as follows, as set out in Section 1.1 of the Credit Agreement:

85% of Discounted Eligible Leases	A \$[●]
Less: Aggregate of all Reserves (other than Priority Payables)	B \$[●]
Less: Aggregate of all Priority Payables	C \$[●]
Borrowing Base (A - B - C)	\$[●]

*[Signature page follows]*

**DATED** as of the date first above written.

**VELOCITY ASSET AND CREDIT  
CORPORATION**

Per:

\_\_\_\_\_  
Name: Hugh Waddell  
Title: President

I have authority to bind the corporation

*[Signature Page to Borrowing Base Certificate]*

**APPENDIX I  
BORROWING BASE CALCULATIONS**

**APPENDIX II  
LIST OF LEASES AND LEASED VEHICLES**



**Exhibit "B"**  
**Compliance Certificate**

**TO:**            **Enlightened Funding Corp.**  
**FROM:**       **Velocity Asset and Credit Corporation**  
**DATE:**        [•]

---

The undersigned, Hugh Waddell, the President of Velocity Asset and Credit Corporation (the "**Borrower**") hereby certifies for and on behalf of the Borrower, in that capacity and not personally, that:

**1.        Purpose**

This Compliance Certificate is delivered to you pursuant to Section 8.1(5) of the credit agreement dated May 26, 2022 between the Borrower, as borrower, and Enlightened Funding Corp., as lender (as the same may be modified, amended, supplemented, restated and replaced from time to time, the "**Credit Agreement**"). All capitalized terms set forth in this Compliance Certificate and not otherwise defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

I have read and am familiar with the provisions of the Credit Agreement and I have made or caused to be made such examinations or investigations, including a review of the applicable books and records of the Borrower as are, in my opinion, necessary to furnish this Compliance Certificate, and I have furnished this Compliance Certificate with the intent that it may be relied upon by the Lender as a basis for determining compliance by the Borrower with its covenants and obligations under the Credit Agreement and the other Credit Documents as of the date of this Compliance Certificate.

**2.        Representations and Warranties**

All of the representations and warranties of the Borrower contained in the Credit Agreement and each of the other Credit Documents are true and correct as of the date hereof (except any representations which are stated to be as of a specific date which were true and correct as of such date) with the same force and effect as if made at and as of the date hereof.

**3.        Terms, Covenants and Conditions**

All of the terms, covenants and conditions of the Borrower contained in the Credit Agreement and each of the other Credit Documents to be performed or complied with by the Borrower, at or prior to the date hereof have been performed or complied with.

**4.        Events of Default**

No Event of Default has occurred and is continuing on the date hereof.

**5. Financial Covenants**

The financial covenants for the end of the month of [●] as computed in Appendix I attached hereto were:

<b>Financial Covenant</b>	<b>Date Measured</b>	<b>Requirement in Credit Agreement</b>	<b>Actual Performance</b>
Earnings before taxes, depreciation and amortization	End of such month on a trailing 12 month basis	Not less than 80% of the amounts projected in the most recent Financial Projections	[●] of the amounts projected in the most recent Financial Projections
Tangible Net Worth	End of such month	Greater than 80% of the amounts projected in the most recent Financial Projections	[●] of the amounts projected in the most recent Financial Projections

**6. Disclosure**

- (a) The particulars of the Material Contracts entered into other than in the ordinary course of business since the date of delivery of the prior Compliance Certificate are set forth in Appendix II.
- (b) The particulars of any Material Adverse Change in, or Material Adverse Effect resulting from an amendment to, any Material Contract other than in the ordinary course of business since the date of delivery of the prior Compliance Certificate are set forth in Appendix III.

*[Signature page follows]*

**IN WITNESS WHEREOF** I have signed this Compliance Certificate as of the date first set out above.

**Velocity Asset and Credit Corporation**

Per:

\_\_\_\_\_  
Name: Hugh Waddell

Title: President

I have authority to bind the corporation

*[Signature Page to Compliance Certificate]*

**APPENDIX I  
FINANCIAL COVENANTS**

See attached.

**APPENDIX II  
MATERIAL CONTRACTS**

See attached.

**APPENDIX III  
MATERIAL CONTRACTS  
MATERIAL ADVERSE CHANGES/MATERIAL ADVERSE EFFECTS**

See attached.

**Exhibit "C"**  
**Drawdown Notice**

**TO:** Enlightened Funding Corp.  
**FROM:** Velocity Asset and Credit Corporation  
**DATE:** [●]

---

7. This Drawdown Notice is delivered to you pursuant to Section 2.5(1) of the credit agreement dated May 26, 2022, between Velocity Asset and Credit Corporation, as borrower, and Enlightened Funding Corp. (the "**Lender**"), as lender (as the same may be modified, amended, supplemented, restated and replaced from time to time, the "**Credit Agreement**"). All defined terms set forth but not otherwise defined in this notice shall have the respective meanings set forth in the Credit Agreement, unless the context requires otherwise.
8. The Borrower hereby requests an Advance as follows:
- (a) **Drawdown Date:** [●]
  - (b) **Applicable Credit Facility:** (check appropriate box)
    - Revolving Facility
    - Revolving Warehouse Subfacility
  - (c) **Type and Amount of Advance:**
    - Prime Rate Loan Cdn \$[●]
  - (d) **Dealer Allocated Amounts:**
    - NAF Dealer \$[●]
    - CAS Dealer \$[●]
9. **No Default.** No Default or Event of Default exists has occurred and is continuing on the Drawdown Date, or would result from making the Advance and, without limiting the generality of the foregoing, the Borrower is in compliance with its obligation to deliver Borrowing Base Certificates in accordance with Section 8.1(5)(a).
10. **Representations Correct.** The representations and warranties contained in Section 7.1 are true and complete on the Drawdown Date as if made on such date unless specifically made as of a certain date.

11. **No Breach of Laws.** The Advance does not violate any order, judgment or decree of any court or other authority or any provision of law or regulation applicable to the Lender as then in effect.

*[Signature page follows]*



**DATED** as of the date first above written.

**VELOCITY ASSET AND CREDIT  
CORPORATION**

Per:

\_\_\_\_\_  
Name: Hugh Waddell  
Title: President

I have authority to bind the corporation

**926749 ONTARIO LTD.**

Per:

\_\_\_\_\_  
Name: Hugh Waddell  
Title: President

I have authority to bind the corporation

**1656801 ONTARIO LIMITED**

Per:

\_\_\_\_\_  
Name: Adam Mounzer  
Title: President

I have authority to bind the corporation

*[Signature Page to Drawdown Notice]*

**APPENDIX I  
BORROWING BASE CERTIFICATE**

See attached.

**Exhibit "D"**  
**Credit and Collection Policies**

## **Velocity Dealer – Credit Underwriting Guidelines v.1.4**

### **MANDATORY STIPULATIONS**

#### **CUSTOMER**

- ✓ Ontario residents only
- ✓ Minimum G2 driver's licence required
- ✓ Applicant's ability to pay/carry monthly payment must be demonstrated (maximum monthly lease payment to monthly net income ratio: 20%)
- ✓ Applicant must have a minimum income of \$2000/month
- ✓ Welfare not accepted as main source of income
- ✓ Baby Bonus income accepted
- ✓ A detailed in-person credit interview is conducted with each applicant to understand the reasons behind their credit issues
- ✓ Applicant must have been employment for a minimum of at least 3 months
- ✓ Applicant must submit 2 recent pay stubs and/or 3 months of bank statements
- ✓ Applicants in bankruptcy/proposal require letter/interview with trustee
- ✓ Dealership must confirm applicant ID and age (must be 21 years of age or older)
- ✓ Dealership must confirm whether applicant is a returning customer
- ✓ Returning customer payment history must be reviewed, payment history must be clean
- ✓ Dealership must confirm applicant employment and references

#### **CONTRACT**

- ✓ Down payment must be received before delivery
- ✓ Full insurance coverage required
- ✓ OPCFS insurance endorsement to dealership is mandatory
- ✓ GPS tracking devices installed on vehicles

- ✓ Maximum \$1000 insurance deductible
- ✓ Maximum term for all lease contract is 72 months
- ✓ Maximum lease vehicle value is \$60,000
- ✓ License fee financing is not permitted, always collected up front
- ✓ Vehicle warranty recommended on all leased vehicles (provided by dealership or factory warranty) – 95% compliance
- ✓ No salvage vehicles, rebuilt vehicles, or vehicles with accidents greater than \$6000

## **Velocity Dealer - Collection Process v.1.3**

The Dealer Administrator is automatically notified of a returned payment within 24-36 hours after payment due date.

### **Step 1: (24 to 36 hours after NSF occurrence)**

- Customers are immediately contacted via both email and by telephone. Customer is expected to respond within 24 hours of NSF notification from dealership.

### **Step 2: (48 to 60 hours)**

If the client fails to respond within 24 hours of NSF notification from dealership to make payment arrangements, the following occurs:

- Collection Letter is sent to customer address.
- Daily phone calls and emails are sent to customer in order to make payment arrangements.
- Dealership will contact client's references to alert them of missed payment and inquire as to customer whereabouts.

### **Step 3: (72 hours to 96 hours)**

- Dealership tracker is assigned to customer account to determine vehicle movement trends at this stage and monitor customer's travel patterns, should dealership need to repossess the vehicle.

#### **Step 4: (4 – 7 Days - Repossession)**

When all efforts to reach the client have been exhausted, the following occurs:

- Vehicle repossession
- Phone call and email to client, advising them of situation.
- Written notice mailed to client, advising them of situation.
- The local police are notified of the vehicle repossession.
- Dealership Administrator will begin the process of making settlement arrangements with the client in order to prevent further collection and/or legal actions against client.

#### **Step 5: (Remarketing, Collections, Court Filings)**

Once a vehicle has been repossessed and if all communication attempts with the client have failed or satisfactory payment arrangements have not been made:

- Recondition and remarket the repossessed vehicle in order to recover lost payments.
- Submit client to third party collection agency for further action, which include the filing of a court judgement and a pay garnishment.
- 

#### **Other Important Collection Processes/Steps:**

- Dealership will not allow client to pass over two payments in arrears even if client has been in contact with dealership.
- Dealership will allow a maximum of one skipped payment to assist clients facing financial hardship. This exception can only be granted with General Manager's approval.
- Dealership will attempt to debit clients' accounts following Stage 1, should dealership be unsuccessful in contacting the client.
- Dealership explains strict payment policy with clients before allowing them to sign any documentation.
- Clients will also be subject to fees outlined to them when leasing a vehicle. Dealership requires clients to sign a Fee Schedule, which outlines payment penalties, before funding can be complete.
- The Dealership Administrator documents all notes relating to each stage of the collection process. The Administrator will also document any pertinent information that might assist with possible future collections.
- Each client is introduced to the Dealership Administrator at the beginning of their lease. The Dealership Administrator is the client's point of contact for the term of their contract. This resource is always available to assist with late or missed payment processing and answer any lease related questions a customer might have.

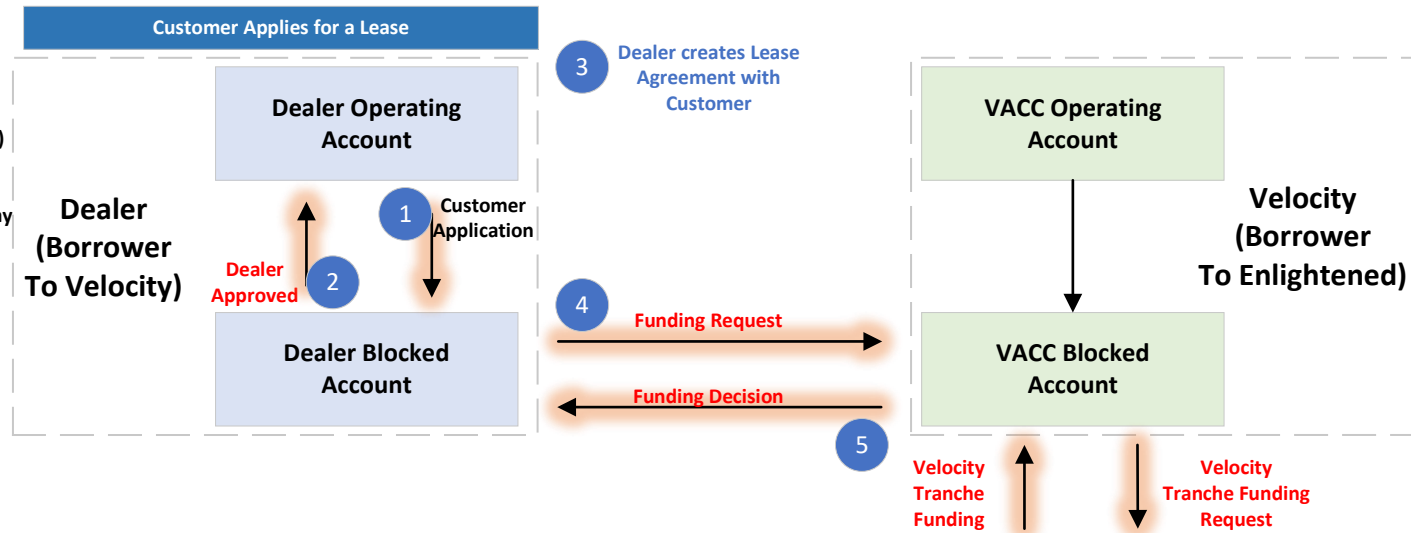


## Appendix "G"

# VELOCITY-ENLIGHTENED DEALER FUNDING WORKFLOW

**Dealer Security to Enlightened**

- Limited Dealership Guarantee (for each contract)
- General Security Agreement
- Inter-Creditor Release (no-interest letters signed each month by the floor-planning finance company for each vehicle being funded by Enlightened)



**Dealer Blocked Accounts**

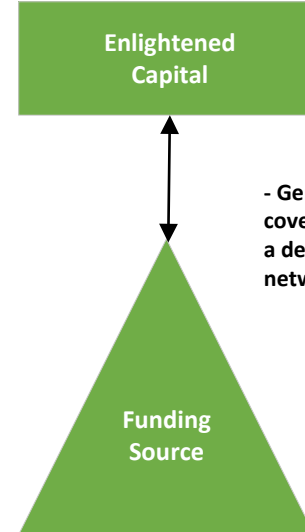
- Dealership will create a blocked account which automatically receives all lessee lease payments via PAP
- All monthly payments to Velocity are perfected from this account by the dealer
- Dealer manages any collection issues internally for late paying customers
- Enlightened is authorized to take control of this account, if necessary

**VACC Blocked Accounts**

- Velocity will create a blocked account which receives all monthly dealer lease payments
- All monthly payments to Enlightened are perfected from this account by Velocity
- Velocity manages any collection issues directly with dealer
- Enlightened is authorized to take control of this account, if necessary

**Velocity Security to Enlightened**

- General Security Agreement up to \$10M to cover any losses that may accrue as a result of a default from any dealership in the Velocity network





## Appendix “H”

**GUARANTEE AND SERVICING AGREEMENT**

THIS AGREEMENT dated the 26<sup>th</sup> day of May, 2022.

BETWEEN:

**926749 ONTARIO LTD.**, a corporation existing under the laws of the Province of Ontario

("CAS Dealer")

AND:

**ENLIGHTENED FUNDING CORP.**, a corporation existing under the laws of the Province of Ontario

(the "Lender")

WHEREAS:

A. The Lender has agreed to establish certain credit facilities (the "**Credit Facilities**") in favour of Velocity Asset and Credit Corporation (the "**Borrower**") pursuant to the Credit Agreement dated as of May 26, 2022 (the "**Credit Agreement**") between the Lender and the Borrower, on the condition, among other things, that CAS Dealer enter into this Agreement; and

B. The Borrower shall use the proceeds of extensions of credit under the Credit Facilities to, among other things, finance the Borrower's financing of Eligible Leases made by CAS Dealer pursuant to a dealer funding agreement dated the date hereof between the Borrower and CAS Dealer (as amended from time to time, the "**Dealer Funding Agreement**");

C. Availability under the Credit Facilities will be based in part upon the value of the CAS Dealer's Eligible Leases on the basis that the CAS Dealer will guarantee the Credit Facilities and grant to the Lender a first priority perfected security interest in such Eligible Leases securing the Borrower's obligations under the Credit Facilities;

WITNESSETH that in consideration of the matters mentioned in the Recitals and of other consideration (the receipt and sufficiency of which is hereby acknowledged by CAS Dealer), the parties agree as follows:

1. **INTERPRETATION**

1.1 In this Agreement capitalized terms used herein and not otherwise defined have the meaning given to them in the Credit Agreement and in Schedule A hereto.

1.2 References to CAS Dealer, the Borrower and the Credit Parties include their respective successors and permitted assigns.

1.3 References to the Lender include its respective successors and assigns.

1.4 References to winding-up or bankruptcy include winding-up, liquidation, dissolution and the placing of the corporation or Person under official management or receivership, order, arrangement, proposal or other similar proceedings.

1.5 References to facilities and financial accommodation (including, without limitation, the Credit Facilities and the Credit Documents) include such facilities and financial accommodation as may be amended, varied, consolidated, replaced, renewed, restated, extended, increased or decreased from time to time.

1.6 References to Sections, subsections and paragraphs are references to sections, subsections and paragraphs of this Agreement.

1.7 Unless the context otherwise requires, words, importing the singular include the plural and vice versa and words importing any gender include every gender.

1.8 In the event of any conflict or inconsistency between any of the terms and conditions set forth in the Credit Agreement and any of the terms and conditions set forth in this Agreement, the terms and conditions set forth in the Credit Agreement shall prevail to the extent of such conflict or inconsistency. For greater certainty, rights and remedies in favour of the Lender in this Agreement which are not set out in the Credit Agreement, are in addition to the rights and remedies in the Credit Agreement and not in conflict or inconsistent with those in this Agreement.

## 2. **GUARANTEE**

2.1 Subject to Section 2.3, CAS Dealer hereby unconditionally guarantees to Lender the due and punctual payment by the Borrower of all indebtedness and liability, present and future, direct or indirect, absolute or contingent, matured or unmatured, extended, renewed, joint or several of the Borrower to the Lender, relating to or arising out of: the Credit Facilities, the Credit Agreement and the other Credit Documents, and all accrued and unpaid interest thereon, with the intent that should the Borrower default in the due and punctual payment of such indebtedness or liability or any part or parts thereof, CAS Dealer shall pay such indebtedness and liability immediately on demand to the Lender (all of which indebtedness, liabilities, obligations and agreements specified in this Section 2.1 are hereinafter referred to as the "**Borrower's Obligations**").

2.2 The guarantee of the Borrower's Obligations pursuant to Section 2.1 is a continuing guarantee and shall be irrevocable and remain in full force and effect until the whole of the Borrower's Obligations have been paid or satisfied.

2.3 CAS Dealer's obligations and liability pursuant to Section 2.1 and Section 4.1 in the aggregate shall not exceed the aggregate CAS Dealer Allocated Amount. For greater certainty, the foregoing shall not in any way limit or reduce CAS Dealer's liability for any breach of its obligations under this Agreement or any liability of the CAS Dealer under this Agreement.

## 3. **GUARANTOR OBLIGATIONS**

3.1 Notwithstanding anything herein to the contrary and without prejudice to the rights or remedies of the Lender against the Borrower as principal debtor, as between CAS Dealer on the one hand and the Lender, on the other, CAS Dealer's guarantee of the Borrower's Obligations pursuant to Section 2.1 (hereinafter referred to as the "**Guarantor Obligations**") is a principal obligation and not merely the obligation of a surety and the Lender shall not be required to proceed against the Borrower, exhaust any remedies it may have against the Borrower or enforce any of the Security but shall be entitled to demand and receive payment and performance from CAS Dealer when any payment or performance is due under this Agreement.

3.2 If pursuant to Section 9.2(b) of the Credit Agreement, the Lender has declared the entire principal amount of all Advances outstanding to be immediately due and payable, CAS Dealer as primary obligor and not merely as surety shall forthwith, on demand by the Lender, pay to the Lender the full amount of the Borrower's Obligations due and payable (by acceleration or otherwise) by the Borrower up to the aggregate CAS Dealer Allocated Amount. Any and all such payments shall be final and shall be free from

any claim, counterclaim or defence of CAS Dealer against the Lender. The guarantee of the Borrower's Obligations pursuant to Section 2.1 is a guarantee of payment and not merely of collection. CAS Dealer hereby waives all defences of a surety to which it may be entitled by statute or otherwise.

3.3 Notwithstanding anything herein to the contrary, the Guarantor Obligations shall be absolute and unconditional in any and all circumstances and the liability of CAS Dealer for the Guarantor Obligations shall not be abrogated, prejudiced, discharged or otherwise affected by any fact, circumstance or thing whatsoever which, but for the provisions of this Agreement, would or might operate to abrogate, prejudice, discharge or otherwise affect the obligations of CAS Dealer under this Agreement, including, without limitation, any one or more of the following (whether or not any such matter, fact or thing was or should have been known to the Lender, before any of the Borrower's Obligations were incurred):

- (a) any release, discharge, relinquishment, amendment, increase, decrease, compounding, abandonment, transfer, assignment, waiver or other variation of the Borrower's Obligations, any of the Credit Facilities, the Credit Documents or the Security or other arrangements now or from time to time hereafter in force between the Lender and the Borrower or the replacement of any such obligations or arrangements with new obligations or arrangements, whether with or without the consent of CAS Dealer, including, without limitation, any increase in the amount of the Borrower's Obligations (including an increase in the authorized amount of the Credit Facilities), the variation in the time or method of payment, the increase or variation in any fee or interest rate, the variation of the method of calculation of any fee or interest rate, or any increase in costs, fees, expenses or outgoings; or
- (b) the granting of time, credit or any other indulgence or concession to the Borrower by the Lender, whether with or without the consent of CAS Dealer; or
- (c) any judgment or rights which the Lender may have or exercise against the Borrower; or
- (d) the whole or any part of the Credit Facilities, the Credit Documents or any of the Security being or becoming wholly or partially illegal, void, voidable or unenforceable, whether by reason of any statute (including but not limited to any statute of limitations) or for any other reason whatsoever; or
- (e) the Lender becoming a party to or becoming bound by any compromise of debts, assignments of property, scheme of arrangement or scheme of reconstruction by or relating to the Borrower or CAS Dealer or their respective affairs or the acceptance by the Lender of any sum of money thereunder; or
- (f) the insolvency, winding-up or bankruptcy of the Borrower or CAS Dealer or the reconstruction, reorganization, amalgamation, merger or absorption of the Borrower or CAS Dealer; or
- (g) the failure by the Lender to take or obtain any security from the Borrower, CAS Dealer or any other Person whether in respect of the Borrower's Obligations or Guarantor Obligations or otherwise; or
- (h) any assignment or transfer by the Lender of the benefit of and rights under this Agreement, the Credit Facilities, the Credit Documents or the Security; or
- (i) the granting of any security by CAS Dealer, the Borrower or any other Person to the Lender or the fact that any negotiable or other instrument is still in circulation or outstanding; or
- (j) the fact that any of the Security may be issued after the execution of this Agreement; or

- (k) the Lender failing to perfect, register or maintain perfection or registration of any of the Security; or
- (l) in the event the Borrower or CAS Dealer is a trustee, a breach of trust by the same; or
- (m) the fact that the Borrower may enter into transactions with or incur obligations to the Lender without the consent of or notice to CAS Dealer; or
- (n) any Person becoming or not becoming a guarantor of the Borrower's Obligations or any part thereof; or
- (o) any change in the membership of any partnership or firm of which the Borrower or CAS Dealer is a member; or
- (p) the failure by the Lender to make an advance under any Credit Facility.

3.4 The Guarantor Obligations are in addition to and not in substitution for the Security and such Security may be treated as being independent of the Guarantor Obligations and may be enforced by the Lender in its absolute discretion without first having recourse to CAS Dealer's guarantee under this Agreement.

3.5 The Lender may release or otherwise deal with any of the Credit Documents without releasing or affecting the Guarantor Obligations and the CAS Dealer, which shall not hold the Lender responsible or liable for any loss or damage howsoever suffered by CAS Dealer as a result of any such release or dealing (including, without limitation, any prejudice to or loss of any rights of subrogation) or for any loss by the Lender of any such security or by the Lender failing or neglecting to recover, by the realization of any such security or otherwise, any monies owing or to become owing to the Lender by the Borrower or by any negligence, laches or mistakes on the part of the Lender. Notwithstanding the foregoing, the Lender may not amend any of the Credit Documents in a manner that would increase the liability of the CAS Dealer without the consent of CAS Dealer, which shall not be unreasonably withheld.

3.6 The Guarantor Obligations shall continue to be effective or shall be reinstated, as the case may be, if at any time payment of any of the Borrower's Obligations or of any monies payable under CAS Dealer's guarantee under this Agreement are avoided or must be repaid or restored, either in whole or in part, by the Lender to the Borrower or to CAS Dealer by reason of preference or for any other reason whatsoever and the Guarantor Obligations shall extend to all such monies and any such payment shall be deemed not to have discharged the Borrower's Obligations or Guarantor Obligations and the Lender shall have the same rights against CAS Dealer as if such payment had not been made.

#### **4. INDEMNITY RE: BORROWER'S OBLIGATIONS**

4.1 Notwithstanding anything herein to the contrary, if the whole or any part of the Borrower's Obligations are not or may not be recovered from the Borrower by the Lender for any reason whatsoever, including, without limitation, by reason of:

- (a) any legal limitation, disability or incapacity of or affecting the Borrower personally or in the capacity in which it was or is purporting to act;
- (b) any of the transactions relating to the Borrower's Obligations or the whole or any part of any of the Credit Documents or Security being or becoming wholly or partially illegal, void, voidable or unenforceable for any reason whatsoever (whether or not any of the matters or facts relating thereto have been or ought to have been within the knowledge of any of the Lender); or

- (c) any other fact, matter or thing whereby the whole or any part of the Borrower's Obligations are not recoverable by the Lender from CAS Dealer as surety,

then, subject to Section 2.3, CAS Dealer, as a separate and additional obligation under this Agreement, hereby agrees to indemnify the Lender in respect of the amount of monies (whether present or future, direct or indirect, absolute or contingent, matured or unmatured) which, if the Borrower's Obligations had been recoverable, would be due to the Lender by the Borrower and CAS Dealer agrees with the Lender to pay to the Lender on demand an amount equal to such monies.

## 5. **SUBORDINATION**

5.1 CAS Dealer hereby postpones and subordinates the Guarantor Indebtedness to and in favour of the Borrower's Obligations to the extent provided for in this Agreement.

5.2 After the Lender has declared the entire principal amount of all Advances outstanding to be immediately due and payable pursuant to the Credit Agreement, CAS Dealer shall not accept or receive payment of any amount of the Guarantor Indebtedness from the Borrower, from realization of Guarantor Security or from any other source unless and until the Lender has received payment in full of the Borrower's Obligations.

5.3 Until the Lender has received one hundred cents on the dollar in respect of the Borrower's Obligations, CAS Dealer shall not, on any grounds whatsoever, either directly or indirectly:

- (a) prove or claim in competition to the Lender so as to diminish any distribution, dividend or payment which, but for such proof or claim, the Lender would be entitled to receive pursuant to the winding-up or bankruptcy of the Borrower and the receipt of any such distribution, dividend or other payment by the Lender pursuant to any such winding-up or bankruptcy shall not prejudice the right of the Lender to recover the whole of the Borrower's Obligations from CAS Dealer; and
- (b) claim or receive the benefit of any distribution, dividend or payment arising out of or relating to the winding-up or bankruptcy of the Borrower.

5.4 If winding-up or bankruptcy proceedings are commenced against the Borrower, CAS Dealer authorizes the Lender to:

- (a) prove for all monies for which the Borrower is liable to CAS Dealer, including any monies which CAS Dealer has paid hereunder, and
- (b) retain and carry on a separate account and appropriate at the Lender's discretion any distribution, dividend or payment received until the Lender has, with the aid thereof, been paid in full in respect of the Borrower's Obligations.

5.5 In the event CAS Dealer receives any amount in respect of the Guarantor Indebtedness from the Borrower, in breach of this Section 5, from realization of the Guarantor Security or from any other source, CAS Dealer shall receive and hold such amount in trust for the Lender and shall not commingle such amount with any other assets of CAS Dealer and CAS Dealer hereby grants the Lender a security interest in any such amount and all proceeds thereof that are personal property. CAS Dealer shall pay such amount over to the Lender unless, at the time of receipt thereof by CAS Dealer, the Borrower's Obligations have been paid in full.

5.6 Notwithstanding any provision of the Guarantor Security or otherwise, CAS Dealer shall not, without the prior written consent of the Lender, commence any legal or other proceedings to collect or recover Guarantor Indebtedness or commence realization of the Guarantor Security until the Borrower's Obligations have been paid in full. Without limiting the foregoing, CAS Dealer shall not, without the prior

written consent of the Lender, commence a suit against the Borrower, effect the issue of a petition in bankruptcy against the Borrower or a proposal or arrangement in respect of the Borrower's debts and liabilities, appoint a receiver or receiver manager of all or any part of the property and assets of the Borrower or apply to a court for the appointment of a receiver or receiver manager of all or any part of the property and assets of the Borrower until the Borrower's Obligations have been paid in full. The Lender shall not unreasonably withhold such consent if the Lender has then commenced any action or taken any proceedings against the Borrower to collect or recover the Borrower's Obligations or to realize on the Security.

5.7 CAS Dealer shall not take any action to challenge or otherwise prejudice the rights and benefits of the Lender under the Credit Documents or Security, or the priority thereof.

5.8 CAS Dealer shall not, without the prior written consent of the Lender, assign Guarantor Indebtedness or the Guarantor Security, or any part or parts of either, to any Person. Notwithstanding any such assignment CAS Dealer shall not be relieved of its obligations under this Agreement.

5.9 The Guarantor Obligations and the subordination and postponements contained in this Agreement, shall not be prejudiced or affected by the respective dates:

- (a) on which the Borrower's Obligations or Guarantor Indebtedness, or any part of either, were incurred or notice thereof was given in any manner;
- (b) of execution, delivery, registration or perfection of the Security and the Guarantor Security; or
- (c) of default in payment of the Borrower's Obligations and Guarantor Indebtedness or the respective dates of commencement of realization of the Security and the Guarantor Security, including the respective dates of crystallization of any floating charge contained in the Security or the Guarantor Security.

5.10 The Lender shall be under no obligation to marshal in favour of CAS Dealer any of the Security or any funds or assets that the Lender may be entitled to receive or have a claim upon.

5.11 CAS Dealer shall not be entitled, on any grounds whatsoever, to claim the benefit of, or to participate in, any of the Security and CAS Dealer shall not be entitled to call on the Lender, to sue or take proceedings against the Borrower or CAS Dealer, whether or not the whole of the Borrower's Obligations have been paid or satisfied.

5.12 CAS Dealer shall not be entitled to recover or make any claim for any amount paid under this Agreement or to enforce rights which may accrue to it (whether by way of indemnity, set-off, counterclaim, subrogation or otherwise) until the whole of the Borrower's Obligations have been paid or satisfied. All monies actually received by the Lender and which the Lender retains without there being any arguable claim thereto and charged by the Lender in reduction or on account of the Borrower's Obligations shall be regarded as payments in gross and CAS Dealer shall not be entitled to stand in the place of the Lender in respect of or to claim the benefit of any money so received until the whole of the Borrower's Obligations have been paid or satisfied.

## **6. PAYMENTS AND PRESERVATION AND ENFORCEMENT COSTS**

6.1 CAS Dealer shall pay to the Lender on demand all costs and expenses (including reasonable legal fees and expenses) which may be incurred by the Lender in the preservation of the Guarantor Obligations and the enforcement by the Lender of any of its rights and powers relating to the Guarantor Obligations.

6.2 CAS Dealer agrees that a certificate signed by the Lender stating the amount or amounts due by the Borrower or CAS Dealer on any account whatsoever shall be *prima facie* evidence of the facts stated therein.

6.3 All payments to be made by CAS Dealer hereunder shall be made:

- (a) without set-off or counterclaim; and
- (b) free and clear of and without deduction for or on account of any present or future Taxes unless CAS Dealer is compelled by law to make payment subject to such Taxes.

6.4 All Taxes in respect of matters relating to or arising out of the Guarantor Obligations and any amounts paid or payable hereunder shall be paid by CAS Dealer when due and in any event prior to the date on which penalties attach thereto. CAS Dealer shall indemnify the Lender in respect of all such Taxes. In addition, if any Taxes or amounts in respect thereof must be deducted from any amounts payable or paid by CAS Dealer relating to its Guarantor Obligations, CAS Dealer shall pay such additional amounts as may be necessary to ensure that after all required deductions or withholdings (including the deductions or withholdings resulting from the additional amounts payable by reason of this Section 6.4) the Lender receives a net amount equal to the full amount which it would have received had payment not been made subject to such Tax. Notwithstanding the foregoing, unless the Lender has declared the entire principal amount of all Advances outstanding to be immediately due and payable pursuant to the Credit Agreement, CAS Dealer shall not be required to indemnify the Lender or pay the Lender for any Taxes deducted or withheld by reason of the fact that the Lender is a non-resident of Canada.

6.5 CAS Dealer shall deliver to the Lender evidence satisfactory to it (including all relevant Tax receipts) that any payment by CAS Dealer of or in respect of Taxes in respect of matters relating to or arising out of the Guarantor Obligations has been duly remitted to the appropriate authority, within 10 days of receipt of a written request by the Lender to do so.

6.6 If any amount payable under relating to or arising out of the Guarantor Obligations or in connection with the Security is not paid as and when due CAS Dealer authorizes the Lender to proceed, to the fullest extent permitted by Applicable Law, without prior notice, by right of combination, set-off, consolidation, banker's lien or counteraction, against any assets of CAS Dealer in any currency that may at any time be in the possession of the Lender, to the full extent of all amounts payable to the Lender hereunder. If the Lender so proceeds it shall forthwith give notice thereof to CAS Dealer.

## 7. **WAIVER AND ENFORCEMENT OF RIGHTS**

7.1 Any party may from time to time and at any time:

- (a) waive in whole or in part the benefit to it of any of the provisions of any Section in this Agreement; or
- (b) waive in whole or in part its rights on any default under any Section in this Agreement which is to its benefit,

but any such waiver by any party of such benefit or right on any occasion shall be deemed not to be a waiver of the benefit of or right under any such Section thereafter or of any other Section or of any subsequent default, as the case may be.

7.2 Failure to exercise or delay in exercising on the part of any of the any right, power or privilege under this Agreement, under any Credit Document, under any agreement with the Borrower or under any of the Security shall not operate as a waiver hereof or thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other



right, power or privilege. No waiver by the Lender shall be effective unless it is in writing signed by the Lender.

7.3 All rights and remedies of the Lender set out in this Agreement, the Credit Documents and the Security and in any other agreement between the Lender and the Borrower or CAS Dealer or any other Person whomsoever are cumulative and no right or remedy contained herein or therein is intended to be exclusive but each is in addition to every other right or remedy contained herein or therein, or now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Borrower and the Lender that may be in effect from time to time.

7.4 CAS Dealer hereby waives in favour of the Lender all rights whatsoever against the Lender and the Borrower and any other corporation, Person, estate and assets so far as necessary to give effect to anything contained in this Agreement.

7.5 CAS Dealer hereby waives protest, presentment, demand for payment, notice of default or non-payment and notice of dishonour, and any and all notices of every kind and description which may be required to be given by statute or otherwise.

7.6 All payments by CAS Dealer of the Borrower's Obligations shall be made in Canadian Dollars. CAS Dealer waives any right which it might have in any jurisdiction to pay any amount under this Agreement in a currency other than that in which it is expressed to be payable hereunder and thereunder under the Credit Agreement.

## **8. ACKNOWLEDGMENT AND AGREEMENT OF CAS DEALER**

CAS Dealer acknowledges and agrees with the Lender that CAS Dealer has not executed this Agreement as a result of, by reason of, or in reliance upon, any promise, representation, statement or information of any kind or nature whatsoever given, or offered to CAS Dealer, by or on behalf of the Lender whether in answer to any enquiry by or on behalf of CAS Dealer or not. The Lender was not, prior to the execution by CAS Dealer of this Agreement, and is not thereafter, under any duty to disclose to CAS Dealer or any other Person any information, matter or thing (material or otherwise) relating to the Borrower, its affairs or its transactions with the Lender, including, without limitation, any information, matter or thing which puts or may put the Borrower in a position which CAS Dealer would not naturally expect or any unexpected facts or unusual features which, whether known or unknown to CAS Dealer, are present in any transaction between the Borrower and the Lender, and the Lender was not and is not under any duty to do or execute any matter, thing or document relating to the Borrower, its affairs or its transactions with the Lender.

## **9. SERVICING OF LOANS AND LEASES**

### **9.1 Servicing of Portfolio**

CAS Dealer covenants to service the Funded Assets with reasonable care using that degree of skill and attention and in accordance with the Credit and Collection Policies, and subject to and in accordance with the provisions of this Agreement. Without limiting the generality of the foregoing, CAS Dealer, shall and covenants to:

- (a) upon receipt by CAS Dealer, immediately endorse to and deposit to the Dealer Blocked Account, all instruments and chattel paper at any time constituting part of the Funded Assets (including any post-dated cheques);
- (b) irrevocably instruct all Lessees in respect of the Funded Assets to remit all payments in respect of the Funded Assets to the Dealer Blocked Account;

- (c) deposit Collections to the Dealer Blocked Account (which will, until remitted, be held in trust for the Lender) in accordance with Section 9.2 and comply in all respects with Sections 2.9, 4.1, 4.3(2), 5.2 or 8.1(9) of the Credit Agreement in respect of the Dealer Blocked Account and the payments in respect of the Funded Assets;
- (d) maintain and implement prudent and reasonable administrative and operating procedures (including an ability to recreate the Records in the event of the destruction of the originals thereof) and keep and maintain all books, records, documents and other information reasonably necessary or advisable for the identification and collection of the Receivables payable in respect of the Funded Assets (including records adequate to permit all collections of and reductions or adjustments to such Receivables);
- (e) timely and fully perform and comply with all terms, covenants and other provisions of the Funded Assets required to be performed and observed by it or the Lender;
- (f) comply in all respects with the Credit and Collection Policies and Applicable Law in regard to each Lease;
- (g) not, without the prior consent of the Lender, make any change in the Credit and Collection Policies;
- (h) not extend, amend or otherwise modify or waive any term or condition of any Lease unless permitted in accordance with the terms of the Credit and Collection Policies;
- (i) collect all Receivables payable in respect of the Funded Assets (together with all applicable Sales Taxes in respect thereof); and maximize the proceeds of disposition realized in respect of any related Leased Vehicle, all in accordance with all applicable laws, rules and regulations, the provisions hereof and the Credit and Collection Policies;
- (j) make all payments payable by it to government agencies and others where a statutory lien or deemed trust might arise having priority over the Lender's interest in any part of the Funded Assets;
- (k) effect all filings or recordings with respect to the Lender's interest in all Rights necessary by law or reasonably prudent or desirable for the perfection and protection of such interest and all appropriate renewals or amendments thereof; and
- (l) promptly, from time to time, furnish to the Lender such documents, records, information or reports in respect of the Funded Assets or the conditions or operations, financial or otherwise, of CAS Dealer as may be in existence in written form or available in databases as the Lender may from time to time request.

## 9.2 Deposit of Collections

All Collections shall be deposited by CAS Dealer in the Dealer Blocked Account upon receipt by CAS Dealer (or, in the case of Deemed Collections, on the date of deemed receipt) and such Collections may only be withdrawn from the Dealer Blocked Account in accordance with the provisions of the Credit Agreement.

## 9.3 Deemed Collections

If on any day, the amount owing under any Funded Asset is either (i) reduced or cancelled in whole or in part for any reason; the CAS Dealer shall, for all purposes hereof, be irrebuttably deemed to have received for the account of the Lender on such day a Collection in respect of such Funded Asset in the amount of such reduction, cancellation or prepayment charge, together with all accrued and unpaid

interest thereon and all other amounts owing thereunder, and the CAS Dealer shall forthwith deposit such amount into the Dealer Blocked Account.

If on any day, any Adverse Claim is successfully asserted against any Funded Asset, the CAS Dealer shall, for all purposes hereof, be irrebuttably deemed to have received for the account of the Lender on such day a Collection equal to all remaining unpaid payments in respect of such Funded Asset together with all accrued and unpaid interest thereon and the CAS Dealer shall forthwith deposit such amount into the Dealer Blocked Account.

## 10. **REPRESENTATIONS AND WARRANTIES AND COVENANTS**

### 10.1 **Representations and Warranties**

CAS Dealer represents and warrants to the Lender on the date hereof that each of the Borrower's representations and warranties set forth in Article 7 of the Credit Agreement relating to or concerning CAS Dealer as a Credit Party and a Dealer and all of CAS Dealer's Leases and Leased Vehicles is true and correct. This representation and warranty shall be deemed to be repeated on each date that the Borrower's representations and warranties are deemed repeated pursuant to Section 7.2 of the Credit Agreement.

### 10.2 **Affirmative Covenants**

While any obligation of any Credit Party or the Lender is outstanding under any Credit Document and the Commitments have not been terminated, the CAS Dealer agrees as follows:

- (1) ***Maintenance of Business.*** Except as permitted hereunder, it shall preserve and maintain its existence, and preserve and keep in force and effect all licenses, permits and franchises necessary to the proper conduct of its business.
- (2) ***Maintenance of Properties.*** It shall maintain, preserve and keep its property, plant, Equipment and other assets in good repair, working order and condition (ordinary wear and tear excepted) and shall from time to time make all needed and proper repairs, renewals, replacements, additions and improvements thereto so that at all times the efficiency thereof shall be fully preserved and maintained.
- (3) ***Taxes and Assessments.*** It shall duly pay and discharge, all Taxes, rates, assessments, fees and governmental charges upon or against it or its property and assets, in each case before the same become delinquent and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith and by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves are provided therefor.
- (4) ***Insurance.***
  - (a) It shall maintain in force, with good and responsible insurance companies, insurance coverage through a garage policy that covers vehicles on the lots and vehicles being repaired on CAS Dealer's premises. The CAS Dealer shall upon request, furnish to the Lender a certificate setting forth in summary form the nature and extent of the insurance maintained by it.
  - (b) CAS Dealer shall pay or caused to be paid, when due all premiums on such insurance in advance each year. Certificates of insurance evidencing compliance with the foregoing and, at the Lender's request, the policies of such insurance shall be delivered by the CAS Dealer to the Lender. All insurance required hereby shall provide that no cancellation thereof shall be effective until at least 30 days after receipt by the CAS Dealer and the Lender of written notice thereof, and shall be satisfactory to the Lender in its Permitted Discretion in all other respects. In case of any material loss, damage to or destruction of

the Funded Assets or any part thereof, the CAS Dealer shall promptly give written notice thereof to the Lender generally describing the nature and extent of such damage or destruction. In case of any loss, damage to or destruction of the Funded Assets or any part thereof, the CAS Dealer, at its cost and expense, shall, if commercially reasonable to do so, promptly cause to be repaired or replaced the Funded Assets so lost, damaged or destroyed.

- (c) Unless it provides the Lender with evidence of the insurance coverage required by this Agreement, the Lender may purchase insurance at the CAS Dealer's expense to protect the Lender's interests in the Funded Assets, and the Lender shall not be required to require such coverage to apply to claims made by or against CAS Dealer. The Lender may later cancel any such insurance purchased by it, but only after CAS Dealer providing the Lender with evidence that it has obtained insurance as required by this Agreement. If the Lender purchases insurance for the Funded Assets, the CAS Dealer shall be responsible for the costs of that insurance, including interest and any other charges that the Lender may impose in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance shall be added to the CAS Dealer's obligations. The costs of the insurance may be more than the cost of insurance the CAS Dealer may be able to obtain on its own.
- (5) **Financial Reports.** It shall maintain a standard system of accounting in accordance with GAAP and shall promptly furnish to the Lender and its duly authorized representatives such information respecting its business and financial condition as the Lender may reasonably request; and without limiting the foregoing, it shall provide the following information to the Lender:
- (a) on the last Business Day of each calendar month, any information required by the Lender in respect of the Borrowing Base;
  - (d) promptly after receipt thereof, any additional written reports, management letters or other detailed information contained in writing concerning significant aspects of the operations and financial affairs of CAS Dealer relevant to the preparation of the Financial Statements;
  - (e) promptly after knowledge thereof shall come to the attention of any officer or director of CAS Dealer, written notice of any threatened or pending litigation or governmental proceeding or labour controversy against CAS Dealer that, if adversely determined, would have a Material Adverse Effect, or of the occurrence of any Default or Event of Default; and
  - (f) promptly after knowledge thereof shall come to the attention of any officer or director of any Credit Party, written notice of any Default or Event of Default.
- (6) **Inspection; Appraisals; Verification.**
- (a) It shall permit (and arrange for all access required to permit) the Lender and its duly authorized representatives and agents, with reasonable prior notice by the Lender and during normal business hours to (i) examine its corporate books and books of accounts and other financial records, (ii) discuss the affairs, finances and accounts of CAS Dealer with, and to be advised as to the same by, their officers, employees and independent chartered accountants (and CAS Dealer hereby authorizes its accountants to discuss with the Lender its finances and affairs), and (iii) visit and inspect any of the premises of the CAS Dealer and to conduct field examinations, provided that the Lender shall not conduct more than four (4) field examinations during any particular calendar year; but for greater certainty, the number of visits and inspections that do not constitute field examinations shall not be restricted unless an Event of Default has occurred and is continuing, in which case the Lender shall be entitled to conduct field examinations of the

CAS Dealer, for as long as such Event of Default is continuing, at such times and intervals as the Lender determines appropriate in its sole discretion.

- (b) The Lender may from time to time obtain appraisals of the Funded Assets (based on a blue book or black book or equivalent source) as the Lender may designate, which appraisal reports shall in each case be prepared by an appraiser acceptable to the Lender and be in such format and contain such detail as the Lender may reasonably request.
- (c) It shall, as soon as reasonably practical upon request by the Lender at any time and from time to time, deliver to the Lender such evidence of the existence, identity and location of the Funded Assets and of its availability as collateral security pursuant hereto (including, without limitation, reports stating the book value of Leases). It agrees that the Lender shall have the right to verify all or any part of the Funded Assets in any manner, and through any medium, that the Lender considers appropriate, and it agrees to furnish all assistance and information, and perform any acts, that the Lender may require in connection therewith. It agrees to promptly notify the Lender of any Funded Assets that such Credit Party has determined is obsolete, and it shall provide the prior book value of such Funded Assets, a description thereof and its location.

**(7) Location of Collateral and Offices.**

- (a) The Collateral is and shall remain in the possession or control of the CAS Dealer at the Permitted Collateral Locations or in transit to or from such locations.
- (b) If a Permitted Collateral Location is not owned by CAS Dealer, it shall deliver a Collateral Access Agreement on or prior to the Closing Date, if such Permitted Collateral Location exists on the Closing Date and, in all other circumstances, it shall use commercially reasonable efforts to deliver a Collateral Access Agreement to the Lender prior to the transfer of any Collateral to such location.

**(8) Settlements.**

- (d) If an Event of Default has occurred and is continuing, the proceeds of any Funded Assets sold by it shall be set aside at the request of the Lender and held by it as trustee for the Lender and such shall remain part of the Funded Assets.

**(9) Collection of Leases.**

- (a) All instruments and chattel paper at any time constituting part of the Leases or any other Funded Assets (including any post-dated cheques) shall, upon receipt by CAS Dealer, be immediately endorsed to and delivered to or deposited to the Dealer Blocked Account or with the Borrower;
- (b) CAS Dealer shall irrevocably instruct all Lessees in respect of Leases owned by the CAS Dealer to remit all payments in respect of Leases or any other Funded Assets to the Dealer Blocked Account; and.
- (c) on a weekly basis on Friday of each week, the CAS Dealer shall transfer all funds on deposit in the Dealer Blocked Account to the Borrower Collection Account. Except as provided in the Credit Agreement, CAS Dealer shall not debit or otherwise transfer funds from a Dealer Blocked Account.
- (d) If an Event of Default has occurred and is continuing, and without prejudice to any other rights or remedies available to the Lender at law or in equity, the Lender or its designee may notify CAS Dealer's customers and account debtors at any time that Leases or any other Funded Assets have been assigned to the Lender or of the Lender's security

interest therein, and either in its own name, or the CAS Dealer's name, or both, demand, collect (including, without limitation, through a lockbox or blocked account, receive, bring enforcement proceedings in respect of, compound and give acquittances for, any or all amounts due or to become due on Leases or any other Funded Assets, and in the Lender's discretion file any claim or take any other action or proceeding which the Lender may deem necessary or appropriate to protect or realize upon the Lien of the Lender in the Leases or any other Funded Assets.

- (e) Any proceeds of Leases or other Funded Assets transmitted to or otherwise received by the Lender pursuant to any of the foregoing provisions hereof may be handled and administered by the Lender in and through one or more remittance accounts at the Lender (such remittance accounts to constitute special restricted accounts for purposes of and subject to the provisions of this Agreement), and CAS Dealer acknowledges that the maintenance of such remittance account by the Lender is solely for the Lender's convenience and that no Credit Party has any right, title or interest in such remittance account or any amounts at any time standing to the credit thereof.
- (f) The Lender shall apply proceeds of Leases and other Funded Assets received by it from any source to the payment of the Obligations (whether or not then due and payable), such applications to be made in accordance with Section 4.1 of the Credit Agreement. Except for purposes of computing interest on the Obligations in accordance with this Agreement, the Lender need not apply or give credit for any item included in proceeds of Leases or other Funded Assets until the Lender has received final payment therefor at its office in cash or Cash Equivalents, acceptable to the Lender. Upon request by the Lender in its Permitted Discretion, the CAS Dealer shall, concurrently with each application of any proceeds of Leases or other Funded Assets, furnish the Lender with a report in such form as the Lender shall reasonably require, identifying the particular Lease or other Funded Assets from which the same arises or relates.

(11) **Compliance with Laws.** It shall comply in all material respects with the requirements of all Applicable Laws.

(1) **Insolvency Applications.** It acknowledges that its business and financial relationships with the Lender are unique, and that the Lender does not have a common interest with any of its other creditors; and it agrees that if it files any plan of arrangement under the *Companies' Creditors Arrangement Act* or makes any proposal under the *Bankruptcy and Insolvency Act*, the Lender will be placed in its own class for voting and distribution purposes, and the CAS Dealer will not permit or acquiesce in, directly or indirectly, the classification of the Lender with any other creditor for any purpose of such plan or proposal or otherwise.

### 10.3 Negative Covenants

While any obligation of any Credit Party to the Lender is outstanding under any Credit Document and the Commitments have not been terminated, the Borrower agrees as follows:

- (1) **Change of Name.** It shall not change its name without first giving the Lender at least thirty (30) days' prior written notice of its intent to do so.
- (2) **Limitation on Liens.** It shall not, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any Funded Assets, whether now owned or hereafter acquired, other than Permitted Liens.
- (3) **Disposition of Assets.** It shall not sell, lease, transfer, assign, convey or otherwise dispose of any of its properties or assets except in the ordinary course of business and in accordance with the terms of the Credit Documents.

- (4) **Consolidations and Mergers.** It shall not merge, consolidate, amalgamate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favour of any Person without first giving the Lender at least thirty (30) days' prior written notice of its intent to do so.
- (5) **Maintenance of Equity Interests.** It shall not assign, sell or transfer, or permit the assignment, sale or transfer of, any of its Equity Interests.
- (6) **Change in Business.** It shall not engage in any material line of business substantially different from those lines of business carried on by it on the date hereof and it shall not change the location from which such line of business is carried on by it, all as described in Section 7.1(d) of the Credit Agreement without reasonable prior written notice to the Lender in the case of changing locations and provided it would not have a Material Adverse Effect.
- (7) **Limitations on Debt.** It shall not create, incur, assume, suffer to exist, or otherwise become or remain directly or indirectly liable with respect to, Debt, except to the extent it would not have a Material Adverse Effect.
- (8) **Transactions with Affiliates or Associates.** It shall not enter into any contract, arrangement or transaction with any Affiliate or Associate, except to the extent it would not have a Material Adverse Effect and with notice to the Lender.
- (9) **Management Fees and Compensation.** Without the prior written consent of the Lender, it shall not pay any management bonuses, shareholder bonuses, or similar compensation or any management, consulting or similar fees to any shareholder, officer, director or employee of it or any Affiliate except to the extent it would not have a Material Adverse Effect.
- (10) **Contingent Obligations.** It shall not create, incur, assume or suffer to exist any Contingent Obligations, except to the extent it would not have a Material Adverse Effect.
- (11) **Restricted Payments.** Except to the extent it would not have a Material Adverse Effect, it shall not directly or indirectly, (i) declare or make any payment or other distribution of assets, properties, cash, rights, obligations or Securities on account of any of Equity Interests, or (ii) purchase, redeem or otherwise acquire for value any of its, or any of its Affiliate's, shares of capital stock, partnership interests, membership interests or other equity securities or any warrants, rights or options to acquire such interests or Securities now or hereafter outstanding, or (iii) make any payment in respect of Subordinated Debt, or (iv) make any other payment or distribution to any of its shareholders or Affiliates or any other non-arm's length party.
- (12) **Change in Structure.** It shall not make any changes in its equity capital structure (including a change in the terms of its outstanding equity securities), or amend its constating documents (including any shareholder agreement) except to the extent it would not have a Material Adverse Effect and with notice to the Lender.
- (13) **Accounting Changes.** It shall not make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change its Auditor or Fiscal Year.
- (14) **Material Contracts.** It shall not (i) cancel or terminate any Material Contract; (ii) waive any default or breach under any Material Contract; (iii) amend or otherwise modify any Material Contract; or (iv) take any other action in connection with any Material Contract or Licence, that would, in each case, have a Material Adverse Effect.
- (15) **Limitation on Sale and Leaseback Transactions.** It shall not directly or indirectly, enter into any sale and leaseback transaction with respect to any property or assets (whether now owned or hereafter acquired) that would have a Material Adverse Effect.

- (16) **Loans and Investments.** Except to the extent it would not have a Material Adverse Effect and with notice to the Lender, it will not without the prior written approval of the Lender, (i) purchase or acquire, or make any commitment to purchase or acquire, any capital stock, equity interest, or any obligations or other Securities of, or any interest in, any Person, including, without limitation, the establishment or creation of a Subsidiary, or (ii) make or commit to make any acquisition of all or substantially all of the assets of another Person, or of any business or division of any Person, including without limitation, by way of merger, consolidation, amalgamation or other combination or (iii) make or commit to make any advance, loan, extension of credit or capital contribution to or any other investment in or guarantee of, any Person including any Affiliate or make any payments in respect thereof (the items described in clauses (i), (ii), and (iii) are referred to as "**Investments**"), except for: (A) Investments in cash and Cash Equivalents; and (B) extensions of credit which constitute trade receivables in the ordinary course of business.
- (17) **Location of Assets in Other Jurisdictions.** Except to the extent it would not have a Material Adverse Effect and with Notice to the Lender, it will not except for any Collateral in transit for delivery to a customer in the ordinary course of business, as part of the performance of its obligations or the provision of its services to such customer under a contract entered into with such customer in the ordinary course of business, (i) acquire or move any Collateral to a jurisdiction where the Lender would not have, or continue to have, a first priority Lien over such Collateral under Applicable Law, or (ii) knowingly suffer or permit in any other manner any of its Collateral to not be subject to the Lender's Lien or to be or become located in a jurisdiction as a result of which the Lender's Lien over such Collateral is not perfected.
- (18) **Pension Plans.** It will not create or establish a defined benefit pension plan.

#### 11. **GENERAL INDEMNIFICATION**

11.1 CAS Dealer hereby agrees to indemnify the Lender and to save it harmless from and against any and all damages, losses, claims, liabilities, costs and expenses (including reasonable legal fees and disbursements) awarded against or incurred by the Lender arising out of or as a result of:

- (a) any representation or warranty made or deemed to be made by CAS Dealer (or any of its officers) in or in connection with this Agreement or any Credit Document to which it is a party, which was incorrect in any material respect when made or deemed made or delivered;
- (b) the failure of CAS Dealer to perform or observe any of its covenants, duties or obligations hereunder or under any of the Credit Documents to which it is a party;
- (c) the failure by CAS Dealer to comply with any applicable law, rule, regulation, order, judgment, injunction, award or decree with respect to any part of the Funded Assets, or the non-conformity of any Funded Assets with any applicable law, rule, regulation, order, injunction, award or decree;
- (d) any products or statutory liability claim, personal injury or property damage suit or other similar or related claim or action of whatsoever sort arising out of or in connection with any Leased Vehicles or any services provided in respect thereof including any losses attributable to a Lessee's failure to insure such Leased Vehicles;
- (e) any Canadian, foreign, federal, provincial, state, municipal, local or other tax of any kind or nature whatsoever, including any capital, income, sales, excise, business or property tax, any customs duty, and any penalty or interest in respect of any thereof, which may be imposed on the Lender on account of any payment made under this Section 12; and
- (f) any disclosure of personal information (within the meaning of applicable Canadian privacy legislation) of any individual by CAS Dealer to the Lender (such personal



information provided by CAS Dealer to the Lender, if any, being Personal Information), that is not in compliance with applicable Canadian privacy legislation.

11.2 The obligations of CAS Dealer under this Section 11 will survive this Agreement and remain in full force and effect for a period up to and including the date that is six years from the date the Credit Facilities are repaid in full.

## 12. **DEFAULT AND ENFORCEMENT**

### 12.1 **Rights upon Event of Default**

12.2 Upon the occurrence of an Event of Default which is continuing, the Lender may proceed to exercise any and all rights and remedies hereunder and under any other Credit Document against CAS Dealer.

### 12.3 **Waiver of Default**

No express or implied waiver by the Lender of any demand, Default or Event of Default shall in any way be or be construed to be a waiver of any future or subsequent Default or Event of Default. To the extent permitted by Applicable Law, the CAS Dealer hereby waives any rights now or thereafter conferred by statute or otherwise which may limit or modify any of the Lender's rights or remedies under any Credit Document. CAS Dealer agrees that the exercise by the Lender of any rights or remedies under any Credit Document without having declared an acceleration shall not in any way alter, affect or prejudice the right of the Lender to make a declaration of an Event of Default at any time and, without limiting the foregoing, shall not be construed as or deemed to constitute a waiver of any rights under Section 10.2.

## 13. **MISCELLANEOUS**

13.1 **Amendments.** This Agreement shall only be deemed to be amended or varied if amended or varied by an instrument in writing signed by CAS Dealer and the Lender.

13.2 **Notices.** Any notice, consent, request, agreement, approval, waiver or other communication required or permitted to be given or delivered hereunder shall, unless otherwise stated herein, be in writing (including photocopy, facsimile, electronic mail or other digital or electronic communication) and sent, as to each party hereto, at its address set forth under its name on the signature page hereto, or at such other address as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective when sent.

13.3 **Assignment.** The Lender may assign or transfer the whole or any part of the benefit of this Agreement and its respective rights hereunder in conjunction with an assignment of the Credit Agreement provided that it shall give CAS Dealer prior notice of any such assignment. CAS Dealer shall not assign or novate any of its rights or obligations hereunder without the prior written consent of the Lender.

13.4 **Severability.** If, in any jurisdiction, any Section or any part of any Section of this Agreement is held to be unenforceable or otherwise invalid such holding shall not in any way affect the enforceability or validity of the remaining Sections or the remainder of such Section in that jurisdiction or affect their enforceability in any other jurisdiction.

13.5 **General Cost and Expenses.** CAS Dealer will pay all documented and invoiced expenses incurred in the performance of its obligations under this Agreement and all reasonable out-of-pocket costs and expenses of the Lender in connection with all filings and registrations necessary or desirable to perfect the Lender's security interests in and to the Funded Assets.

13.6 **Time of Essence.** Time will be of the essence of this Agreement.

13.7 **Failure to Perform.** If CAS Dealer fails to perform any of its agreements or obligations hereunder, the Lender may (but will not be required to) itself perform, or cause to be performed, such agreement or obligation at, in the case of any such failure to perform by CAS Dealer, the cost of CAS Dealer.

13.8 **Laws and Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and for the purpose of legal proceedings this Agreement shall be deemed to have been made in such province and to be performed there. The courts of Ontario shall have exclusive jurisdiction over all disputes which may arise under this Agreement, provided always that nothing herein contained shall prevent the Lender (but not CAS Dealer) from proceeding at its election in the courts of any other jurisdiction and CAS Dealer hereby irrevocably submits to all such jurisdictions, acknowledges the competence of each and the convenience and propriety of the venue thereof and agrees to be bound by any judgment thereof and not to seek, and hereby waives, any review of the merits of such a judgment by the courts of any such jurisdiction and also hereby waives any and all objections which CAS Dealer may have to each such jurisdiction.

13.9 **Interest.** All amounts payable by CAS Dealer pursuant to this Agreement shall bear interest from the date or dates of demand for payment of the same at a rate equal to the rates of interest designated from time to time for the Borrower's Obligations. Such interest shall be calculated on the basis of the number of days elapsed from the date of demand divided by the number of days in the year. In this Agreement all interest shall be calculated using the nominal rate method and not the effective rate method and the "deemed reinvestment principle" shall not apply to such calculations.

13.10 **Electronic Execution.** This Agreement, and the documents to be delivered hereunder, and each of the other Credit Documents may be executed in one or more counterparts (and by different parties hereto in different counterparts), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by fax or other electronic transmission of an executed counterpart of a signature page to this Agreement and each of the other Credit Documents shall be effective as delivery of an original executed counterpart of this Agreement and such other Credit Documents. The words "execution," "execute", "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement or any other Credit Documents shall be deemed to include electronic signatures, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, as in provided Parts 2 and 3 of the Personal Information Protection and Electronic Documents Act (Canada) or the Electronic Commerce Act, 2000 (Ontario). The Lender may, in its discretion, require that any such documents and signatures executed electronically or delivered by fax or other electronic transmission be confirmed by a manually-signed original thereof; provided that the failure to request or deliver the same shall not limit the effectiveness of any document or signature executed electronically or delivered by fax or other electronic transmission.

*[Signature page follows]*

IN WITNESS WHEREOF the undersigned have executed this Agreement as of the day and year written above.

**926749 ONTARIO LTD.**

By:   
Name: HUGH WADDELL  
Title: PRESIDENT

Address: 809 CLONSILLA AVE. PETERBOROUGH, ON K9J 5Y2  
Attention: HUGH WADDELL  
Email: hugh@clonsillaautosales.com

**ENLIGHTENED FUNDING CORPORATION**

By: \_\_\_\_\_  
Name: Eamonn Glavey  
Title: President

Address: 1100 Burloak Drive, Suite 702  
Burlington, ON, L7L6B2  
Attention: Eamonn Glavey  
Email: eg@enlightenedcapital.net


IN WITNESS WHEREOF the undersigned have executed this Agreement as of the day and year written above.

**926749 ONTARIO LTD.**

By: \_\_\_\_\_  
Name:  
Title:

Address:  
Attention:  
Email:

**ENLIGHTENED FUNDING CORPORATION**

By:  \_\_\_\_\_  
Name: Eamonn Glavey  
Title: President

Address: 1100 Burloak Drive, Suite 702  
Burlington, ON, L7L6B2  
Attention: Eamonn Glavey  
Email: eg@enlightenedcapital.net

## SCHEDULE A

### Defined Terms

**"Agreement"** means this guarantee and servicing agreement as amended, modified, varied, supplemented, restated or replaced from time to time.

**"Borrower"** has the meaning given in Recital A.

**"Borrower's Obligations"** has the meaning given in Section 2.1.

**"Change of Control"** means any event or circumstance whereby Hugh Waddell shall cease to beneficially own and control at least fifty (50%) (on a fully diluted basis) of the economic and voting Equity Interests of CAS Dealer.

**"Collections"** means without duplication (i) in respect of any Lease, all cash collections and other cash proceeds in respect thereof and of the related Rights (including prepayments in respect of such Lease and related Rights and also including excess mileage charges and excess wear and tear charges), (ii) any Deemed Collections in respect of such Lease, (iii) the net proceeds of any disposition of the related Leased Vehicle, and (iv) Recoveries in respect of the related Rights.

**"Credit Agreement"** has the meaning given in Recital A.

**"Credit Facilities"** has the meaning given in Recital A.

**"Dealer Blocked Account"** means a bank account in the name of CAS Dealer that is the subject of a springing blocked account agreement in favour of the Lender and in respect sole dominion and control over such bank account has been restricted following the issuance of a notice thereunder to the Lender. The Dealer Blocked Account for CAS Dealer is account number 00021634168 at Bank of Montreal.

**"Deemed Collections"** means amounts required to be deposited to the Dealer Blocked Account pursuant to Section 9.2 hereof.

**"Funded Assets"** means each Lease that was at any time listed in any Borrowing Base Certificate, together with the related Leased Vehicle and the related Rights with respect thereto, and all proceeds of, from or with respect to all of the foregoing.

**"Guarantor Indebtedness"** means all indebtedness and liabilities, present and future, direct and indirect, absolute or contingent, whether principal or interest, royalties, fees or otherwise, of the Borrower to CAS Dealer.

**"Guarantor Obligations"** has the meaning given in Section 3.1.

**"Guarantor Security"** means any and all security now or hereafter taken or held by CAS Dealer or any Person on its behalf from the Borrower or any other Person in connection with Guarantor Indebtedness and includes any mortgage, charge, lien, pledge, security interest or encumbrance and any amendment, variation, replacement or supplemental thereto or renewal thereof and also includes the real or personal property (if any) to which the security relates.

**"CAS Dealer Allocated Amount"** means, at any time, the 'Dealer Allocated Amount' for CAS Dealer as determined in accordance with the Credit Agreement.

**"CAS Dealer"** has the meaning given in the Preamble hereto.

47664561.6

## Appendix “I”

**IN THE MATTER OF THE RECEIVERSHIP OF  
VELOCITY ASSET AND CREDIT CORPORATION**

**Notice of Receiver**  
(Subsection 245(1) of the Act)

The receiver gives notice and declares that :

1. On the 26<sup>th</sup> day of October, 2023, Deloitte Restructuring Inc. (“**Deloitte**”) became the receiver, without security, of all of the assets, undertakings and properties of Velocity Asset and Credit Corporation (the “**Company**”) acquired for, or used in relation to business carried on by the Company.
2. Deloitte became a receiver by virtue of being appointed by way of an Order (the “**Appointment Order**”) dated October 26, 2023 of the Ontario Superior Court of Justice (Commercial List) pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act* and Section 101 of the *Courts of Justice Act*.
3. Deloitte commenced the exercise of its power under the Appointment Order on the 26<sup>th</sup> day of October, 2023.
4. The property in the possession or control of the Receiver, and the book value of each according to the available books and records of the Company, include:

<b>Asset</b>	<b>Book Value<sup>1</sup></b>
Accounts Receivable	\$ 75,000
Interest Receivable	\$ 173,363
Leases Receivable	\$ 16,727,215
	<hr/>
	<b>\$ 16,975,578</b>

*Note 1: Amounts above reflect the Company's internal financial statements at March 31, 2023*

5. The Receiver intends to market the lease portfolio for sale, and to collect lease and other receivables in the interim.
6. The following information relates to the receivership:
  - a. Stated address for the Company: 809 Clonsilla Avenue  
Peterborough, Ontario K9J 5Y2
  - b. Principal line of business: Automobile lease financing
  - c. Location(s) of business: The Company operates from the address above
  - d. Amounts owed by the Company to each creditor who appear to hold a security interest on the property and assets described above include:

Beacon Holdings Limited

\$ Unknown

Enlightened Funding Corporation \$ 19,406,788

e. Amounts owed by the Company to unsecured creditors include:

BDO Canada	\$	Unknown
Canada Revenue Agency	\$	Unknown
Enlightened Capital Inc.	\$	Unknown
MNP	\$	Unknown
TD Bank (CEBA)	\$	40,000

f. The total amount owing to creditors could not be determined at the time of preparation of this notice and statement, as the records of the Company are unreconciled.

g. Contact person for the receiver:

Mr. Richard Williams CIRP, LIT  
Deloitte Restructuring Inc.  
8 Adelaide Street West, Suite 200  
Toronto, ON M5H 0A9  
Telephone: 416-607-1392  
Fax: 416-601-6151

Dated at Toronto this 2<sup>nd</sup> day of November, 2023

**DELOITTE RESTRUCTURING INC.,**

solely in its capacity as Court-appointed Receiver of  
Velocity Asset and Credit Corporation  
and not in its personal or corporate capacity

Per:



---

Richard Williams, CPA CIRP LIT  
Senior Vice-President



## Appendix “J”

**IN THE MATTER OF THE RECEIVERSHIP OF  
926749 ONTARIO LTD. O/A CLONSILLA AUTO SALES AND LEASING**

**Notice of Receiver**  
(Subsection 245(1) of the Act)

The receiver gives notice and declares that:

1. On the 26<sup>th</sup> day of October, 2023, Deloitte Restructuring Inc. (“**Deloitte**”) became the receiver (the “**Receiver**”), without security, of certain assets, undertakings and properties of 926749 Ontario Ltd. o/a Clonsilla Auto Sales (the “**Company**”) acquired for, or used in relation to business carried on by the Company.
2. The Receiver is appointed only over those assets of the Company that relate to leases, leased vehicles, accounts and proceeds related to leases subject to security held by Enlightened Funding Corporation (the “**Property**”). The Receiver has not been appointed over assets of the Company other than the Property, and the Company continues to operate.
3. Deloitte became a receiver by virtue of being appointed by way of an Order (the “**Appointment Order**”) dated October 26, 2023 of the Ontario Superior Court of Justice (Commercial List) pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act* and Section 101 of the *Courts of Justice Act*.
4. Deloitte commenced the exercise of its power under the Appointment Order on the 26<sup>th</sup> day of October, 2023.
5. The property in the possession or control of the Receiver, and the book value of each according to the available books and records of the Company, include:

<b>Asset</b>	<b>Book Value<sup>1</sup></b>
Leases Receivable	\$ Unknown
Accounts Receivable	\$ Unknown

*Note 1: The Receiver’s review of the Company’s books and records is ongoing. The total book value of the receivables above is approximately \$19.4 million, but the portion of those assets included in the Property is yet to be determined.*

6. The Receiver intends to market the lease portfolio for sale, and to collect lease receivables in the interim.
7. The following information relates to the receivership.
  - a. Stated address for the Company: 809 Clonsilla Avenue  
Peterborough, Ontario K9J 5Y2
  - b. Principal line of business: Automobile sales and leasing

- c. Location(s) of business: The Company operates from the address above
- d. Amounts owed by the Company to each creditor who appear to hold a security interest on the property and assets described above include:

<b>Name</b>	<b>AMOUNT</b>
11302078 CANADA LTD. O/A SHEAVES CAPITAL	\$ Unknown
2712697 ONTARIO INC	\$ Unknown
A BETTER WAY TOWING	\$ Unknown
AUTOMOTIVE FINANCE CANADA INC	\$ Unknown
B & D AUTO	\$ Unknown
CCP ADVANCE INC	\$ Unknown
CWB NATIONAL LEASING INC	\$ Unknown
ENLIGHTENED FUNDING CORPORATION	\$ Unknown
ESC CORPORATE SERVICES LTD.	\$ Unknown
MERCHANT OPPORTUNITIES FUND LIMITED PARTNERSHIP	\$ Unknown
NEXTGEAR CAPITAL	\$ Unknown
NEXTGEAR CAPITAL CORPORATION	\$ Unknown
VAULT CREDIT CORPORATION	\$ Unknown
VELOCITY ASSET AND CREDIT CORPORATION	\$ Unknown

- e. Amounts owed by the Company to unsecured creditors include:

<b>Name</b>	<b>AMOUNT</b>
407 ETR	\$ 21,297.12
BELL	\$ 345.68
BRAFASCO	\$ 42.84
CANADA GENERAL WARRANTY	\$ 5,990.13
CCS INDUSTRIALS	\$ 684.52
COGECO	\$ 507.06
ENBRIDGE	\$ 447.42
GEORGIAN BAY FIRE & SAFETY LTD	\$ 428.38
HYDRO ONE	\$ 1,666.95
PUC	\$ 835.28
PUROLATOR	\$ 307.38
SHRED-IT	\$ 3,059.50
TELUS	\$ 217.92
<b>TOTAL UNSECURED</b>	<b>\$ 35,830.18</b>

- f. The total amount owing to creditors could not be determined at the time of preparation of this notice and statement as the records of the Company are unreconciled.
  
- g. Contact person for the receiver:

Mr. Richard Williams CIRP, LIT  
Deloitte Restructuring Inc.  
8 Adelaide Street West, Suite 200  
Toronto, ON M5H 0A9  
Telephone: 416-607-1392  
Fax: 416-601-6151

Dated at Toronto this 2<sup>nd</sup> day of November, 2023

**DELOITTE RESTRUCTURING INC.,**  
solely in its capacity as Court-appointed Receiver of  
the Property and not in its personal or corporate capacity

Per:



---

Richard Williams, CPA CIRP LIT  
Senior Vice-President

## Appendix “K”

**From:** [Nadia Romero](#)  
**To:** [Williams, Richard](#)  
**Cc:** [Sleeth, Jorden](#)  
**Subject:** [EXT] Re: EFC Portfolio Report - VIN  
**Date:** Friday, November 17, 2023 11:29:28 AM  
**Attachments:** [3.1 Aug 31 2023 Clonsilla Portfolio Report edited.xlsx](#)

---

Hi Richard,

Attached is the portfolio report including the VIN #'s I had. Two are missing - we never had them.

I've also highlighted duplicate VINs and PPSA's on the spreadsheet which we recently noticed.

Thank you,

**Nadia Romero** CPA-CA | Controller

**ENLIGHTENED CAPITAL**

T: 416 258 7904

[www.enlightenedcapital.net](http://www.enlightenedcapital.net) | [nadia.romero@enlightenedcapital.net](mailto:nadia.romero@enlightenedcapital.net)

1100 Burloak Drive, Suite 702 - Burlington ON - L7L 6B2

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**From:** Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>  
**Sent:** November 17, 2023 9:42 AM  
**To:** Nadia Romero <[nadia.romero@enlightenedcapital.net](mailto:nadia.romero@enlightenedcapital.net)>  
**Cc:** Sleeth, Jorden <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>  
**Subject:** EFC Portfolio Report - VIN

Hi Nadia,

Do you have a version of this portfolio report that includes the VINs?

Thanks,

--

**Richard Williams CPA, CIRP, LIT**  
Director | Deloitte LLP  
Financial Advisory – Turnaround & Restructuring  
D: (416) 607-1392 | M: (416) 258-8761  
[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca) | [deloitte.ca](http://deloitte.ca)

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## Appendix “L”



**From:** [Nadia Romero](#)  
**To:** [Williams, Richard](#); [Eamonn Glavey](#)  
**Cc:** [Sleeth, Jordan](#)  
**Subject:** [EXT] Re: Velocity - Draw Down notices  
**Date:** Monday, November 13, 2023 2:24:02 PM  
**Attachments:** [CLONSILLA TRANCHE 10 - AUG 31 2022.xlsx](#)  
[CLONSILLA TRANCHE 11 SEP 9 2022-Updated.xlsx](#)  
[CLONSILLA TRANCHE 12 SEP 23 2022 v2.xlsx](#)  
[NAF TRANCHE 9 CLOSING AUG 18 2022.xlsx](#)  
[National Tranche 4 - JULY 8 2022b.xlsx](#)  
[VACC CLOSING - TRANCHE 8 - DATE 8-4-2022.xlsx](#)  
[CLONSILLA TRANCHE 4 - JULY 8 2022b.xlsx](#)  
[CLONSILLA TRANCHE 5 - JULY 19 2022.xlsx](#)  
[CLONSILLA TRANCHE 6 & 7 - JULY 22 2022.xlsx](#)  
[CLONSILLA TRANCHE 9.xlsx](#)

---

Tranches 4 - 12. Unfortunately, I don't have requests for tranches 1-3, other than what is in the portfolio report, which can be provided to you if you don't have it.

**Nadia Romero** CPA-CA | Controller

### ENLIGHTENED CAPITAL

<!--[if !supportLineBreakNewLine]-->

<!--[endif]-->

T: 416 258 7904

[www.enlightenedcapital.net](http://www.enlightenedcapital.net) | [nadia.romero@enlightenedcapital.net](mailto:nadia.romero@enlightenedcapital.net)

1100 Burloak Drive, Suite 702 - Burlington ON - L7L 6B2

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---

**From:** Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>  
**Sent:** November 13, 2023 9:46 AM  
**To:** Eamonn Glavey <[eg@enlightenedcapital.net](mailto:eg@enlightenedcapital.net)>; Nadia Romero <[nadia.romero@enlightenedcapital.net](mailto:nadia.romero@enlightenedcapital.net)>  
**Cc:** Sleeth, Jordan <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>  
**Subject:** Velocity - Draw Down notices

Good morning,

Could you please provide us with copies of the draw down notices submitted by Velocity for each tranche.

Thanks,

--

**Richard Williams CPA, CIRP, LIT**  
Director | Deloitte LLP  
Financial Advisory – Turnaround & Restructuring  
D: (416) 607-1392 | M: (416) 258-8761  
[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca) | [deloitte.ca](http://deloitte.ca)

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## Appendix "M"

**From:** [amcrocker@beaconfsa.com](mailto:amcrocker@beaconfsa.com)  
**To:** [Williams, Richard](#)  
**Cc:** "[Greg Nelson](#)"; [Sleeth, Jorden](#); "[efurtak](#)"  
**Subject:** [EXT] RE: In the Matter of the Receivership of 926749 Ontario Ltd. o/a Clonsilla Auto Sales  
**Date:** Thursday, November 9, 2023 11:06:18 AM

---

Hi Richard,

Thank you for clarifying. It would be very helpful if you could provide a list of contracts with details of the assets subject to the receivership order so we can ensure that there is no overlap.

Thanks  
Adina

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**From:** Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>  
**Sent:** Tuesday, November 7, 2023 1:18 PM  
**To:** [amcrocker@beaconfsa.com](mailto:amcrocker@beaconfsa.com)  
**Cc:** 'Greg Nelson' <[gnelson@beaconfsa.com](mailto:gnelson@beaconfsa.com)>; Sleeth, Jorden <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>; 'efurtak' <[efurtak@aileroncapital.com](mailto:efurtak@aileroncapital.com)>  
**Subject:** RE:In the Matter of the Receivership of 926749 Ontario Ltd. o/a Clonsilla Auto Sales

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Happy to jump on a call if there are other questions or concerns.

Regards,  
--

Richard Williams CPA, CIRP, LIT  
Deloitte LLP | Deloitte Restructuring Inc.  
(416) 258-8761  
[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)

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Also, if you have an update on a separate bank account for the collections related to the Beacon Trust owned leases.

Many Thanks,  
Adina

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**From:** Adina Masson-Crocker <[amcrocker@beaconfsa.com](mailto:amcrocker@beaconfsa.com)>  
**Sent:** Tuesday, October 31, 2023 12:56 PM  
**To:** Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>  
**Cc:** Greg Nelson <[gnelson@beaconfsa.com](mailto:gnelson@beaconfsa.com)>; Sleeth, Jordan <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>; efurtak <[efurtak@aileroncapital.com](mailto:efurtak@aileroncapital.com)>  
**Subject:** Re: In the Matter of the Receivership of 926749 Ontario Ltd. o/a Clonsilla Auto Sales

Hi Richard

Please see the attached file in excel format. I will work on adding the additional columns for what information we have manually..

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Hi Adina,

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- Can you provide this in Excel?
- Do you have a listing that includes VIN, make & model, lessee name, etc...

Regards,

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Richard Williams CPA, CIRP, LIT  
Deloitte LLP | Deloitte Restructuring Inc.  
(416) 258-8761  
[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)

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**Sent:** Monday, October 30, 2023 11:13 AM  
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**Cc:** Greg Nelson <[gnelson@beaconfsa.com](mailto:gnelson@beaconfsa.com)>; Sleeth, Jordan <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>; efurtak <[efurtak@aileroncapital.com](mailto:efurtak@aileroncapital.com)>  
**Subject:** [EXT] Re: In the Matter of the Receivership of 926749 Ontario Ltd. o/a Clonsilla Auto Sales

Hello Richard,

Attached please find the list of Clonsilla lease contracts owned by Beacon. Please let me know if you need any additional information.

Thank you  
Adina

On Fri, Oct 27, 2023 at 5:17 PM Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)> wrote:

Thanks Greg – will do.

--

Richard Williams CPA, CIRP, LIT  
Deloitte LLP | Deloitte Restructuring Inc.  
(416) 258-8761  
[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)

---

**From:** Greg Nelson <[gnelson@beaconfsa.com](mailto:gnelson@beaconfsa.com)>  
**Sent:** Friday, October 27, 2023 4:00 PM  
**To:** Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>  
**Cc:** Sleeth, Jorden <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>; Adina Masson-Crocker <[amcrocker@beaconfsa.com](mailto:amcrocker@beaconfsa.com)>;  
efurtak <[efurtak@aileroncapital.com](mailto:efurtak@aileroncapital.com)>  
**Subject:** [EXT] Re: In the Matter of the Receivership of 926749 Ontario Ltd. o/a Clonsilla Auto Sales

Yes, I have received. But thanks for making the effort to make sure.

Adina (cc'd on this email) is our controller and she will be able to provide a full listing of our purchased assets.

Please you cc me (and Ed) on any correspondence going forward.

Thanks again,

Greg Nelson  
Beacon Trust Group

On Fri, Oct 27, 2023 at 9:32 AM Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)> wrote:

Mr. Nelson,

You will likely have received a copy of the order appointing Deloitte Restructuring Inc. as the receiver (the "Receiver") of certain of the assets of 926749 Ontario Ltd. (the "Dealer"), but I have appended it here in any case.

During the hearing you expressed concern about assets subject to Beacon's security. It would be very helpful if you could send us particulars of that security, being as specific as possible.

Happy to discuss any of the foregoing.

Regards,

--

**Richard Williams CPA, CIRP, LIT**

Director | Deloitte LLP

Financial Advisory – Turnaround & Restructuring

D: (416) 607-1392 | M: (416) 258-8761

[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca) | [deloitte.ca](http://deloitte.ca)

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## Appendix “N”

## Williams, Richard

---

**From:** Adina Masson-Crocker <amcrocker@beaconfsa.com>  
**Sent:** Wednesday, November 29, 2023 12:52 PM  
**To:** Williams, Richard  
**Cc:** Greg Nelson; Sleeth, Jordan; efurtak  
**Subject:** [EXT] Re: In the Matter of the Receivership of 926749 Ontario Ltd. o/a Clonsilla Auto Sales  
**Attachments:** Velocity Lease Subservicer Termination Event Notice - 2023-11-23 - Alpha2.pdf; Velocity Lease Subservicer Termination Event Notice - 2023-11-23 - LW2.pdf; Z 11.24 Clonsilla-Velocity-Beacon - List of Contracts Owned.xlsx

Hi Richard,

Beacon Portfolio Servicing Inc. (BPSI) the servicer for Beacon Trust has notified Velocity/Clonsilla that we are terminating their servicing; BPSI plans to start PAPing the customers directly on December 1, 2023. I have attached the service termination notice, for your reference.

I have also attached the listing of the leases owned by the Trust, sent previously, with the added VIN information. There are two tabs on the spreadsheet one for each Trust Series (Alpha2, LW2).

I would like to set up a call with you today to discuss the details. Please let me know what time works best for you.

Regards,  
Adina

On Thu, Nov 9, 2023 at 11:22 AM Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)> wrote:

Hi Adina,

We have compared your list provided to the list of contracts subject to the receivership and have not identified any overlap.

Regards,

--

Richard Williams CPA, CIRP, LIT

Deloitte LLP | Deloitte Restructuring Inc.

(416) 258-8761

[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)

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**From:** [amcrocker@beaconfsa.com](mailto:amcrocker@beaconfsa.com) <[amcrocker@beaconfsa.com](mailto:amcrocker@beaconfsa.com)>  
**Sent:** Thursday, November 9, 2023 11:08 AM  
**To:** Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>  
**Cc:** 'Greg Nelson' <[gnelson@beaconfsa.com](mailto:gnelson@beaconfsa.com)>; Sleeth, Jordan <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>; 'efurtak' <[efurtak@aileroncapital.com](mailto:efurtak@aileroncapital.com)>  
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**Richard Williams CPA, CIRP, LIT**

Director | Deloitte LLP

Financial Advisory – Turnaround & Restructuring

D: (416) 607-1392 | M: (416) 258-8761

[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca) | [deloitte.ca](https://www.deloitte.ca)

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**Beacon Portfolio Servicing Inc.,**  
A member of the Beacon Trust Group  
4145 North Service Road, 2<sup>nd</sup> Floor,  
Burlington, ON L7L 6A3

November 23, 2023

Velocity Asset and Credit Corporation  
809 Clonsilla Avenue  
Peterborough, Ontario  
K9Y 5Y2  
Attn: Hugh Waddell

**Delivered via email:** [hughwaddell1@gmail.com](mailto:hughwaddell1@gmail.com); [hugh@clonsillaautosales.com](mailto:hugh@clonsillaautosales.com)

### **Notice of Lease Subservicer Termination Event**

Dear Mr. Waddell

Pursuant to the Series Alpha2 Lease Subservicing Agreement dated February 27, 2020 by and between Beacon Portfolio Servicing Inc., (as Lease Servicer) (“BPSI”) and Velocity Asset and Credit Corporation (as Lease Subservicer) (“Velocity”) (the “Agreement”), Velocity, as Lease Subservicer, is required to *deposit to the applicable Designated Note Issuer Account all amounts received and applied as rent or other periodic payments on the Lease Unit in accordance with the Credit and Collection Policy within two Business Days after such application; provided that, the Note Issuer deposits such amounts to the applicable Series Alpha2 Collection Account within such two Business Day period; provided further that following the occurrence of an Event of Default under the Note Up-Sale Agreement, the Lease Subservicer will deposit such funds directly to the applicable Series Alpha2 Collection Account within such two Business Day period unless otherwise agreed by the Lease Servicer.*

Pursuant to Section 2.8 of the Agreement, notice is hereby given of a Lease Subservicer Termination Event having occurred pursuant to Section 6.1(a)(i).

Specifically, Velocity has failed to *deliver to the Lease Servicer or deposit to any Series Alpha2 Collection Account, as applicable, all proceeds and payments required to be delivered under the Agreement* that were received by Velocity on or before 5:00pm on Monday November 20, 2023 (the “Past Due Payments”).

Failure of Velocity to remedy this default and remit the Past Due Payments to the Series Alpha2 Collection Account on or before 5:00pm on Tuesday November 28, 2023 shall constitute a continuing Event of Default under the Agreement, thereby terminating the Agreement pursuant to Section 7.1 of the Agreement.



**Beacon Portfolio Servicing Inc.,**  
A member of the Beacon Trust Group  
4145 North Service Road, 2<sup>nd</sup> Floor,  
Burlington, ON L7L 6A3

BPSI expressly reserves its rights and remedies with respect to any defaults that shall now exist or hereafter arise under the Agreement, and at law, equity or otherwise.

Kind regards,

A handwritten signature in purple ink, appearing to read "Greg Nelson". The signature is stylized with a large, sweeping initial "G" and a horizontal line extending to the right.

Greg Nelson  
President



**Beacon Portfolio Servicing Inc.,**  
A member of the Beacon Trust Group  
4145 North Service Road, 2<sup>nd</sup> Floor,  
Burlington, ON L7L 6A3

November 23, 2023

Velocity Asset and Credit Corporation  
809 Clonsilla Avenue  
Peterborough, Ontario  
K9Y 5Y2  
Attn: Hugh Waddell

**Delivered via email:** [hughwaddell1@gmail.com](mailto:hughwaddell1@gmail.com); [hugh@clonsillaautosales.com](mailto:hugh@clonsillaautosales.com)

### **Notice of Lease Subservicer Termination Event**

Dear Mr. Waddell

Pursuant to the Series LW2 Lease Subservicing Agreement dated September 11, 2019 by and between Beacon Portfolio Servicing Inc., (as Lease Servicer) (“BPSI”) and Velocity Asset and Credit Corporation (as Lease Subservicer) (“Velocity”) (the “Agreement”), Velocity, as Lease Subservicer, is required to *deposit to the applicable Designated Note Issuer Account all amounts received and applied as rent or other periodic payments on the Lease Unit in accordance with the Credit and Collection Policy within two Business Days after such application; provided that, the Note Issuer deposits such amounts to the applicable Series LW2 Collection Account within such two Business Day period; provided further that following the occurrence of an Event of Default under the Note Up-Sale Agreement, the Lease Subservicer will deposit such funds directly to the applicable Series LW2 Collection Account within such two Business Day period unless otherwise agreed by the Lease Servicer.*

Pursuant to Section 2.8 of the Agreement, notice is hereby given of a Lease Subservicer Termination Event having occurred pursuant to Section 6.1(a)(i).

Specifically, Velocity has failed to *deliver to the Lease Servicer or deposit to any Series LW2 Collection Account, as applicable, all proceeds and payments required to be delivered under the Agreement* that were received by Velocity on or before 5:00pm on Monday November 20, 2023 (the “Past Due Payments”).

Failure of Velocity to remedy this default and remit the Past Due Payments to the Series LW2 Collection Account on or before 5:00pm on Tuesday November 28, 2023 shall constitute a continuing Event of Default under the Agreement, thereby terminating the Agreement pursuant to Section 7.1 of the Agreement.



**Beacon Portfolio Servicing Inc.,**  
A member of the Beacon Trust Group  
4145 North Service Road, 2<sup>nd</sup> Floor,  
Burlington, ON L7L 6A3

BPSI expressly reserves its rights and remedies with respect to any defaults that shall now exist or hereafter arise under the Agreement, and at law, equity or otherwise.

Kind regards,

A handwritten signature in purple ink, appearing to read "Greg Nelson", is written over the text "Kind regards,".

Greg Nelson  
President

## Appendix "O"

Beacon - Velocity Cross-funded Leases

Series	Contract#	Funding Date	Balance Aug 31,2023	Capital Cost	VIN #	Make	Year	Velocity Lease No.
Alpha2	2849	28-Apr-2022	15,550.79	19428.09	1C3CDZAB5DN697412	Chrysler brand car 1981-2011	2013	3046 & 3081
Alpha2	2162	28-Feb-2020	12,955.45	25028.37	5XYZUDLA9EG178899	Kia/Hyundai SUV made by KMMG	2014	3297
Alpha2	2188	26-Mar-2020	12,471.26	20909.52	1FMCU9G96GUA78842	Ford MPV/SUV	2016	3294
Alpha2	2666	28-Sep-2021	6,153.24	8943	1C3BC1FB2BN591263	Chrysler brand car 1981-2011	2011	3241
Alpha2	2569	20-May-2021	19,989.76	32315.74	1C4RJFAG8CC286525	Chrysler brand MPV 1990-2005	2012	3237
Alpha2	2674	28-Sep-2021	10,249.86	14908.09	2C3CA5CV9AH254547	Chrysler brand car 1981-2011	2010	3236
Alpha2	2811	28-Feb-2022	14,758.76	19428.09	2C4RDGBG3CR271966	Chrysler brand MPV/SUV 2000-2005	2012	3235
Alpha2	2824	30-Mar-2022	13,234.27	17110.46	1G1ZB5EU1CF220526	Chevrolet car	2012	3234
Alpha2	2733	24-Nov-2021	19,602.37	27338.09	5XYZUDLB0FG280683	Kia/Hyundai SUV made by KMMG	2015	3233
Alpha2	2370	16-Mar-2021	8,074.33	15874.24	3N1AB6AP3CL629470	Nissan Mexico car	2012	3213
Alpha2	2461	28-Jan-2021	8,474.48	15123.1	1C3CCCABXGN153024	Chrysler brand car 1981-2011	2016	3212
Alpha2	2169	28-Feb-2020	10,339.53	19549	5XYZHDAG4CG147245	Kia/Hyundai SUV made by KMMG	2012	3211
Alpha2	2182	28-Feb-2020	16,859.02	29625	1FTFW1EV6FA38205	Ford truck	2010	3210
Alpha2	2766	22-Dec-2021	18,078.61	24801.24	5XYKT3A12BG141867	Kia/Hyundai SUV made by KMMG	2011	3209
Alpha2	2194	26-Mar-2020	7,901.97	16679.75	2HGFC2F52GH023397	Honda car made by Honda of Canada Manufacturing	2016	3208
Alpha2	2698	28-Oct-2021	25,955.14	36952.13	1FM5K8F82FG833835	Ford MPV/SUV	2015	3193
Alpha2	2753	24-Nov-2021	33,912.73	47905.38	3C63D3FLXCG237722	Chrysler Group (all brands) truck 2012-	2012	3189
Alpha2	2174	26-Mar-2020	12,715.06	24171.39	3C4PDDFGXDT712412	Chrysler brand MPV 2001-2005	2013	3182
Alpha2	1931	28-Feb-2020	11,102.20	34476	1C6RD7GT0CS230805	Chrysler Group (all brands) truck 2012-	2012	3167
LW2	2152	31-Jan-2020	19,141.18	30,480.72	1C6RR7UTXD5712544	Chrysler Group (all brands) truck 2012-	2013	3152
Alpha2	2788	25-Jan-2022	29,512.56	39840.88	3GTU2VECG3F6165525	GMC truck	2015	3151
LW2	2257	29-Jun-2020	19,354.24	33,597.16	1C6RR7MTOD5709085	Chrysler Group (all brands) truck 2012-	2013	3120
Alpha2	2786	25-Jan-2022	21,227.77	28468.09	1D7RV1GT9A5232607	Dodge truck 2002-2011	2010	3113
LW2	1910	12-Sep-2019	5,457.27	22,732.85	2GCEK133181137833	Chevrolet truck	2008	3105
Alpha2	2486	16-Mar-2021	13,410.58	22705.09	1C4NJRAB9GD524032	Chrysler brand MPV 1990-2005	2016	3101
LW2	2598	13-Jul-2021	22,485.36	32,875.09	1C6RR7HT0E5410241	Chrysler Group (all brands) truck 2012-	2014	3087
Alpha2	2193	26-Mar-2020	18,403.04	28250	2GNFLFEK1H6299507	Chevrolet MPV/SUV 1987-	2017	3084
LW2	2839	11-Apr-2022	18,848.31	23,948.09	2C3CCACG2H272590	Chrysler brand car 1981-2011	2012	3050
Alpha2	2852	28-Apr-2022	20,073.29	25078.09	JM3TB3CA9E0437393	Mazda MPV/SUV	2014	3049
Alpha2	2851	28-Apr-2022	19,168.90	23948.09	KMHD35LH6EU210802	Hyundai car	2014	3048
LW2	2844	11-Apr-2022	12,088.13	15,358.96	2D4RN4DEXAR276993	Dodge MPV 2003-2011 only	2010	3047
LW2	2834	11-Apr-2022	11,979.87	15,306.98	3D4PG5F88BT531130	Dodge SUV 2009-2011	2011	3045
Alpha2	2830	30-Mar-2022	16,774.92	21688.09	1FMCU0GX4EUD34192	Ford MPV/SUV	2014	3044
Alpha2	2831	28-Apr-2022	18,490.51	23100.59	5N1AT2MV2GC860287	Nissan & Infiniti SUV	2016	3043
Alpha2	2829	30-Mar-2022	14,152.81	18298.09	WMWMS3C58ATY51917	MINI car	2010	3042
LW2	2859	10-May-2022	25,661.34	36,378.09	1FA6P8AM4H5303583	Ford car	2017	3038
LW2	2806	10-May-2022	39,118.38	49,938.09	1C6RR7MT3H5501496	Chrysler Group (all brands) truck 2012-	2017	3037
LW2	2833	11-Apr-2022	27,741.86	35,248.09	1C4RDJAG7DC701135	Chrysler brand MPV 1990-2005	2013	3036
LW2	2864	10-May-2022	24,595.79	30,728.09	1C4PJMDS3FW751453	Chrysler brand MPV 1990-2005	2015	3035
Alpha2	2823	30-Mar-2022	27,277.92	35267.46	2C4RDGBG3ER424767	Chrysler brand MPV/SUV 2000-2005	2014	3027
Alpha2	2790	25-Jan-2022	20,874.92	27995	3N1AB7AP2EL652473	Nissan Mexico car	2014	3022
LW2	2843	11-Apr-2022	33,419.87	42,028.09	1C6RR7TXXH5563656	Chrysler Group (all brands) truck 2012-	2017	2971
LW2	2837	11-Apr-2022	39,170.13	49,260.09	3GTU2NEJ4JG311678	GMC truck	2018	2969
LW2	R1615	12-Sep-2019	2,397.96	28,592.00	2C4RDGBG2GR367917	Chrysler brand MPV/SUV 2000-2005	2016	2956
Alpha2	2163	28-Feb-2020	16,632.39	31237.72	1C6RR7LT7D5503215	Chrysler Group (all brands) truck 2012-	2013	2919
LW2	2863	10-May-2022	12,232.27	17,392.96	1G1PL5SH3D7264499	Chevrolet car	2013	2914
LW2	2857	10-May-2022	22,962.46	28,468.09	3GCPRE18G285110	Chevrolet truck	2011	2898
Alpha2	2828	30-Mar-2022	15,900.80	20558.09	KMHGC4DD4DU216289	Hyundai car	2013	2881
Alpha2	2814	28-Feb-2022	18,192.63	23948.09	5FNFY48999B015249	Honda MPV/SUV made by Honda Manufacturing of Alabama	2009	2876
LW2	2667	11-Aug-2021	11,163.76	19,075.32	2HGFB6E5XDH200513	Honda car made by Honda of Canada Manufacturing	2013	2871
Alpha2	2433	28-Jan-2021	16,635.84	30615.09	2FMPK4J92GBB68739	Ford MPV/SUV	2016	2855
Alpha2	2805	28-Feb-2022	22,484.58	29598.09	5XYKUDA25BG072040	Kia/Hyundai SUV made by KMMG	2011	2842
LW2	2127	19-Dec-2019	7,277.39	16,738.69	5NPDH4AEODH347834	Hyundai car made by HMMMA	2013	2838
LW2	2702	10-Nov-2021	13,011.29	18,524.09	1N4AL3AP2EN332059	Nissan car	2014	2820
LW2	2524	7-Apr-2021	16,317.38	26,886.09	JF1GV7F63DG019567	(Subaru) car	2013	2813
LW2	2337	29-Oct-2020	11,500.20	34,627.72	2C3CCAGG1GH234204	Chrysler brand car 1981-2011	2016	2812
LW2	2260	30-Jul-2020	18,637.65	31,576.72	1FTFW1ET5CFB37762	Ford truck	2012	2796
LW2	2625	11-Aug-2021	17,506.26	25,308.61	1FTMF1EF6DKF23357	Ford truck	2013	2795
LW2	2144	31-Jan-2020	2,279.11	20,163.72	2HGFB2F42EH009927	Honda car made by Honda of Canada Manufacturing	2014	2791
LW2	2204	28-Apr-2020	10,657.91	22,035.00	JN1CV6AR3CM678210	Nissan car & Infiniti car	2012	2779
LW2	1849	12-Sep-2019	3,172.51	20,128.69	2D4RN4DG7BR694009	Dodge MPV 2003-2011 only	2011	2778
LW2	2448	5-Jan-2021	7,594.16	13,552.09	5NPDH4AE5DH186994	Hyundai car made by HMMMA	2013	2745
LW2	2417	2-Dec-2020	12,985.31	24,965.09	WAUHFCL3BN031783	Audi car	2011	2734
LW2	2125	19-Dec-2019	5,185.51	14,964.72	1C4PJMAM6CW106120	Chrysler brand MPV 1990-2005	2012	2725
LW2	2355	29-Oct-2020	9,901.24	25,352.68	2HGFB2F53FH013754	Honda car made by Honda of Canada Manufacturing	2015	2721
LW2	2226	28-May-2020	20,819.31	31,802.72	2C3CDXHG5JH282732	Chrysler brand car 1981-2011	2018	2719
LW2	1671	12-Sep-2019	2,121.15	14,351.00	3D4PG5FV4AT277171	Dodge SUV 2009-2011	2010	2704
LW2	1871	12-Sep-2019	3,428.50	19,882.94	JN8AF5MV9BT014734	Nissan MPV/SUV & Infiniti SUV	2011	2700
LW2	2230	28-May-2020	16,518.33	25,107.01	1FMCU9G98DUC00175	Ford MPV/SUV	2013	2652
LW2	2603	13-Jul-2021	13,435.62	20,445.09	2C4RC1BG2CR328514	Chrysler brand MPV/SUV 2000-2005	2012	2638
LW2	2594	23-Jun-2021	15,020.62	29,202.59	5XYZUDLA0GG350207	Kia/Hyundai SUV made by KMMG	2016	2615
Alpha2	2153	28-Feb-2020	16,299.71	30170.72	1C6RR7FP9D552592	Chrysler Group (all brands) truck 2012-	2013	2574
LW2	2423	2-Dec-2020	10,280.59	18,919.59	5NPDH4AE6EH466991	Hyundai car made by HMMMA	2014	2517
LW2	2099	31-Jan-2020	9,352.62	23,067.72	3N1AB7AP6GL53435	Nissan Mexico car	2016	2510
Alpha2	2246	29-Jun-2020	13,716.89	23802.32	3C4PDDFG6DT712424	Chrysler brand MPV 2001-2005	2013	2491
LW2	2051	12-Sep-2019	12,060.62	25,454.73	2C4RDGBG2ER344134	Chrysler brand MPV/SUV 2000-2005	2014	2365
LW2	1882	12-Sep-2019	1,424.96	30,510.00	1C4RJFTXCC279411	Chrysler brand MPV 1990-2005	2012	2341
LW2	1814	12-Sep-2019	6,088.71	25,990.00	1N6AAOEC4BN308067	Nissan truck	2011	2244
LW2	2070	30-Sep-2019	18,851.77	36,000.72	1C6RR7JT5D5554652	Chrysler Group (all brands) truck 2012-	2013	2234
LW2	1794	12-Sep-2019	2,531.41	22,562.72	2C4RDGBG5DR752691	Chrysler brand MPV/SUV 2000-2005	2013	2213

## Appendix "P"

## Williams, Richard

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**From:** Williams, Richard  
**Sent:** Wednesday, November 22, 2023 5:06 PM  
**To:** skca@idirect.com  
**Cc:** Sleeth, Jorden; hugh@clonsillaaautosales.com; Derek Harland (External)  
**Subject:** RE: [EXT] RE: FW: In the Matter of the Receivership of 926749 Ontario Ltd. and Velocity Asset and Credit Corporation

Mr. Karmacyn,

The purpose of our emails and requests is to 'apprise ourselves of the situation' as you put it. If you will refer to my email of October 27, to which you only replied on November 16, the Receiver asked whether you were also the accountant for Velocity. Your response of November 16 clarified that you are not, which is why our subsequent requests have been restricted to your knowledge and possession of records related to the Dealer.

If there are issues relating to the receivership order that require clarification it would be helpful if you would identify them or consult your counsel on your obligations related thereto. The obligations of persons having service of the Order are clearly set out therein. As set out in paragraphs 6 and 7 of the order, you are obligated to:

- advise the Receiver of the existence of **any** books ... corporate and account records, bank account information and any other papers, records and information of any kind related to the business or affairs of the Debtors ... in your possession and control;
- provide to the Receiver or the Receiver to make, retain and take away copies thereof and grant to the Receiver **unfettered** access to and use of accounting, computer software and physical facilities relating thereto...; and
- give **unfettered** access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained [on a computer or other electronic system of information storage].

I trust that clarifies your obligations and the Receiver's rights to the information requested. As Receivers are generally unaware of the records in the possession of parties beyond the Debtor, the Court Order and related requests are broad and put the onus on the third party in possession of the records to disclose and provide everything in their possession to the Receiver. This is how Receivers apprise themselves of the situation to which they are appointed. The Court Order is clear with respect to your obligation to provide any records in your possession and NOT on the Receiver to make specific requests. Your responses to-date are evasive and contrary to the spirit of the Court Order and the requirements of parties in possession of records to comply with the Court Order at the Receiver's request. We suggest you consult with your counsel and govern yourself accordingly.

With respect to your retainer, the Receiver is not seeking to retain your services but is prepared to reimburse reasonable expenses related to the delivery of the information requested.

Regards,

--

Richard Williams CPA, CIRP, LIT  
Deloitte LLP | Deloitte Restructuring Inc.  
(416) 258-8761  
[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)

---

**From:** skca@idirect.com <skca@idirect.com>  
**Sent:** Wednesday, November 22, 2023 12:15 PM  
**To:** Williams, Richard <richwilliams@deloitte.ca>  
**Cc:** Sleeth, Jorden <jsleeth@deloitte.ca>; hugh@clonsillaaautosales.com  
**Subject:** [EXT] RE: FW: In the Matter of the Receivership of 926749 Ontario Ltd. and Velocity Asset and Credit Corporation



I would be glad to comply and help you out in any way possible, however it would be helpful if you and Jordan would apprise yourselves of the situation accurately so you know what to ask, and from whom to ask it so time and money is not wasted. Additionally, there are several issues relating to the receiving order which require clarification. Also, it would be helpful if you could specify precisely what it is you would like for me to provide in order to assist you. Lastly, my minimum non-refundable retainer is \$5,000, which you can send by interac at your convenience.

Best wishes,  
Sid.

Sid Karmazyn  
T 905-771-3813  
F 905-771-3810

---

**From:** Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>  
**Sent:** Wednesday, November 22, 2023 12:04 PM  
**To:** [skca@idirect.com](mailto:skca@idirect.com)  
**Cc:** Sleeth, Jordan <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>; [hugh@clonsillaautosales.com](mailto:hugh@clonsillaautosales.com)  
**Subject:** RE:FW: In the Matter of the Receivership of 926749 Ontario Ltd. and Velocity Asset and Credit Corporation

Mr. Karmazyn

Further to Mr. Sleeth's email below, we have yet to receive a reply from you with respect to the books and records of 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing (the "Dealer"), for which we understand you are the accountant.

Please forward all books and records in your possession relating to the Dealer immediately, and in any event, no later than 5:00 pm on November 23<sup>rd</sup>. If we do not receive the books and records, or access thereto, by that date we may seek an urgent attendance before the Court to address your non-compliance with the receivership order.

Regards,

--

Richard Williams CPA, CIRP, LIT  
Deloitte LLP | Deloitte Restructuring Inc.  
(416) 258-8761  
[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)

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**From:** Sleeth, Jordan <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>  
**Sent:** Thursday, November 16, 2023 5:41 PM  
**To:** [skca@idirect.com](mailto:skca@idirect.com); Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>  
**Cc:** [hugh@clonsillaautosales.com](mailto:hugh@clonsillaautosales.com)  
**Subject:** RE: [EXT] RE: In the Matter of the Receivership of 926749 Ontario Ltd. and Velocity Asset and Credit Corporation

Seems we need to set up a call to discuss our request and the obligation of those in possession of information related to Dealer Property to cooperate with the Receiver and provide information related to same.

Paragraphs 3 and 5 as well as others of the receivership order (attached for ease of reference) are pretty clear. Please advise as to your availability for a call tomorrow to discuss. In the alternative, please provide your address and the name and address of your counsel.

Thank you,

Jorden

--

**Jorden Sleeth, LIT**  
Senior Vice President | Financial Advisory – Restructuring Services  
Deloitte Restructuring Inc.

8 Adelaide Street West, Suite 200, Toronto, ON, M5H 0A9  
D: (416) 775 8858 | M: (416) 819 2312  
[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca) | [deloitte.ca](http://deloitte.ca)



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PARTNER

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**From:** [skca@idirect.com](mailto:skca@idirect.com) <[skca@idirect.com](mailto:skca@idirect.com)>  
**Sent:** Thursday, November 16, 2023 5:35 PM  
**To:** Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>  
**Cc:** Sleeth, Jordan <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>; [hugh@clonsillaautosales.com](mailto:hugh@clonsillaautosales.com)  
**Subject:** [EXT] RE: In the Matter of the Receivership of 926749 Ontario Ltd. and Velocity Asset and Credit Corporation  
**Importance:** High

I am not the accountant for Velocity Asset and Credit Corporation.

Sid Karmazyn  
T 905-771-3813  
F 905-771-3810

---

**From:** Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>  
**Sent:** Thursday, November 16, 2023 4:53 PM  
**To:** [skca@idirect.com](mailto:skca@idirect.com)  
**Cc:** Sleeth, Jordan <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>  
**Subject:** FW: In the Matter of the Receivership of 926749 Ontario Ltd. and Velocity Asset and Credit Corporation

Mr. Karmazyn,

I am following up on my email below, to which I have had no response. I am hopeful that we will not have to seek the assistance of the court to secure your cooperation.

Regards,

--  
Richard Williams CPA, CIRP, LIT  
Deloitte LLP | Deloitte Restructuring Inc.  
(416) 258-8761  
[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)

---

**From:** Williams, Richard  
**Sent:** Friday, October 27, 2023 5:31 PM  
**To:** [skca@idirect.com](mailto:skca@idirect.com)  
**Cc:** Sleeth, Jordan <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>  
**Subject:** In the Matter of the Receivership of 926749 Ontario Ltd. and Velocity Asset and Credit Corporation

Mr. Karmazyn,

Deloitte Restructuring Inc. ("Deloitte") was appointed as receiver (the "Receiver") of Velocity Asset and Credit Corporation ("Velocity") and certain assets of 926749 Ontario Ltd. (the "Dealer" and, together with Velocity, the "Debtors") by order of the Ontario Superior Court of Justice (Commercial List) dated October 26, 2023. I direct your

attention to paragraphs 5, 6 and 7, which speak to the obligation of persons having service of the order to provide books and records to the Receiver.

We understand that you are the accountant for the Dealer – can you please confirm whether you are also the accountant for Velocity. We would appreciate it if you could send the most recent financial statements for the Debtors for our review as soon as possible.

Regards,

--

**Richard Williams CPA, CIRP, LIT**

Director | Deloitte LLP

Financial Advisory – Turnaround & Restructuring

D: (416) 607-1392 | M: (416) 258-8761

[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca) | [deloitte.ca](http://deloitte.ca)

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## Appendix “Q”

Brand	YEAR / MODEL	VIN	KEYS	STATUS	MILEAGE	ESTIMATED AUCTION VALUE	AUCTION RESULT
HYUNDAI	2014 SANTE FE	KM8SM4HF2EU038032	YES	OPERABLE	177163	\$ 3,500.00	\$2,900.00
CHRYSLER	2010 300	2C3CA5CV9AH254547	YES	OPERABLE	196940	\$ 3,000.00	\$2,800.00
CHEVROLET	2010 AVALANCHE	3GNVKFB08AB141544	YES	OPERABLE	225051	\$ 4,000.00	\$5,600.00
JEEP	2012 GRAND CHEROKEE	1C4RJFAG5CC178752	YES	OPERABLE	190890	\$ 6,000.00	\$6,200.00
HYUNDAI	2013 ELANTRA	5NPDH4AE8DH178968	YES	OPERABLE		\$ 1,800.00	\$2,300.00
FORD	2013 EXPLORER	1FM5K8D81DGB16668	YES	OPERABLE		\$ 5,200.00	\$3,700.00
NISSAN	2012 SENTRA	3N1ABOAP3CL629470	YES	OPERABLE	247223	\$ 2,000.00	\$2,200.00
JEEP	2015 PATRIOT	1C4NJRAB4FD101681	YES	OPERABLE	178678	\$ 5,500.00	\$5,000.00
FORD	2016 ESCAPE	1FMCU9GX7GUA56105	YES	OPERABLE	118278	\$ 8,000.00	\$10,800.00
SUBARU	2012 OUTBACK	4S4BRCC8C3256357	YES	OPERABLE	82968	\$ 5,500.00	\$2,500.00
HYUNDAI	2009 VERA CRUZ	KM8NU73C99U090663	YES	OPERABLE		\$ 5,000.00	\$3,200.00
FORD	2013 FOCUS	1FADP3F22DL286919	YES	OPERABLE	241893	\$ 1,500.00	\$1,200.00
HYUNDAI	2013 GENESIS	KMHGC4DD4DU216289	YES	OPERABLE	161827	\$ 4,800.00	\$2,300.00
JEEP	2011 WRANGLER	1J4BA3H11BL567947	YES	OPERABLE	185004	\$ 10,500.00	\$9,250.00
DODGE	2013 DURANGO	1C4RDJAG7DC701135	YES	OPERABLE	226717	\$ 4,500.00	\$9,100.00
DODGE RAM	2010 CARAVAN	2D4RN4DEXAR276993	YES	OPERABLE	2001171	\$ 2,000.00	\$2,100.00
DODGE RAM	2009 1500	1D3HV18T99S820112	YES	OPERABLE	336141	\$ 2,500.00	\$2,700.00
JEEP	2008 WRANGLER	1J4GA59188L595687	YES	OPERABLE	234369	\$ 8,500.00	\$5,300.00
MITSUBISHI	2013 LANCER	1A32X2HU1DU601342	YES	OPERABLE		\$ 2,000.00	\$4,800.00
CHEVROLET	2013 SILVERADO	1GC2KVCGXZ312448	YES	OPERABLE	85000	\$ 8,000.00	\$8,000.00
RAM	2010 1500	1D7RV1GTXA5167282	YES	OPERABLE	224020	\$ 6,000.00	\$6,700.00
KIA	2011 SORENTO	5XYKUDA26BG166735	YES	OPERABLE	185278	\$ 3,000.00	\$5,200.00
DODGE	2014 CARAVAN	2C4RDGBG5ER241841	YES	OPERABLE	161628	\$ 5,000.00	\$2,400.00
MITSUBISHI	2013 LANCER	JA32U2FU1DU605564	YES	OPERABLE		\$ 3,000.00	\$3,200.00
DODGE RAM	2012 1500	1C6RD7FP8CS178828	YES	OPERABLE	160837	\$ 6,500.00	\$9,000.00
DODGE	2010 JOURNEY	3D4PG5FV7AT214839	YES	OPERABLE	271340	\$ 2,000.00	\$1,250.00
DODGE	2012 GRAND CARAVAN	2C4RDGBG7CR317010	YES	OPERABLE		\$ 1,800.00	\$2,100.00
DODGE	2013 GRAND CARAVAN	2C4RDGDGXDR783187	YES	OPERABLE		\$ 2,000.00	\$2,900.00
RAM	2009 1500	1D3HV13TX9S825987	YES	OPERABLE		\$ 1,500.00	\$0.00
TOYOTA	2013 SIENNA	5TDKK3DC9DS290086	YES	OPERABLE		\$ 1,800.00	\$5,900.00
DODGE	2010 GRAND CARAVAN	2D4RN4DE9AR471953	YES	OPERABLE		\$ 1,900.00	\$1,500.00
HYUNDAI	2013 ELANTRA	5NPDH4RF2DH223757	YES	OPERABLE	89856	\$ 1,600.00	\$5,000.00
DODGE	2013 2500	3C6TR5DT2DG547400	YES	OPERABLE	215965	\$ 6,000.00	\$11,000.00
GMC	2014 SIERRA	1GTV2UEC3EZ261054	YES	OPERABLE	214606	\$ 4,800.00	\$11,300.00
DODGE	2010 CARAVAN	2D4RN4DE0AR221100	YES	OPERABLE	240168	\$ 1,200.00	\$1,300.00
CHEVROLET	2013 CAMARO	2G1FC1E30D9116247	YES	OPERABLE	124839	\$ 7,500.00	\$11,200.00
SATURN	2009 VUE XR	3GSDL63729S647790	YES	OPERABLE	266132	\$ 1,900.00	\$1,250.00

\$ 151,300.00      \$173,150.00

TOTAL AUCTION PROCEEDS

\$183,850.00

Clonsilla Non-Runners

Brand	YEAR / MODEL	VIN	KEYS	STATUS	MILEAGE	ESTIMATED AUCTION VALUE	AUCTION RESULT
AUDI	2011 A4 PREMIUM	WAUFFCFL6BN024527	YES	NON-RUNNER	124628	<b>\$1,300.00</b>	<b>\$1,000.00</b>
FORD	2015 EXPLORER LIMITED	1FM5K8F82FGB33835	YES	NON-RUNNER	132098	<b>\$2,800.00</b>	<b>\$4,900.00</b>
RAM	2014 1500 LIMITED	1C6RR7WT8ES425735	YES	NON-RUNNER	243186	<b>\$2,100.00</b>	<b>\$4,800.00</b>

**\$6,200.00**      **\$10,700.00**

## Appendix “R”

In the Matter of the Receivership of  
Velocity Asset Credit Corporation and  
926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing

**SCHEDULE 1:** Vehicles leased to the same lessee on different dates with no recorded buyout of the lease

LEASE NO	TRANCHE	VIN	CUSTOMER	YEAR	COLOUR	MAKE	MODEL	CAPITAL COST
3093	TRANCHE 18	19UUA66236A801715	S.B.	2006	BLACK	ACURA	TL PREMIUM	\$ 9,999
3249	TRANCHE 37	19UUA66236A801715	S.B.	2006	BLACK	ACURA	TL PREMIUM	\$ 21,799
3143	TRANCHE 34	1D7RV1GTXAS167282	W.B.	2010	ORANGE	RAM	1500 SLT	\$ 26,659
3272	TRANCHE 37	1D7RV1GTXAS167282	W.B.	2010	ORANGE	RAM	1500 SLT	\$ 38,419
3026	TRANCHE 13	KNDJP3A54H7441564	J.C.	2017	BLACK	KIA	SOUL EX	\$ 25,361
3276	TRANCHE 41	KNDJP3A54H7441564	J.C.	2017	BLACK	KIA	SOUL	\$ 33,437
2413	TRANCHE 1	SAJXA2GB9BLV03804	I.P.	2011	SILVER	JAGUAR	XJ-SERIES FWD	\$ 24,731
3309	TRANCHE 42	SAJXA2GB9BLV03804	I.P.	2011	SILVER	JAGUAR	XJ SERIES	\$ 26,301
<b>Subtotal</b>								<b>\$ 206,705</b>

**SCHEDULE 2:** Vehicles leased to different lessees on different dates with no recorded buyout of the lease

LEASE NO	TRANCHE	VIN	CUSTOMER	YEAR	COLOUR	MAKE	MODEL	CAPITAL COST
2324	TRANCHE 1	1C3CDFE88GD549273	S.M.	2016	GREY	DODGE	DART	\$ 21,123
2945	TRANCHE 10	1C3CDFE88GD549273	A.C.	2016	SILVER	DODGE	DART GT	\$ 21,294
2888	TRANCHE 10	1C6RR7NT3DS611702	R.W.	2013	BLACK	RAM	1500 LARAMIE	\$ 32,875
3281	TRANCHE 40	1C6RR7NT3DS611702	G.C.	2013	BLACK	RAM	1500 LARAMIE	\$ 34,892
3125	TRANCHE 23	1FT7W2B60FED33501	A.M.	2015	WHITE	FORD	F250 WT	\$ 44,600
3242	TRANCHE 39	1FT7W2B60FED33501	A.G.	2015	WHITE	FORD	F250 WT	\$ 48,468
2885	TRANCHE 3	1FTFW1EF5GKE66856	S.M.	2016	WHITE	FORD	F-150 WT	\$ 41,576
3157	TRANCHE 25	1FTFW1EF5GKE66856	J.K.	2016	WHITE	FORD	F-150 WT	\$ 43,665
3201	TRANCHE 31	1G1JA5EH0C4100876	F.K.	2012	SILVER	CHEVROLET	SONIC LS	\$ 17,958
3250	TRANCHE 39	1G1JA5EH0C4100876	B.C.	2012	SILVER	CHEVROLET	SONIC LS	\$ 19,088
2562	TRANCHE 1	1GDJC39131F188659	J.L.	2001	WHITE	GMC	SIERRA 3500	\$ 13,334
3165	TRANCHE 31	1GDJC39131F188659	S.M.	2001	WHITE	GMC	SIERRA 3500	\$ 14,202
3006	TRANCHE 11	2C3CCABG3CH122361	R.E.	2012	BLACK	CHRYSLER	300 S	\$ 37,395
3256	TRANCHE 39	2C3CCABG3CH122361	L.R.	2012	BLACK	CHRYSLER	300 S	\$ 31,518
2776	TRANCHE 2	2C4RC1BG5CR317328	B.H.	2012	GREY	CHRYSLER	TOWN & COUNTRY	\$ 22,818
3275	TRANCHE 38	2C4RC1BG5CR317328	C.F.	2012	BLACK	CHRYSLER	TOWN & COUNTRY	\$ 26,293
3013	TRANCHE 11	2FMDK4JC6DBC35532	R.O.	2013	BLACK	FORD	EDGE SEL	\$ 27,564
3307	TRANCHE 43	2FMDK4JC6DBC35532	C.C.	2013	BLACK	FORD	EDGE SEL	\$ 32,308
2908	TRANCHE 4	3D4PG5FV8AT166042	J.S.	2010	SILVER	DODGE	JOURNEY SXT	\$ 19,428
3156	TRANCHE 42	3D4PG5FV8AT166042	B.P.	2010	SILVER	DODGE	JOURNEY SXT	\$ 19,314
2924	TRANCHE 4	3FA6P0H79ER294986	C.O.	2014	RED	FORD	FUSION SE	\$ 28,468
3299	TRANCHE 43	3FA6P0H79ER294986	G.B.	2014	RED	FORD	FUSION SE	\$ 32,648
3269	TRANCHE 38	3GTU2PEJ4HG175428	A.L.	2017	WHITE	GMC	SIERRA DENALI	\$ 52,423
3280	TRANCHE 42	3GTU2PEJ4HG175428	R.W.	2017	WHITE	GMC	SIERRA DENALI	\$ 47,338
2465	TRANCHE 1	3GTU2VEC6FG479606	S.T.	2015	BLUE	GMC	SIERRA SLT	\$ 37,395
3218	TRANCHE 31	3GTU2VEC6FG479606	S.A.	2015	BLUE	GMC	SIERRA	\$ 47,380
3080	TRANCHE 16	3MZBM1U78FM136034	X.K.	2015	BLACK	MAZDA	3 SPORT	\$ 28,864
3153	TRANCHE 31	3MZBM1U78FM136034	D.M.	2015	BLACK	MAZDA	3 SPORT	\$ 26,978
3243	TRANCHE 34	4T1BF1FK1EU800792	J.S.	2014	WHITE	TOYOTA	CAMRY	\$ 31,355
3300	TRANCHE 43	4T1BF1FK1EU800792	T.R.	2014	WHITE	TOYOTA	CAMRY	\$ 32,892
2967	TRANCHE 9	5N1AR2MM9DC636757	J.D.	2013	SILVER	NISSAN	PATHFINDER	\$ 33,666
3214	TRANCHE 42	5N1AR2MM9DC636757	J.M.	2013	SILVER	NISSAN	PATHFINDER PLATINUM	\$ 28,806
3216	TRANCHE 34	5N1AR2MM9EC604019	A.D.	2014	WHITE	NISSAN	PATHFINDER SV	\$ 38,636
3259	TRANCHE 37	5N1AR2MM9EC604019	W.L.	2014	WHITE	NISSAN	PATHFINDER SV	\$ 35,019
2770	TRANCHE 1	KMHD04LB6JU670504	J.L.	2018	BLUE	HYUNDAI	ELANTRA TECH	\$ 28,922
3017	TRANCHE 12	KMHD04LB6JU670504	T.C.	2018	BLUE	HYUNDAI	ELANTRA SPORT	\$ 31,348
3040	TRANCHE 14	KMHGC4DD4CU157310	A.L.	2012	SILVER	HYUNDAI	GENESIS 3.8L V6	\$ 31,689
3298	TRANCHE 43	KMHGC4DD4CU157310	C.D.	2012	SILVER	HYUNDAI	GENESIS	\$ 31,518
2238	TRANCHE 1	KMHH35LE9JU061271	J.G.	2018	BLUE	HYUNDAI	ELANTRA	\$ 21,155
3308	TRANCHE 42	KMHH35LE9JU061271	D.I.	2018	BLUE	HYUNDAI	ELANTRA GT	\$ 30,388
<b>Subtotal</b>								<b>\$ 1,246,600</b>

**SCHEDULE 3:** Vehicles leased to the same lessee in different funding tranches, and to a third lessee, with no recorded buyout of the lease

LEASE NO	TRANCHE	VIN	CUSTOMER	YEAR	COLOUR	MAKE	MODEL	CAPITAL COST
3190	TRANCHE 42	JN8AS5MT7BW174345	D.M.	2011	BLUE	NISSAN	ROGUE SV	\$ 13,592
3031	TRANCHE 12	JN8AS5MT7BW174345	A.S.	2011	BLUE	NISSAN	ROGUE	\$ 18,478
2723	TRANCHE 1	JN8AS5MT7BW174345	A.S.	2011	BLUE	NISSAN	ROGUE SV	\$ 12,931
2895	TRANCHE 4	1FTEX1C85GF857278	J.B.	2016	WHITE	FORD	F150 XL	\$ 36,378
3179	TRANCHE 31	1FTEX1C85GF857278	J.B.	2016	WHITE	FORD	F150 XL	\$ 36,378
2321	TRANCHE 1	1FTEX1C85GF857278	A.O.	2016	OXFORD WHITE	FORD	F-150 RWD	\$ 24,515
<b>Subtotal</b>								<b>\$ 142,273</b>

<b>Grand Total</b>								<b>\$ 1,595,578</b>
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## Appendix "S"

November 17, 2023

VIA EMAIL ([hugh@clonsillaautosales.com](mailto:hugh@clonsillaautosales.com))

Hugh Waddell  
809 Clonsilla Avenue  
Peterborough, ON K9J 5Y2

Mr. Waddell:

**Re: In the Matter of the Receivership of Velocity Asset and Credit Corporation (“Velocity”) and 926749 Ontario Ltd. o/a Clonsilla Leasing (the “Dealer”, together with Velocity, the “Debtors”), Court File No. CV-23-00707330-00CL (the “Receivership Proceeding”)**

As you are aware, on October 26, 2023, the Ontario Superior Court of Justice granted an order (the “**Receivership Order**”) appointing Deloitte Restructuring Inc. as the receiver (the “**Receiver**”) of all of the present and future assets, undertakings and real and personal property of Velocity acquired for, or used in relation to, a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property of the Dealer, including all proceeds thereof (collectively, the “**Property**”). A copy of the Receivership Order is enclosed. We are counsel to the Receiver.

Since the Receiver’s appointment pursuant to the Receivership Order, the Receiver has undertaken efforts to examine the books and records of the Debtors and locate the Property of the Debtors.

We draw your attention to paragraphs 5 and 6 of the Receivership Order, that requires that you fully cooperate with the Receiver, including by providing complete access to the books and records of the Debtors and advising the Receiver of the existence of any Property (as defined in the Receivership Order).

While undertaking its review and inspection of the Debtors’ Property and books and records, the Receiver has discovered several concerning facts, which are set out in more detail below. These include potential misappropriation of vehicle lease proceeds and the re-purposing of assets properly subject to the Receivership Order. In particular:

- (a) the Receiver has discovered at least 26 examples whereby the Debtors appear to have released a vehicle with the same Vehicle Identification Number (“VIN”) without a corresponding buyout of the lease. These vehicles are set out in Schedule “A” to this letter. This includes examples where:
1. the same vehicle is leased to the same lessee on different dates with no lease buyout;
  2. the same vehicle is leased to different lessees on different dates with no lease buyout; and

3. the same vehicle is leased to the same lessee in different funding tranches, and then to a third lessee;
- (b) the Receiver has discovered that, from the period of August 1, 2023 (when Enlightened stopped receiving payments from the Debtors) to October 26, 2023 (the date of the Receivership Order), the Debtors have transferred vehicles, including vehicles subject to Enlightened's security interest and others that may be Property subject to the Receivership Order, to Auto Connect Sales Inc. Any proceeds or consideration that you or the Debtors received with respect to this transfer are Property subject to the Receivership and also subject to Enlightened's security interest. Auto Connect was put on notice that the Receiver will be repossessing these vehicles and investigating these inappropriate transfers. A copy of the letter sent to Auto Connect is also enclosed; and
- (c) the Receiver has discovered vehicles on the Dealer's lot that may be subject to Enlightened's Security because they were purchased using proceeds that ought to have been paid to Enlightened. These vehicles are set out in Schedule "B" to this letter. This includes vehicles purchased during the period of August 1, 2023 (when Enlightened stopped receiving payments from the Debtors) to October 26, 2023 (the date of the Receivership Order).

These facts raise significant concerns to the Receiver. Accordingly, we require a response from you with respect to the facts and circumstances surrounding the above particulars. **The Receiver requires your written response by November 21, 2023.** In connection with your response, please provide all information and documentation relevant to these issues.

We have copied your counsel on this correspondence. We look forward to your prompt response so that the Receiver may determine whether any further course of action is necessary.

Yours truly,

**Thornton Grout Finnigan LLP**



Rebecca L. Kennedy  
RLK/DH

Per: Rebecca  
Kennedy

Encls.

cc: Kyle Plunkett, Aird & Berlis LLP  
Jorden Sleeth and Richard Williams, Deloitte Restructuring Inc.

## SCHEDULE "A"

In the Matter of the Receivership of  
Velocity Asset Credit Corporation and  
926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing

**SCHEDULE 1:** Vehicles leased to the same lessee on different dates with no recorded buyout of the lease

LEASE NO	TRANCHE	VIN	CUSTOMER	YEAR	COLOUR	MAKE	MODEL	CAPITAL COST
3093	TRANCHE 18	19UUA66236A801715	S.B.	2006	BLACK	ACURA	TL PREMIUM	\$ 9,999
3249	TRANCHE 37	19UUA66236A801715	S.B.	2006	BLACK	ACURA	TL PREMIUM	\$ 21,799
3143	TRANCHE 34	1D7RV1GTXAS167282	W.B.	2010	ORANGE	RAM	1500 SLT	\$ 26,659
3272	TRANCHE 37	1D7RV1GTXAS167282	W.B.	2010	ORANGE	RAM	1500 SLT	\$ 38,419
3026	TRANCHE 13	KNDJP3A54H7441564	J.C.	2017	BLACK	KIA	SOUL EX	\$ 25,361
3276	TRANCHE 41	KNDJP3A54H7441564	J.C.	2017	BLACK	KIA	SOUL	\$ 33,437
2413	TRANCHE 1	SAJXA2G9BLV03804	I.P.	2011	SILVER	JAGUAR	XJ-SERIES FWD	\$ 24,731
3309	TRANCHE 42	SAJXA2G9BLV03804	I.P.	2011	SILVER	JAGUAR	XJ SERIES	\$ 26,301
<b>Subtotal</b>								<b>\$ 206,705</b>

**SCHEDULE 2:** Vehicles leased to different lessees on different dates with no recorded buyout of the lease

LEASE NO	TRANCHE	VIN	CUSTOMER	YEAR	COLOUR	MAKE	MODEL	CAPITAL COST
2324	TRANCHE 1	1C3CDFE88GD549273	S.M.	2016	GREY	DODGE	DART	\$ 21,123
2945	TRANCHE 10	1C3CDFE88GD549273	A.C.	2016	SILVER	DODGE	DART GT	\$ 21,294
2888	TRANCHE 10	1C6RR7NT3DS611702	R.W.	2013	BLACK	RAM	1500 LARAMIE	\$ 32,875
3281	TRANCHE 40	1C6RR7NT3DS611702	G.C.	2013	BLACK	RAM	1500 LARAMIE	\$ 34,892
3125	TRANCHE 23	1FT7W2B60FED33501	A.M.	2015	WHITE	FORD	F250 WT	\$ 44,600
3242	TRANCHE 39	1FT7W2B60FED33501	A.G.	2015	WHITE	FORD	F250 WT	\$ 48,468
2885	TRANCHE 3	1FTFW1EF5GKE66856	S.M.	2016	WHITE	FORD	F-150 WT	\$ 41,576
3157	TRANCHE 25	1FTFW1EF5GKE66856	J.K.	2016	WHITE	FORD	F-150 WT	\$ 43,665
3201	TRANCHE 31	1G1JA5EH0C4100876	F.K.	2012	SILVER	CHEVROLET	SONIC LS	\$ 17,958
3250	TRANCHE 39	1G1JA5EH0C4100876	B.C.	2012	SILVER	CHEVROLET	SONIC LS	\$ 19,088
2562	TRANCHE 1	1GDJC39131F188659	J.L.	2001	WHITE	GMC	SIERRA 3500	\$ 13,334
3165	TRANCHE 31	1GDJC39131F188659	S.M.	2001	WHITE	GMC	SIERRA 3500	\$ 14,202
3006	TRANCHE 11	2C3CCABG3CH122361	R.E.	2012	BLACK	CHRYSLER	300 S	\$ 37,395
3256	TRANCHE 39	2C3CCABG3CH122361	L.R.	2012	BLACK	CHRYSLER	300 S	\$ 31,518
2776	TRANCHE 2	2C4RC1BG5CR317328	B.H.	2012	GREY	CHRYSLER	TOWN & COUNTRY	\$ 22,818
3275	TRANCHE 38	2C4RC1BG5CR317328	C.F.	2012	BLACK	CHRYSLER	TOWN & COUNTRY	\$ 26,293
3013	TRANCHE 11	2FMDK4JC6DBC35532	R.O.	2013	BLACK	FORD	EDGE SEL	\$ 27,564
3307	TRANCHE 43	2FMDK4JC6DBC35532	C.C.	2013	BLACK	FORD	EDGE SEL	\$ 32,308
2908	TRANCHE 4	3D4PG5FV8AT166042	J.S.	2010	SILVER	DODGE	JOURNEY SXT	\$ 19,428
3156	TRANCHE 42	3D4PG5FV8AT166042	B.P.	2010	SILVER	DODGE	JOURNEY SXT	\$ 19,314
2924	TRANCHE 4	3FA6P0H79ER294986	C.O.	2014	RED	FORD	FUSION SE	\$ 28,468
3299	TRANCHE 43	3FA6P0H79ER294986	G.B.	2014	RED	FORD	FUSION SE	\$ 32,648
3269	TRANCHE 38	3GTU2PEJ4HG175428	A.L.	2017	WHITE	GMC	SIERRA DENALI	\$ 52,423
3280	TRANCHE 42	3GTU2PEJ4HG175428	R.W.	2017	WHITE	GMC	SIERRA DENALI	\$ 47,338
2465	TRANCHE 1	3GTU2VEC6FG479606	S.T.	2015	BLUE	GMC	SIERRA SLT	\$ 37,395
3218	TRANCHE 31	3GTU2VEC6FG479606	S.A.	2015	BLUE	GMC	SIERRA	\$ 47,380
3080	TRANCHE 16	3MZBM1U78FM136034	X.K.	2015	BLACK	MAZDA	3 SPORT	\$ 28,864
3153	TRANCHE 31	3MZBM1U78FM136034	D.M.	2015	BLACK	MAZDA	3 SPORT	\$ 26,978
3243	TRANCHE 34	4T1BF1FK1EU800792	J.S.	2014	WHITE	TOYOTA	CAMRY	\$ 31,355
3300	TRANCHE 43	4T1BF1FK1EU800792	T.R.	2014	WHITE	TOYOTA	CAMRY	\$ 32,892
2967	TRANCHE 9	5N1AR2MM9DC636757	J.D.	2013	SILVER	NISSAN	PATHFINDER	\$ 33,666
3214	TRANCHE 42	5N1AR2MM9DC636757	J.M.	2013	SILVER	NISSAN	PATHFINDER PLATINUM	\$ 28,806
3216	TRANCHE 34	5N1AR2MM9EC604019	A.D.	2014	WHITE	NISSAN	PATHFINDER SV	\$ 38,636
3259	TRANCHE 37	5N1AR2MM9EC604019	W.L.	2014	WHITE	NISSAN	PATHFINDER SV	\$ 35,019
2770	TRANCHE 1	KMHD04LB6JU670504	J.L.	2018	BLUE	HYUNDAI	ELANTRA TECH	\$ 28,922
3017	TRANCHE 12	KMHD04LB6JU670504	T.C.	2018	BLUE	HYUNDAI	ELANTRA SPORT	\$ 31,348
3040	TRANCHE 14	KMHGC4DD4CU157310	A.L.	2012	SILVER	HYUNDAI	GENESIS 3.8L V6	\$ 31,689
3298	TRANCHE 43	KMHGC4DD4CU157310	C.D.	2012	SILVER	HYUNDAI	GENESIS	\$ 31,518
2238	TRANCHE 1	KMHH35LE9JU061271	J.G.	2018	BLUE	HYUNDAI	ELANTRA	\$ 21,155
3308	TRANCHE 42	KMHH35LE9JU061271	D.I.	2018	BLUE	HYUNDAI	ELANTRA GT	\$ 30,388
<b>Subtotal</b>								<b>\$ 1,246,600</b>

**SCHEDULE 3:** Vehicles leased to the same lessee in different funding tranches, and to a third lessee, with no recorded buyout of the lease

LEASE NO	TRANCHE	VIN	CUSTOMER	YEAR	COLOUR	MAKE	MODEL	CAPITAL COST
3190	TRANCHE 42	JN8AS5MT7BW174345	D.M.	2011	BLUE	NISSAN	ROGUE SV	\$ 13,592
3031	TRANCHE 12	JN8AS5MT7BW174345	A.S.	2011	BLUE	NISSAN	ROGUE	\$ 18,478
2723	TRANCHE 1	JN8AS5MT7BW174345	A.S.	2011	BLUE	NISSAN	ROGUE SV	\$ 12,931
2895	TRANCHE 4	1FTEX1C85GF857278	J.B.	2016	WHITE	FORD	F150 XL	\$ 36,378
3179	TRANCHE 31	1FTEX1C85GF857278	J.B.	2016	WHITE	FORD	F150 XL	\$ 36,378
2321	TRANCHE 1	1FTEX1C85GF857278	A.O.	2016	OXFORD WHITE	FORD	F-150 RWD	\$ 24,515
<b>Subtotal</b>								<b>\$ 142,273</b>

<b>Grand Total</b>								<b>\$ 1,595,578</b>
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**SCHEDULE "B"**

In the Matter of the Receivership of Velocity Asset Credit Corporation and 926749 Ontario Ltd.

**Reconciliation of Non-EFC Vehicle Inventory and Unfunded Leases****Category 1: Vehicles bought out from Nextgear between August 1, 2023 and October 31, 2023**

<b>LEASE NO</b>	<b>YEAR</b>	<b>MAKE</b>	<b>MODEL</b>	<b>VIN</b>	<b>COST</b>
3356	2016	HYUNDAI	SANTA FE	KM8SNDHF9GU142002	25,984.35
3361	2016	NISSAN	SENTRA	3N1AB7AP1GL640284	15,692.00
3331	2014	JEEP	CHEROKEE	1C4PJMBS3EW187045	25,892.00
3353	2012	DODGE	JOURNEY	3C4PDDEG3CT285705	21,277.96
					<b>88,846.31</b>

**Category 2: Vehicles on-site or leased where purchase date is on or after August 1, 2023**

<b>LEASE NO</b>	<b>YEAR</b>	<b>MAKE</b>	<b>MODEL</b>	<b>VIN</b>	<b>COST</b>
n/a	2015	NISSAN	JUKE	JN8AF5MV5FT556144	12,389.05
3357	2015	HONDA	PILOT	5FN9YF4H92FB503972	31,517.96
3340	2014	JEEP	CHEROKEE	1C4PJMAS0EW322371	28,127.96
					<b>72,034.97</b>

**Category 3: Vehicles on-site or leased where source and / or date of purchase are unknown**

<b>LEASE NO</b>	<b>YEAR</b>	<b>MAKE</b>	<b>MODEL</b>	<b>VIN</b>	<b>COST</b>
n/a	2020	GMC	SAVANA	1GTW7AFG5L1255354	-
n/a	2013	DODGE	GRAND CARAVAN	2C4RDGBGXDR751374	-
n/a	2012	RAM	1500	1C6RD7FT1CS337511	-
3332	2012	DODGE	RAM	1C6RD7FT1CS337511	42,817.96
n/a	2011	DODGE	GRAND CARAVAN	2D4RN4DG6BR788267	-

**Category 4: Vehicles purchased prior to August 1, 2023**

<b>LEASE NO</b>	<b>YEAR</b>	<b>MAKE</b>	<b>MODEL</b>	<b>VIN</b>	<b>COST</b>
n/a	2023	CHEVROLET	TAHOE	1GNSKPKD7PR152477	86,922.99
n/a	2019	RAM	1500	1C6SRFTT2KN552197	-
3354	2017	RAM	1500	1C6RR7HT6HS788116	47,337.96
3330	2016	CHRYSLER	300	2C3CCAGG1GH234204	37,167.96
3322	2015	DODGE	JOURNEY	3C4PDCAB9FT564567	25,867.96
3329	2015	VOLKSWAGEN	TIGUAN	WVGJV7AX3FW601656	41,518.46
3384	2015	JEEP	CHEROKEE	1C4PJMCB5FW744750	-
3373	2014	HYUNDAI	ELANTRA	5NPDH4AE2EH489314	23,456.86
3338	2014	KIA	RIO	KNADM4A31E6399816	21,464.35
3310	2013	INFINITI	JX35	SN1AL0MM4DC331947	25,867.96
3328	2013	LINCOLN	MKS	1LNHL9FT3DG615490	25,872.48
n/a	2012	RAM	1500	1C6RD7FP3CS226820	-
n/a	2011	DODGE	1500	1D7RV1GT2BS572165	-
n/a	2010	DODGE	GRAND CARAVAN	2D4RN4DE7AR226858	-
n/a	2009	DODGE	JOURNEY	3D4GG57V29T578712	-
n/a	2007	JAGUAR	XK	SAJFA44B675B03645	-
n/a	2005	AUDI	A6	WAUDG74F25N081613	-
n/a	2003	FORD	F250	1FTNX21P53ED33410	-



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

THE HONOURABLE ) THURSDAY, THE 26<sup>th</sup>  
 )  
JUSTICE CONWAY ) DAY OF OCTOBER, 2023

**ENLIGHTENED FUNDING CORPORATION**

Applicant

- and -

**VELOCITY ASSET AND CREDIT CORPORATION AND 926749  
ONTARIO LTD. O/A CLONSILLA AUTO SALES AND LEASING**

Respondents

**IN THE MATTER OF AN APPLICATION UNDER SECTION 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***

**RECEIVERSHIP ORDER**

**THIS APPLICATION** made by the Applicant for an Order pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Deloitte Restructuring Inc. ("**Deloitte**") as receiver (in such capacity, the "**Receiver**") without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation ("**Velocity**") acquired for, or used in relation to a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property (as defined in the affidavit of Eamonn Glavey sworn October 6, 2023 and the Exhibits thereto (the "**Glavey Affidavit**")) of 926749 Ontario Ltd. (the "**Dealer**" and together with Velocity, the "**Debtors**"), including all proceeds thereof, was heard this day via Zoom videoconference at 330 University Avenue, Toronto, Ontario.

**ON READING** the Glavey Affidavit, the Responding Record dated October 20, 2023 and the Affidavit of Eamonn Glavey sworn October 24, 2023, and on hearing the submissions of counsel for the Applicant, the proposed Receiver and such other parties listed on the Participant Information Form, no one appearing for any other party although duly served as appears from the affidavit of service sworn and filed, and on reading the consent of Deloitte to act as the Receiver,

### **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service 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.
2. **THIS COURT ORDERS AND DECLARES** that all terms not otherwise defined herein shall have the meaning ascribed to them in the Glavey Affidavit.

### **APPOINTMENT**

3. **THIS COURT ORDERS** that pursuant to subsection 243(1) of the BIA and section 101 of the CJA, Deloitte is hereby appointed Receiver, without security, of all of the present and future assets, undertakings and real and personal property of Velocity acquired for, or used in relation to, a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property of the Dealer, including all proceeds thereof (collectively, the "**Property**").

### **RECEIVER'S POWERS**

4. **THIS COURT ORDERS** that the Receiver 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 Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver 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, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of the 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 Debtors, or any of them, in connection with the Property, including the powers to enter into any agreements or incur any obligations in the ordinary course of business in connection with the Property, cease to carry on all or any part of the business of the Debtors in connection with the Property, or any of them, or cease to perform or disclaim any contracts of any of the Debtors in respect of the Property;
- (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 Receiver'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 Debtors, or any of them, in connection with the Property or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors in connection with the Property;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;

- (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 Debtors (as such proceedings relate to the Property or any portion thereof), the Property or the Receiver, 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 Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$500,000, provided that the aggregate consideration for all such transactions does not exceed \$2,500,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required;
- (l) 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 the Property or any part or parts thereof;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) 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 Receiver, in the name of the either of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to undertake any investigations deemed appropriate by the Receiver with respect to the location and/or disposition of assets reasonably believed to be, or to have been, Property;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations, including opening any mail or other correspondence addressed to any of the Debtors,
- (t) 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 either of the Debtors, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

5. **THIS COURT ORDERS** that: (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, advisors, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all

of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any of the Property in each such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, patents, patent applications, documents, securities, contracts, orders, corporate and accounting records, bank account information and any other papers, records and information of any kind related to the business or affairs of the Debtors or the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver 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 Receiver 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 Receiver for the purpose of allowing the Receiver 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 Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver'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 Receiver'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 Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

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

#### **NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY**

10. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors 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 all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver 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 BIA, and further provided that nothing in this paragraph shall: (i) empower the Receiver or the Debtor to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the

environment to which the Debtors are subject, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

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 Debtors, without written consent of the Receiver or leave of this Court.

#### **CONTINUATION OF SERVICES**

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

#### **RECEIVER TO HOLD FUNDS**

14. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver 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 new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the

credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **EMPLOYEES**

15. **THIS COURT ORDERS** that any and all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver 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 Receiver may specifically agree in writing to pay, 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*.

## **PIPEDA**

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

## **LIMITATION ON ENVIRONMENTAL LIABILITIES**

17. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver 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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. 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.

## **LIMITATION ON THE RECEIVER'S LIABILITY**

18. **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, 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 Receiver by section 14.06 of the BIA or by any other applicable legislation.

## **RECEIVER'S ACCOUNTS**

19. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver 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, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver'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 Receiver'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 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 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 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 standard 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 this Court.

#### **FUNDING OF THE RECEIVERSHIP**

22. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered, with the prior written consent of Peoples Trust Company of Canada ("**PTC**"), to borrow by way of: (a) advances from the Applicant irrevocably directed to the Receiver pursuant to the terms of the Enlightened Credit Agreement; or (b) advances from PTC, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$470,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest provided for in the Enlightened Credit Agreement (with respect to advances from the Applicant) or at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange (with respect to advances from PTC), for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures (the "**Receiver's Borrowings**"). The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the Receiver's Borrowings, 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 Receiver'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 Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

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

25. **THIS COURT ORDERS** that the Receiver's Borrowings borrowed pursuant to this Order or any further order of this Court and any and all Receiver'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 Receiver's Certificates.

#### **SERVICE AND NOTICE**

26. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the "**Guide**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <https://www.insolvencies.deloitte.ca/en-ca/pages/search-insolvencies.aspx>.

27. **THIS COURT ORDERS** that the Debtors, the Receiver, the Applicant and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by

forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

28. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Receiver 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, facsimile or email transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by e-mail transmission shall be deemed to be received on the same business day as transmission, or if sent 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**

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

30. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of either of the Debtors.

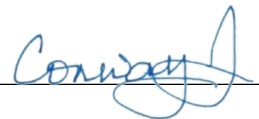
31. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or Europe to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, 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.

32. **THIS COURT ORDERS** that the Receiver 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 Receiver is authorized and empowered to act as a foreign representative in respect of the Debtors and the within proceedings for the purpose of having the within proceedings and this or any other Orders made in the within proceedings recognized in a jurisdiction outside Canada.

33. **THIS COURT ORDERS** that the Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a full indemnity basis to be paid by the Receiver from the Debtors' estates with such priority and at such time as this Court may determine.

34. **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 to the Receiver 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.

35. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto Time on the date of this Order and are enforceable without the need for entry and filing.

A handwritten signature in blue ink, appearing to read "Conway J.", is written above a horizontal line.

## SCHEDULE "A"

### RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. **THIS IS TO CERTIFY** that Deloitte Restructuring Inc., the receiver (in such capacity, the "**Receiver**"), without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation ("**Velocity**") acquired for, or used in relation to a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property (as defined in the affidavit of Eamonn Glavey sworn October 6, 2023) of 926749 Ontario Ltd., including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 26<sup>th</sup> day of October, 2023 (the "**Order**") made in an action having Court file number CV-23-00707330-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver 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 Bank of \_\_\_\_\_ 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 Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, 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 Receiver 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 Receiver 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 Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver 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 \_\_\_\_\_, 2023.

**Deloitte Restructuring Inc.**, solely in its capacity as Receiver of the Property, and not in its personal or corporate capacity

Per: \_\_\_\_\_  
Name:  
Title:

**IN THE MATTER OF AN APPLICATION UNDER SECTION 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***

**ENLIGHTENED FUNDING CORPORATION**

and

**VELOCITY ASSET AND CREDIT CORPORATION AND 926749  
ONTARIO LTD.**

Applicant

Respondents

Court File No.: CV-23-00707330-00CL

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

Proceedings commenced in Toronto

**RECEIVERSHIP ORDER**

**BENNETT JONES LLP**

One First Canadian Place, Suite 3400  
P.O. Box 130  
Toronto, ON M5X 1A4

**Raj Sahni** (LSO# 42942U)

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Lawyers for the Applicant





November 16, 2023

VIA EMAIL ([martin@autoconnectsales.ca](mailto:martin@autoconnectsales.ca))

Auto Connect Sales Inc.  
1175 Lansdowne Street West  
Peterborough, ON K9J 7M2

Dear Mr. Tempelman:

**Re: In the Matter of the Receivership of Velocity Asset and Credit Corporation (“Velocity”) and 926749 Ontario Ltd. o/a Clonsilla Leasing (the “Dealer”, together with Velocity, the “Debtors”), Court File No. CV-23-00707330-00CL (the “Receivership Proceeding”)**

On October 26, 2023, the Ontario Superior Court of Justice granted an order (the “**Receivership Order**”) appointing Deloitte Restructuring Inc. as the receiver (the “**Receiver**”) of all of the present and future assets, undertakings and real and personal property of Velocity acquired for, or used in relation to, a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property of the Dealer, including all proceeds thereof (collectively, the “**Property**”).

We are counsel to the Receiver. A copy of the Receivership Order is enclosed.

Pursuant to the Receivership Order, the Receiver has reviewed and continues to review the books and records of the Debtors to determine the location of Property. In this regard, the Receiver has discovered that, from the period of August 1, 2023 – October 26, 2023, the Debtors transferred certain vehicles to Auto Connect Sales Inc. (“**Auto Connect**”). Those vehicles may be Property subject to the Receivership Order and may not be dealt with by anyone except the Receiver.

We draw your attention to paragraph 5 of the Receivership Order that requires all individuals, including Auto Connect, to forthwith advise the Receiver of the existence of any of the Property in each such Person's possession or control, and such person shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

**On behalf of the Receiver, we hereby demand that you provide the Receiver with any and all records or information relating to any vehicles of the Debtors that have been transferred to Auto Connect since August 1, 2023.** This issue is time sensitive. The Receiver requires your response by no later than November 20, 2023.

Further, the Receiver understands that the following two vehicles are currently in the possession of Auto Connect and that that Auto Connect is attempting to sell such vehicles:

JN1BJ0RR6HM413734 2017 Infiniti QX50 AWD

3FA6P0H79ER294986 2014 Ford Fusion SE

**Please be advised that these vehicles are Property subject to the Receivership Proceeding and you are prohibited from selling these vehicles.** The Receiver will arrange for removal of the vehicles to be sent to auction.

The Receiver reserves all of its rights with respect to the Property that may be or have been in Auto Connect's possession and any proceeds it may have obtained with respect to the Property.

We look forward to your prompt response so that the Receiver may determine whether any further action is necessary.

Yours truly,

**Thornton Grout Finnigan LLP**



Rebecca L. Kennedy  
RLK/DH

Per: Rebecca  
Kennedy

cc: Jorden Sleeth and Richard Williams, Deloitte Restructuring Inc.

## Appendix “T”

## Williams, Richard

---

**From:** Sleeth, Jordan  
**Sent:** Wednesday, November 29, 2023 5:38 PM  
**To:** Hugh Waddell  
**Cc:** Williams, Richard  
**Subject:** RE: [EXT] Re: FW: In the Matter of the Receivership of Velocity Asset and Credit Corporation and 926749 Ontario Ltd. o/a Clonsilla Leasing, Court File No. CV-23-00707330-00CL [IMAN-CLIENT.FID177291]  
**Attachments:** Letter to H. Waddell and Aird & Berlis (November 17 2023).pdf

Hugh,

I will call your accountant (please provide his contact details), but my number was at the bottom of my emails to him. If he is as willing to cooperate as you indicate, he would call, particularly when provided with the Receivership Order. His first responses to our requests were curt and evasive. I provided him with the Receivership Order directing him to provide information related to the Dealer Property in his possession. My request of him is necessarily broad as I do not know what is in his possession. You note below what he has, being "all accounts and ledgers" and interim financial statements. Let's start with those for January 20223, 2022 and 2021.

I do not consider your comments below a "full" response to my emails or our letter of November 17 (attached for ease of reference) which included questions related to 26 vehicles and several vehicles transferred to another dealership. Your response is inadequate. I expect a specific response for each vehicle listed in Schedules A and B of the attached letter.

I understand that you have written to the Receiver's counsel today advising that you will provide him a full response by tomorrow days end (November 30). Both Mr. Harland and myself expect this full response to be at least as detailed as indicated above.

Your email below from November 27 (see highlighted section) suggests that you have a lawyer. Your email of today appears to indicate that you have yet to retain counsel? We require contact details for your counsel as soon as they have been retained.

Sincerely,

Jorden

--

**Jorden Sleeth, LIT**

Senior Vice President | Financial Advisory – Restructuring Services

Deloitte Restructuring Inc.

8 Adelaide Street West, Suite 200, Toronto, ON, M5H 0A9

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--



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**From:** Hugh Waddell <hugh@clonsillaautosales.com>

**Sent:** Wednesday, November 29, 2023 5:16 PM

**To:** Sleeth, Jordan <jsleeth@deloitte.ca>

**Subject:** [EXT] Re: FW: In the Matter of the Receivership of Velocity Asset and Credit Corporation and 926749 Ontario Ltd. o/a Clonsilla Leasing, Court File No. CV-23-00707330-00CL [IMAN-CLIENT.FID177291]

Hi Jordan

In answer to your prior E mail I was speaking to my accountant about matters related to the accounting that was being done at EC as it pertained

to expired leases on the Velocity customer list that we were being billed for but that had not been on the list for many months from June Of 2022 to July 31,2023 . Some leases were expired or double charged but continued to be billed by EC resulting in an over charge of about \$880,000 . That list is a partial and we expect there will be much more to quantify upon further examination .

. I will be requesting all of the books and records from both EC and Velocity to deal with the overcharging that has occurred .

With respect to Sid my accountant having information, I believe if you called him and explained what you needed you would find him very cooperative .

He has some questions about the receivership and its functions as well as its authorities . If he gains an understanding of Deloittes situation

I believe you will find him very helpful .

With respect to what he has I will tell you the following .

Clonsilla totals all accounts and ledgers as of the 31st of January Each year and provides My Karmyzn with that data that is subtotaled

and used to prepare the internal Interim financial statements .

I am sure that my accountant would happily provide both the interim and the final financial statements .

That is all he has in any event other than tax submissions . .

I have not instructed him in any way to be either evasive or uncooperative but he has concerns which I suggest you discuss with him on a call .

I believe this is a full response to your last email

Any questions or concerns please give me a call

All the best

Hugh Waddell

On Mon, Nov 27, 2023 at 5:54 PM Sleeth, Jordan <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)> wrote:

Thank you for this update.

As our extended deadline (i.e. from Nov 21 to Nov 27) has passed, we are proceeding to obtain a court date to advise the court of the irregularities uncovered since our appointment. This may be stood down if your responses are satisfactory; accordingly, I encourage you to provide your responses forthwith.

With respect to your accountant, he has provided evasive or no responses to the Receiver about requests for Dealer books and records in his possession. If he is able to inform your proposed responses, he must have such records. I would encourage you to remind him of our requests and his obligations under the court order.

Please provide the name and contact details of your counsel.

Thank you,

Jorden

--

**Jorden Sleeth, LIT**

Senior Vice President | Financial Advisory – Restructuring Services

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**From:** Hugh Waddell <[hugh@clonsillaautosales.com](mailto:hugh@clonsillaautosales.com)>

**Sent:** Monday, November 27, 2023 5:33 PM

**To:** Sleeth, Jordan <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>

**Subject:** [EXT] Re: FW: In the Matter of the Receivership of Velocity Asset and Credit Corporation and 926749 Ontario Ltd. o/a Clonsilla Leasing, Court File No. CV-23-00707330-00CL [IMAN-CLIENT.FID177291]

Hi Jordan

I have looked into the issues that are raised in your letter November 17,2023 .

I have formal responses which I will provide after speaking with my accountant Sid Karmyzn and my lawyer .

I have been able to review most of the schedules but have some questions that remain an issue .

My accountant was to attend the office today but had to postpone due to tricky road conditions due to lake effect snow squalls and resulting black ice .

He hopes to attend tomorrow afternoon .

I apologize for the further delay but will have a response by late tomorrow or early Wednesday .

Sincerely yours

Hugh Waddell

On Sat, Nov 25, 2023 at 4:41 PM Hugh Waddell <[hugh@clonsillaautosales.com](mailto:hugh@clonsillaautosales.com)> wrote:

Hi Jordan

Unfortunately both letters including this responding document went into my spam folder I just saw them today .

I acknowledge that your issues are high priority however . We have specific deadlines with CRA which would result in literally hundreds of thousands of dollars being lost to the company if we do not submit the information on time .

I hope you can understand that we have had to lay off half of our staff due to the current proceedings by Deloitte on behalf of EC .

We will do all we can to respond to your requests on time

Yours Truly

Hugh Waddell

On Tue, Nov 21, 2023 at 11:46 AM Sleeth, Jorden <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)> wrote:

Hugh,



The Receiver will extend the timeline for you/Clonsilla to provide the required explanations to the questions raised in our letter of November 16, 2023. Please provide the responses, supported by detailed documentation, by 5:00pm on Monday, November 27 (the Receiver notes that the date suggested in your email is incorrect). However, this extension is without prejudice to any of the Receiver's rights under the Receivership Order and, failing a satisfactory response received by the above-noted deadline, reserves all of its rights to take any further action it deems appropriate.

With respect to your comments on cooperation, the Receiver agrees that Clonsilla's staff have been generally cooperative. However, it has now been over three weeks since the Receiver's appointment and, despite repeated requests, Clonsilla (which services Velocity funded leases), has failed to provide basic operating and accounting information related to customer arrears and payments (refer to Richard Williams' email of November 21, 2023 attached). In our initial meeting you advised that Clonsilla was behind in pursuing payment arrears, in part because Clonsilla was/is pursuing a material HST ITC refund. The Receiver's view is that this claim will take considerable time to file with an uncertain recovery (both timing and quantum); however, pursuing payment arrears will generate proceeds or a return of collateral in the immediate term. Accordingly, the Receiver requires the arrears and payment information forthwith. The Receiver has your response email of today's date wherein you advise that Clonsilla is prioritizing "two CRA matters that have to be completed this week". The Receiver respectfully suggests that Clonsilla reconsider this prioritization.

In addition, while the Clonsilla staff have been cooperative, the Receiver has, through its own investigations – as opposed to forthright disclosure from Clonsilla – determined that several vehicles subject to Velocity's and Enlightened Funding Corporation's security have been transferred to another dealership (i.e., Auto Connect Sales Inc.) for sale in the period prior to the Receivership (and possibly subsequent to the Receivership date). The Receiver directs you to the Receivership Order, particularly paragraph 5, where you are required to advise the Receiver of the existence of any Property. The Receiver is currently of the view that Clonsilla has failed to comply with this section of the Receivership Order specifically in relation to vehicles transferred to Auto Connect Sales Inc.

Accordingly, the Receiver requests that:

- a. A response to its letter of November 16, 2023 by 5:00pm on Monday November 27, 2023;
- b. Payment and arrears information in respect of all Velocity funded leases serviced by Clonsilla forthwith; and
- c. The location of all vehicles funded by Velocity and subject to it and/or Enlightened Funding Corporation's security that are not on-site at Clonsilla and the disposition of any such vehicles, including the use of the proceeds, since August 1, 2023.

If a call or meeting is required to resolve or clarify the above, please provide your availability for such a meeting.

Sincerely,

Jorden

--

**Jorden Sleeth, LIT**

Senior Vice President | Financial Advisory – Restructuring Services

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**From:** Hugh Waddell <[hugh@clonsillaautosales.com](mailto:hugh@clonsillaautosales.com)>

**Sent:** Monday, November 20, 2023 2:25 PM

**To:** Derek Harland (External) <[dharland@tgf.ca](mailto:dharland@tgf.ca)>

**Cc:** [kplunkett@airdberlis.com](mailto:kplunkett@airdberlis.com); Sleeth, Jorden <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>; Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>;  
Rebecca Kennedy <[Rkennedy@tgf.ca](mailto:Rkennedy@tgf.ca)>

**Subject:** [EXT] Re: In the Matter of the Receivership of Velocity Asset and Credit Corporation and 926749 Ontario Ltd. o/a Clonsilla Leasing, Court File No. CV-23-00707330-00CL [IMAN-CLIENT.FID177291]

Hello

I read this e mail at 7.45 am this morning and will require more than one day to answer and respond .

I would respectfully request until Thursday the 27th of November so I may confirm retention of Council and do the necessary follow up and accounting that is required to address all of the outstanding issues raised in the letter .

One issue I would like to address now is the issue of cooperation .

All staff members have been instructed to cooperate with the receiver and To my understanding they have .

I just asked two of the deloitte team first if my staff have in any way not been cooperative and both said that the staff had been cooperative .

All of us have been cooperative , friendly and assisted Deloitte in any way we can . To insinuate otherwise is patently false .

Further we will provide documents and discuss all of these issues as soon as we are able to properly review the information

that you have sent us .

I look forward to your response and an acknowledgement for the time required to properly respond .

Many Thanks ,

Hugh Waddell

Clonsilla Auto Sales .

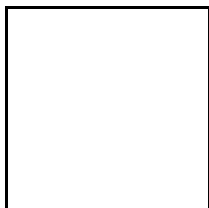
On Fri, Nov 17, 2023 at 5:16 PM Derek Harland <[DHarland@tgf.ca](mailto:DHarland@tgf.ca)> wrote:

Hello,

Please see the attached correspondence sent on behalf of Rebecca Kennedy.

Best regards,

Derek



Derek Harland | | [DHarland@tgf.ca](mailto:DHarland@tgf.ca) | Direct Line +1 416 304-1127 | | Suite 3200, TD West Tower, 100 Wellington Street West, P.O. Box 329, Toronto-Dominion Centre, Toronto, Ontario M5K 1K7 | 416-304-1616 | Fax: 416-304-1313 | [www.tgf.ca](http://www.tgf.ca)

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*Hugh Waddell*

Clonsilla Auto Sales

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- General Colin Powell

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----- Forwarded message -----

From: "Williams, Richard" <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>

To: "[hugh@clonsillaautosales.com](mailto:hugh@clonsillaautosales.com)" <[hugh@clonsillaautosales.com](mailto:hugh@clonsillaautosales.com)>

Cc: "Sleeth, Jordan" <[jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)>

Bcc:

Date: Tue, 21 Nov 2023 13:50:23 +0000  
Subject: Clonsilla - Lessees in Collections / Legal

Hugh,

We have been asking for a list of lessees who are in collections or legal proceedings, as well as a list of arrears and a list of expected monthly payments by lease number, for more than three weeks. Maryanne has advised us that this information was not regularly kept, and that she reconciles this information on a monthly basis. To date she has been unable to produce the information.

Without this information we are unable to properly service the EFC-funded lease portfolio, and we are unable to reconcile incoming funds in order to identify any amounts owing to Clonsilla for service repairs or leases that are not subject to the receivership.

It is essential that we get this information immediately. If Maryanne needs additional resources to complete the work, we can assist with that. Please let me know when we can expect the information.

Regards,

--

**Richard Williams CPA, CIRP, LIT**

Director | Deloitte LLP

Financial Advisory – Turnaround & Restructuring

D: (416) 607-1392 | M: (416) 258-8761

[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca) | [deloitte.ca](https://www.deloitte.ca)

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*Hugh Waddell*

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## Appendix “U”



## Williams, Richard

---

**From:** Hollinsworth T Auguste <htauguste@thedgroup.ca>  
**Sent:** Wednesday, November 22, 2023 2:13 PM  
**To:** Williams, Richard; Paul Breakey (External)  
**Cc:** Sleeth, Jordan  
**Subject:** [EXT] Re: Velocity/Clonsilla - Duplicate VINs  
**Attachments:** VACC Credit Agreement 5-26-2022.pdf; Dealer Funding Agreement – Clonsilla - Dealer Funding Agreement – Clonsilla.pdf; buyout 1653-2.pdf; buyout 2155-1.pdf; Buyout receipt for 1653 and 2155.pdf

Richard,

The statement made by Hugh is false. The dealership does not just manage originations, they manage all aspects of the contract over the life of that contract. They manage collections with the customer, speak to the customer often when payments are missed, and they pickup and repossess the vehicle if the account becomes delinquent. Our entire business model is based on the dealership owning the customer relationship and servicing the customer over the life of the contract.

Once an account becomes delinquent it is the dealer's responsibility to report this to Velocity and buyout that contract from the portfolio.

This is all well documented in the dealer agreement signed by both dealers and this is exactly how National Auto Finance behaved. If you speak with Adam of NAF he will say the same thing and you won't find any duplicates in the NAF portfolio because he adhered to the contract.

I am stunned at the size of the attached list of duplicates. Paul and I had no idea this was being done.

Exhibit D - 'Credit and Collections Policies' of the Velocity Credit Agreement (attached) which was signed by Hugh as Velocity, signed by Hugh as Clonsilla, and signed by Adam for National clearly demonstrates that the dealer is servicing the contract and not just originating the deal.

Exhibit E of the dealer contract (attached) is the BuyOut Notice, for which they are responsible and must sign as well as submit the buyout payment.

Exhibit F of the dealer contract is the Credit and Collections Policy.

Attached are two buyouts in Nov of 2022 being processed correctly, as per our agreements, by Clonsilla and signed by Hugh along with the deposit to the BMO collections account as specified in 4.3(1) - 'Asset Disposition' of the dealer agreement. This is the process that should have been followed for all buyouts by our dealers.

For reference from the Dealer Agreement:

### 4.3 Mandatory Repayments

1. **Asset Dispositions.** The Borrower agrees upon the occurrence of a sale or disposition (whether voluntary or involuntary), including as a result of expropriation), or on account of damage or destruction, of any Leased Vehicle of the Borrower, the Borrower shall repay the Advance with respect to such Leased Vehicle. The amount of such repayment (the “Repayment Amount”) shall equal the Net Book Value of the underlying Lease as of the end of the month in which the repurchase occurred. The Repayment Amount shall be deposited into the Borrower Collection Account. The Borrower shall provide to the Funder a Buyout Schedule in connection with such Leased Vehicle concurrently with such deposit of the Repayment Amount. All amounts deposited into the Borrower Collection Account pursuant to this Section 4.3(1) shall be applied pursuant to Section 4.1 on the related Monthly Payment Date.

#### 8.4 Servicing Covenants

The Borrower covenants to service the Funded Assets with reasonable care using that degree of skill and attention and in accordance with the Credit and Collection Policies, and subject to and in accordance with the provisions of this Agreement. Without limiting the generality of the foregoing, the Borrower shall and covenants to:

1. upon receipt by the Borrower, immediately endorse to and deposit to the Borrower Collection Account, all instruments and chattel paper at any time constituting part of the Funded Assets (including any post-dated cheques);
2. irrevocably instruct all Lessees in respect of the Funded Assets to remit all payments in respect of the Funded Assets to the Borrower Collection Account;
3. deposit amounts received from Lessees in respect of the Funded Assets to the Borrower Collection Account (which will, until remitted, be held in trust for the Lender);
4. hold all original Leases as custodian for the Funder, and provide same to the Funder upon request;
5. at any time and from time to time during regular business hours, permit the Funder, its agents or representatives to (i) examine and make copies of all such Records in the possession (or under the control) of the Borrower; and (ii) visit the offices and properties of the Borrower for the purpose of examining such Records and discussing matters relating to the Funded Assets and the Borrower’s performance under the Funded Assets or hereunder with any of the Borrower’s officers or employees having knowledge of such matters;
6. maintain and implement prudent and reasonable administrative and operating procedures (including an ability to recreate the Records in the event of the destruction of the originals thereof) and keep and maintain all books, records, documents and other information reasonably necessary or advisable for the identification and collection of the Receivables payable in respect of the Funded Assets (including records adequate to permit all collections of and reductions or adjustments to such Receivables);
7. timely and fully perform and comply with all terms, covenants and other provisions of the Funded Assets required to be performed and observed by it or the Lender;

8. comply in all respects with the Credit and Collection Policies and Applicable Law in regard to each Lease;
9. not, without the prior consent of the Funder or the Lender, make any material change in the Credit and Collection Policies;
10. not extend, amend or otherwise modify or waive any term or condition of any Lease unless permitted in accordance with the terms of the Credit and Collection Policies;
11. collect all Receivables payable in respect of the Funded Assets (together with all applicable Sales Taxes in respect thereof); and maximize the proceeds of disposition realized in respect of any related Leased Vehicle or any related Leased Vehicle, all in accordance with all applicable laws, rules and regulations, the provisions hereof and the Credit and Collection Policies;
12. make all payments payable by it to government agencies and others where a statutory lien or deemed trust might arise having priority over the Funder's or the Lender's interest in any part of the Collateral;
13. effect all filings or recordings with respect to the Funder's or the Lender's interest in all Rights necessary by law or reasonably prudent or desirable for the perfection and protection of such interest and all appropriate renewals or amendments thereof; and
14. promptly, from time to time, furnish to the Funder such documents, records, information or reports in respect of the Funded Assets or the conditions or operations, financial or otherwise, of the Borrower as may be in existence in written form or available in databases as the Lender may from time to time request.

We have records of all buyouts submitted by Clonsilla. These are documented in the monthly Delinquency Report that was submitted to EC by the 15th of each month.

Regards,  
Holl

---

**From:** Williams, Richard <richwilliams@deloitte.ca>  
**Sent:** Wednesday, November 22, 2023 8:26:30 AM  
**To:** Hollinsworth T Auguste; Paul Breakey (External)  
**Cc:** Sleeth, Jorden  
**Subject:** Velocity/Clonsilla - Duplicate VINs

Good Morning,

Paul, we haven't met but I'm assuming Holl has filled you in on the situation with Velocity. In the event that he hasn't, Deloitte was appointed as receiver of Velocity and of certain assets of Clonsilla by the Ontario Superior Court of Justice (Commercial List) on October 26. I've attached a copy of the order, which spells out the Receiver's powers and the obligations of people connected to Velocity and Clonsilla to provide information.

In our review of Clonsilla's records we've identified quite a few cases where the same vehicle was funded on multiple tranches, all without a buyout to EFC. When we put this question to Hugh Waddell, he advised us that he was only responsible for lease origination, that Velocity managed all the accounting and buyouts, and that he paid whatever buyouts were requested by Velocity.

I've attached a sample of the duplicate VINs that we found to illustrate the issue. Could you please advise whether Hugh's statement is correct, and whether these leases were in fact bought out from EFC before the vehicle was released?

Regards,

--

**Richard Williams CPA, CIRP, LIT**

Director | Deloitte LLP

Financial Advisory – Turnaround & Restructuring

D: (416) 607-1392 | M: (416) 258-8761

[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca) | [deloitte.ca](http://deloitte.ca)

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## Appendix “V”

**From:** [REDACTED]  
**To:** [Williams, Richard](mailto:richwilliams@deloitte.ca)  
**Subject:** [EXT] Re: 926749 Ontario Ltd. o/a Clonsilla Auto Sales - 2016 BMW X5  
**Date:** Friday, November 17, 2023 4:37:17 PM

---

Thats not my bank im with td not cibc  
Sent from my iPhone

On Nov 17, 2023, at 4:28 PM, Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)> wrote:

03862

--  
Richard Williams CPA, CIRP, LIT  
Deloitte LLP | Deloitte Restructuring Inc.  
(416) 258-8761  
[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)

---

**From:** [REDACTED] <[REDACTED]@hotmail.com>  
**Sent:** Friday, November 17, 2023 4:27 PM  
**To:** Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>  
**Subject:** [EXT] Re: 926749 Ontario Ltd. o/a Clonsilla Auto Sales - 2016 BMW X5

What is the bank branch thats on file  
Sent from my iPhone

On Nov 17, 2023, at 4:20 PM, [REDACTED] <[\[REDACTED\]@hotmail.com](mailto:[REDACTED]@hotmail.com)> wrote:

No i dont own that policy number or deal with that company  
Sent from my iPhone

On Nov 17, 2023, at 4:18 PM, Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)> wrote:

Thanks for your reply. Can you confirm whether you own the insurance policy listed in the certificate of insurance attached to my original email?

--  
Richard Williams CPA, CIRP, LIT  
Deloitte LLP | Deloitte Restructuring Inc.  
(416) 258-8761  
[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)

---

**From:** [REDACTED] <[\[REDACTED\]@hotmail.com](mailto:[REDACTED]@hotmail.com)>

**Sent:** Friday, November 17, 2023 4:17 PM  
**To:** Williams, Richard <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>  
**Subject:** [EXT] Re: 926749 Ontario Ltd. o/a Clonsilla Auto Sales - 2016 BMW X5

No ive signed nothing at this dealership  
Sent from my iPhone

On Nov 17, 2023, at 4:06 PM,  
Williams, Richard  
<[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)> wrote:

Mr. [REDACTED],

Thanks for taking the time to speak with me today. As discussed, Deloitte Restructuring Inc. was appointed as the receiver of certain assets of 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing by order of the Ontario Superior Court of Justice (Commercial List). I've attached a copy of the court order for your reference.

I've also attached some of the documents included in the Clonsilla lease file. Please review the attached and confirm whether (a) you signed the pre-authorized debit form, lease and lease addendum and (b) whether the other information contained in the insurance certificate and registration is accurate.

Thanks in advance for your cooperation.

Regards,

--

**Richard Williams CPA, CIRP, LIT**  
Director | Deloitte LLP  
Financial Advisory – Turnaround &  
Restructuring  
D: (416) 607-1392 | M: (416) 258-8761  
[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca) | [deloitte.ca](https://www.deloitte.ca)

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<3270 [REDACTED] pap\_Redacted.pdf>

<3270 [REDACTED] lease (1).pdf>

<3270 [REDACTED] reg.pdf>

[REDACTED].pdf>

[REDACTED].pdf>

<Receivership Order - October 26, 2023.pdf>

## Appendix “W”

VIA FAX – 705-653-1372

November 17, 2023

Whitley Newman Insurance & Financial Services  
35 Front Street North, POB Box 369  
Campbellford ON K0L 1L0

**Subject: In the matter of the Receivership of Velocity Asset and Credit Corporation 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing**

By Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated October 13 2023 (the “**Appointment Order**”), Deloitte Restructuring Inc. was appointed as the receiver and manager (in such capacity, the “**Receiver**”) without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation (“**Velocity**”) and all of the leases, leased vehicles, rights and collections of 926749 Ontario Ltd. (the “**Dealer**” and, together with Velocity, the “**Debtors**”), including all proceeds thereof (the “**Property**”). A copy of the Appointment Order is attached hereto.

Attached you will find a copy of a certificate of insurance (the “**Certificate**”) issued by Echelon Insurance (“**Echelon**”) for the benefit of the Dealer in respect of a vehicle lease between the Dealer and [REDACTED]. Whitley Newman Insurance & Financial Services (“**Whitley Newman**”) is listed as the insurance broker.

The Receiver requests that Whitley Newman confirm whether:

- the Certificate was actually issued by Echelon; and
- policy number X322352535 (the “**Policy**”) is actually owned by [REDACTED].

We would appreciate a response at your earliest opportunity and, in any case, no later than 5:00 pm EST on November 20, 2023. If you have any questions in the meantime, please contact Richard Williams from the Receiver’s office via email at [richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca) or (416) 258-8761.

Yours truly,

**DELOITTE RESTRUCTURING INC.**,  
solely in its capacity as the Court-appointed Receiver  
of 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing  
with no personal or corporate liability



Per:  
Richard Williams, CPA, CA, CIRP, LIT  
Senior Vice-President



**ACCOUNT NUMBER** 4015632016  
**POLICY NUMBER** X322352535

**POLICY PERIOD**  
 At 12:01 AM local times at the Named Insured's postal address  
 October 5, 2022 to October 5, 2023

**REASON FOR ISSUANCE**  
 Certificate of Insurance

May 26, 2023

**BROKER**  
 WHITLEY NEWMAN INSURANCE & FINANCIAL  
 SERVICES  
 35 FRONT ST N PO BOX 369  
 CAMPBELLFORD ON K0L 1L0  
**TELEPHONE: 705-653-1940**  
**BROKER NUMBER: 0839-001**

926749 ONT. LTD. O/A CLONSILLA AUTO  
 SALES & LEASING  
 809 CLONSILLA AVE.  
 PETERBOROUGH ON, K9J 5Y2

### CERTIFICATE OF INSURANCE

<b>INSURER:</b>	ECHELON INSURANCE 2680 MATHESON BLVD. EAST, SUITE 300 MISSISSAUGA, ONTARIO, L4W OAS
<b>LESSOR</b>	926749 ONT. LTD. O/A CLONSILLA AUTO SALES & LEASING 809 CLONSILLA AVE. PETERBOROUGH ON, K9J 5Y2
<b>POLICY NUMBER</b>	X322352535
<b>EFFECTIVE DATE</b>	May 26, 2023
<b>EXPIRY DATE</b>	October 5, 2023
<b>NAMED INSURED</b>	
<b>AUTOMOBILE DETAILS</b>	2016 BMW X5 M Series
<b>VIN</b>	5UXKR0C50G0S85710
	<b>AUTOMOBILE COVERAGES</b>
<b>LIABILITY INCLUSIVE LIMIT</b>	\$2,000,000
	<b>DEDUCTIBLE</b>
<b>SPECIFIED PERILS (EXCLUDING COLLISION OR UPSET)</b>	-
<b>COMPREHENSIVE (EXCLUDING COLLISION OR UPSET) COLLISION OR UPSET</b>	\$500
<b>ALL PERILS</b>	\$500
<b>ENDORSEMENTS:</b>	- OPCF 20 Coverage for Transportation Replacement OPCF 5 Permission to Rent or Lease OPCF 44R Family Protection



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

THE HONOURABLE ) THURSDAY, THE 26<sup>th</sup>  
 )  
JUSTICE CONWAY ) DAY OF OCTOBER, 2023

**ENLIGHTENED FUNDING CORPORATION**

Applicant

- and -

**VELOCITY ASSET AND CREDIT CORPORATION AND 926749  
ONTARIO LTD. O/A CLONSILLA AUTO SALES AND LEASING**

Respondents

**IN THE MATTER OF AN APPLICATION UNDER SECTION 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***

**RECEIVERSHIP ORDER**

**THIS APPLICATION** made by the Applicant for an Order pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Deloitte Restructuring Inc. ("**Deloitte**") as receiver (in such capacity, the "**Receiver**") without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation ("**Velocity**") acquired for, or used in relation to a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property (as defined in the affidavit of Eamonn Glavey sworn October 6, 2023 and the Exhibits thereto (the "**Glavey Affidavit**")) of 926749 Ontario Ltd. (the "**Dealer**" and together with Velocity, the "**Debtors**"), including all proceeds thereof, was heard this day via Zoom videoconference at 330 University Avenue, Toronto, Ontario.

**ON READING** the Glavey Affidavit, the Responding Record dated October 20, 2023 and the Affidavit of Eamonn Glavey sworn October 24, 2023, and on hearing the submissions of counsel for the Applicant, the proposed Receiver and such other parties listed on the Participant Information Form, no one appearing for any other party although duly served as appears from the affidavit of service sworn and filed, and on reading the consent of Deloitte to act as the Receiver,

### **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service 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.
2. **THIS COURT ORDERS AND DECLARES** that all terms not otherwise defined herein shall have the meaning ascribed to them in the Glavey Affidavit.

### **APPOINTMENT**

3. **THIS COURT ORDERS** that pursuant to subsection 243(1) of the BIA and section 101 of the CJA, Deloitte is hereby appointed Receiver, without security, of all of the present and future assets, undertakings and real and personal property of Velocity acquired for, or used in relation to, a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property of the Dealer, including all proceeds thereof (collectively, the "**Property**").

### **RECEIVER'S POWERS**

4. **THIS COURT ORDERS** that the Receiver 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 Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver 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, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of the 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 Debtors, or any of them, in connection with the Property, including the powers to enter into any agreements or incur any obligations in the ordinary course of business in connection with the Property, cease to carry on all or any part of the business of the Debtors in connection with the Property, or any of them, or cease to perform or disclaim any contracts of any of the Debtors in respect of the Property;
- (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 Receiver'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 Debtors, or any of them, in connection with the Property or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors in connection with the Property;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;

- (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 Debtors (as such proceedings relate to the Property or any portion thereof), the Property or the Receiver, 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 Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$500,000, provided that the aggregate consideration for all such transactions does not exceed \$2,500,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required;
- (l) 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 the Property or any part or parts thereof;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;



- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) 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 Receiver, in the name of the either of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to undertake any investigations deemed appropriate by the Receiver with respect to the location and/or disposition of assets reasonably believed to be, or to have been, Property;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations, including opening any mail or other correspondence addressed to any of the Debtors,
- (t) 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 either of the Debtors, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

5. **THIS COURT ORDERS** that: (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, advisors, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all

of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any of the Property in each such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, patents, patent applications, documents, securities, contracts, orders, corporate and accounting records, bank account information and any other papers, records and information of any kind related to the business or affairs of the Debtors or the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver 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 Receiver 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 Receiver for the purpose of allowing the Receiver 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 Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver'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 Receiver'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 Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

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

#### **NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY**

10. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors 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 all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver 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 BIA, and further provided that nothing in this paragraph shall: (i) empower the Receiver or the Debtor to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the

environment to which the Debtors are subject, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

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 Debtors, without written consent of the Receiver or leave of this Court.

#### **CONTINUATION OF SERVICES**

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

#### **RECEIVER TO HOLD FUNDS**

14. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver 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 new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the

credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **EMPLOYEES**

15. **THIS COURT ORDERS** that any and all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver 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 Receiver may specifically agree in writing to pay, 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*.

## **PIPEDA**

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

## **LIMITATION ON ENVIRONMENTAL LIABILITIES**

17. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver 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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. 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.

## **LIMITATION ON THE RECEIVER'S LIABILITY**

18. **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, 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 Receiver by section 14.06 of the BIA or by any other applicable legislation.

## **RECEIVER'S ACCOUNTS**

19. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver 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, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver'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 Receiver'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 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 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 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 standard 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 this Court.

#### **FUNDING OF THE RECEIVERSHIP**

22. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered, with the prior written consent of Peoples Trust Company of Canada ("**PTC**"), to borrow by way of: (a) advances from the Applicant irrevocably directed to the Receiver pursuant to the terms of the Enlightened Credit Agreement; or (b) advances from PTC, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$470,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest provided for in the Enlightened Credit Agreement (with respect to advances from the Applicant) or at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange (with respect to advances from PTC), for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures (the "**Receiver's Borrowings**"). The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the Receiver's Borrowings, 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 Receiver'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 Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

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

25. **THIS COURT ORDERS** that the Receiver's Borrowings borrowed pursuant to this Order or any further order of this Court and any and all Receiver'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 Receiver's Certificates.

#### **SERVICE AND NOTICE**

26. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the "**Guide**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <https://www.insolvencies.deloitte.ca/en-ca/pages/search-insolvencies.aspx>.

27. **THIS COURT ORDERS** that the Debtors, the Receiver, the Applicant and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by



forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

28. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Receiver 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, facsimile or email transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by e-mail transmission shall be deemed to be received on the same business day as transmission, or if sent 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**

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

30. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of either of the Debtors.

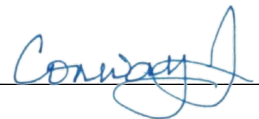
31. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or Europe to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, 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.

32. **THIS COURT ORDERS** that the Receiver 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 Receiver is authorized and empowered to act as a foreign representative in respect of the Debtors and the within proceedings for the purpose of having the within proceedings and this or any other Orders made in the within proceedings recognized in a jurisdiction outside Canada.

33. **THIS COURT ORDERS** that the Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a full indemnity basis to be paid by the Receiver from the Debtors' estates with such priority and at such time as this Court may determine.

34. **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 to the Receiver 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.

35. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto Time on the date of this Order and are enforceable without the need for entry and filing.

A handwritten signature in blue ink, appearing to read "Conway J.", is written above a horizontal line.

## SCHEDULE "A"

### RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. **THIS IS TO CERTIFY** that Deloitte Restructuring Inc., the receiver (in such capacity, the "**Receiver**"), without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation ("**Velocity**") acquired for, or used in relation to a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property (as defined in the affidavit of Eamonn Glavey sworn October 6, 2023) of 926749 Ontario Ltd., including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 26<sup>th</sup> day of October, 2023 (the "**Order**") made in an action having Court file number CV-23-00707330-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver 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 Bank of \_\_\_\_\_ 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 Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, 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 Receiver 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 Receiver 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 Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver 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 \_\_\_\_\_, 2023.

**Deloitte Restructuring Inc.**, solely in its capacity as Receiver of the Property, and not in its personal or corporate capacity

Per: \_\_\_\_\_  
Name:  
Title:

**IN THE MATTER OF AN APPLICATION UNDER SECTION 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***

**ENLIGHTENED FUNDING CORPORATION**

and

**VELOCITY ASSET AND CREDIT CORPORATION AND 926749  
ONTARIO LTD.**

Applicant

Respondents

Court File No.: CV-23-00707330-00CL

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

Proceedings commenced in Toronto

**RECEIVERSHIP ORDER**

**BENNETT JONES LLP**

One First Canadian Place, Suite 3400  
P.O. Box 130  
Toronto, ON M5X 1A4

**Raj Sahni** (LSO# 42942U)

Tel: (416) 777-4804

Email: [sahnir@bennettjones.com](mailto:sahnir@bennettjones.com)

**Aiden Nelms** (LSO#: 74170S)

Tel: (416) 777-4642

Email: [nelmsa@bennettjones.com](mailto:nelmsa@bennettjones.com)

**Milan Singh-Cheema** (LSO#: 88258Q)

Tel: (416) 777-5521

Email: [singhcheemam@bennettjones.com](mailto:singhcheemam@bennettjones.com)

Lawyers for the Applicant

## Williams, Richard

---

**From:** Williams, Richard  
**Sent:** Thursday, November 23, 2023 10:17 AM  
**To:** azeddini@echeloninsurance.ca  
**Subject:** In the Matter of the Receivership of 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing  
**Attachments:** CAS - Letter to Echelon - Nov 22-23.pdf

Good morning,

Thank you for speaking with me just now. As discussed, and as set out in the attached letter faxed to Echelon yesterday, Deloitte acts as court-appointed receiver of Clonsilla Auto Sales and Leasing ("Clonsilla"). In connection with our review of Clonsilla's books and records, we are seeking confirmation from Echelon that the certificate of insurance included in the attached letter was issued by Echelon in respect of a current policy as described therein.

This is a matter of some urgency and, as such, we request a response as soon as possible and, in any case, no later than 5:00 pm on November 24, 2023.

Regards,

--

**Richard Williams CPA, CIRP, LIT**  
Director | Deloitte LLP  
Financial Advisory – Turnaround & Restructuring  
D: (416) 607-1392 | M: (416) 258-8761  
[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca) | [deloitte.ca](https://www.deloitte.ca)

Please consider the environment before printing.

VIA FAX – 905-214-7893

November 22, 2023

Echelon Insurance  
5450 Explorer Drive, Suite 200  
Mississauga ON L4W 5N1

**Subject: In the matter of the Receivership of Velocity Asset and Credit Corporation 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing**

By Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated October 13 2023 (the “**Appointment Order**”), Deloitte Restructuring Inc. was appointed as the receiver and manager (in such capacity, the “**Receiver**”) without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation (“**Velocity**”) and all of the leases, leased vehicles, rights and collections of 926749 Ontario Ltd. (the “**Dealer**” and, together with Velocity, the “**Debtors**”), including all proceeds thereof (the “**Property**”). A copy of the Appointment Order is attached hereto.

Attached you will find a copy of a certificate of insurance (the “**Certificate**”) issued by Echelon Insurance (“**Echelon**”) for the benefit of the Dealer in respect of a vehicle lease between the Dealer and [REDACTED].

The Receiver requests that Echelon confirm whether:

- the Certificate was actually issued by Echelon; and
- policy number X322352535 (the “**Policy**”) is actually owned by [REDACTED].

We would appreciate a response at your earliest opportunity and, in any case, no later than 5:00 pm EST on November 24, 2023. If you have any questions in the meantime, please contact Richard Williams from the Receiver’s office via email at [richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca) or (416) 258-8761.

Yours truly,

**DELOITTE RESTRUCTURING INC.**,  
solely in its capacity as the Court-appointed Receiver  
of 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing  
with no personal or corporate liability



Per:  
Richard Williams, CPA, CA, CIRP, LIT  
Senior Vice-President



**ACCOUNT NUMBER** 4015632016  
**POLICY NUMBER** X322352535

**POLICY PERIOD**  
 At 12:01 AM local times at the Named Insured's postal address  
 October 5, 2022 to October 5, 2023

**REASON FOR ISSUANCE**  
 Certificate of Insurance

May 26, 2023

**BROKER**

WHITLEY NEWMAN INSURANCE & FINANCIAL SERVICES

35 FRONT ST N PO BOX 369  
 CAMPBELLFORD ON K0L 1L0

**TELEPHONE:** 705-653-1940

**BROKER NUMBER:** 0839-001

926749 ONT. LTD. O/A CLONSILLA AUTO  
 SALES & LEASING  
 809 CLONSILLA AVE.  
 PETERBOROUGH ON, K9J 5Y2

**CERTIFICATE OF INSURANCE**

**INSURER:** ECHELON INSURANCE  
 2680 MATHESON BLVD. EAST, SUITE 300  
 MISSISSAUGA, ONTARIO, L4W OAS

**LESSOR** 926749 ONT. LTD. O/A CLONSILLA AUTO SALES & LEASING  
 809 CLONSILLA AVE.  
 PETERBOROUGH ON, K9J 5Y2

**POLICY NUMBER** X322352535  
**EFFECTIVE DATE** May 26, 2023  
**EXPIRY DATE** October 5, 2023  
**NAMED INSURED** [REDACTED]

**AUTOMOBILE DETAILS** 2016 BMW  
 X5 M Series

**VIN** 5UXKR0C50G0S85510

**LIABILITY INCLUSIVE LIMIT** \$2,000,000

**DEDUCTIBLE**

**SPECIFIED PERILS  
 (EXCLUDING COLLISION OR  
 UPSET)** -

**COMPREHENSIVE  
 (EXCLUDING COLLISION OR  
 UPSET)** \$500

**COLLISION OR  
 UPSET** -

**ALL PERILS** OPCF 20 Coverage for Transportation Replacement  
 OPCF 5 Permission to Rent or Lease  
**ENDORSEMENTS:** OPCF 44R Family Protection





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

THE HONOURABLE ) THURSDAY, THE 26<sup>th</sup>  
 )  
JUSTICE CONWAY ) DAY OF OCTOBER, 2023

**ENLIGHTENED FUNDING CORPORATION**

Applicant

- and -

**VELOCITY ASSET AND CREDIT CORPORATION AND 926749  
ONTARIO LTD. O/A CLONSILLA AUTO SALES AND LEASING**

Respondents

**IN THE MATTER OF AN APPLICATION UNDER SECTION 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***

**RECEIVERSHIP ORDER**

**THIS APPLICATION** made by the Applicant for an Order pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Deloitte Restructuring Inc. ("**Deloitte**") as receiver (in such capacity, the "**Receiver**") without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation ("**Velocity**") acquired for, or used in relation to a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property (as defined in the affidavit of Eamonn Glavey sworn October 6, 2023 and the Exhibits thereto (the "**Glavey Affidavit**")) of 926749 Ontario Ltd. (the "**Dealer**" and together with Velocity, the "**Debtors**"), including all proceeds thereof, was heard this day via Zoom videoconference at 330 University Avenue, Toronto, Ontario.

**ON READING** the Glavey Affidavit, the Responding Record dated October 20, 2023 and the Affidavit of Eamonn Glavey sworn October 24, 2023, and on hearing the submissions of counsel for the Applicant, the proposed Receiver and such other parties listed on the Participant Information Form, no one appearing for any other party although duly served as appears from the affidavit of service sworn and filed, and on reading the consent of Deloitte to act as the Receiver,

### **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service 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.
2. **THIS COURT ORDERS AND DECLARES** that all terms not otherwise defined herein shall have the meaning ascribed to them in the Glavey Affidavit.

### **APPOINTMENT**

3. **THIS COURT ORDERS** that pursuant to subsection 243(1) of the BIA and section 101 of the CJA, Deloitte is hereby appointed Receiver, without security, of all of the present and future assets, undertakings and real and personal property of Velocity acquired for, or used in relation to, a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property of the Dealer, including all proceeds thereof (collectively, the "**Property**").

### **RECEIVER'S POWERS**

4. **THIS COURT ORDERS** that the Receiver 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 Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver 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, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of the 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 Debtors, or any of them, in connection with the Property, including the powers to enter into any agreements or incur any obligations in the ordinary course of business in connection with the Property, cease to carry on all or any part of the business of the Debtors in connection with the Property, or any of them, or cease to perform or disclaim any contracts of any of the Debtors in respect of the Property;
- (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 Receiver'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 Debtors, or any of them, in connection with the Property or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors in connection with the Property;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;

- (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 Debtors (as such proceedings relate to the Property or any portion thereof), the Property or the Receiver, 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 Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$500,000, provided that the aggregate consideration for all such transactions does not exceed \$2,500,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required;
- (l) 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 the Property or any part or parts thereof;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) 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 Receiver, in the name of the either of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to undertake any investigations deemed appropriate by the Receiver with respect to the location and/or disposition of assets reasonably believed to be, or to have been, Property;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations, including opening any mail or other correspondence addressed to any of the Debtors,
- (t) 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 either of the Debtors, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

5. **THIS COURT ORDERS** that: (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, advisors, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all

of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any of the Property in each such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, patents, patent applications, documents, securities, contracts, orders, corporate and accounting records, bank account information and any other papers, records and information of any kind related to the business or affairs of the Debtors or the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver 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 Receiver 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 Receiver for the purpose of allowing the Receiver 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 Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver'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 Receiver'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 Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

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

#### **NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY**

10. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors 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 all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver 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 BIA, and further provided that nothing in this paragraph shall: (i) empower the Receiver or the Debtor to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the

environment to which the Debtors are subject, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

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 Debtors, without written consent of the Receiver or leave of this Court.

#### **CONTINUATION OF SERVICES**

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

#### **RECEIVER TO HOLD FUNDS**

14. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver 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 new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the



credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **EMPLOYEES**

15. **THIS COURT ORDERS** that any and all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver 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 Receiver may specifically agree in writing to pay, 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*.

## **PIPEDA**

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

## **LIMITATION ON ENVIRONMENTAL LIABILITIES**

17. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver 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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. 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.

## **LIMITATION ON THE RECEIVER'S LIABILITY**

18. **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, 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 Receiver by section 14.06 of the BIA or by any other applicable legislation.

## **RECEIVER'S ACCOUNTS**

19. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver 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, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver'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 Receiver'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 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 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 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 standard 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 this Court.

#### **FUNDING OF THE RECEIVERSHIP**

22. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered, with the prior written consent of Peoples Trust Company of Canada ("**PTC**"), to borrow by way of: (a) advances from the Applicant irrevocably directed to the Receiver pursuant to the terms of the Enlightened Credit Agreement; or (b) advances from PTC, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$470,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest provided for in the Enlightened Credit Agreement (with respect to advances from the Applicant) or at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange (with respect to advances from PTC), for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures (the "**Receiver's Borrowings**"). The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the Receiver's Borrowings, 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 Receiver'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 Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

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

25. **THIS COURT ORDERS** that the Receiver's Borrowings borrowed pursuant to this Order or any further order of this Court and any and all Receiver'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 Receiver's Certificates.

#### **SERVICE AND NOTICE**

26. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the "**Guide**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <https://www.insolvencies.deloitte.ca/en-ca/pages/search-insolvencies.aspx>.

27. **THIS COURT ORDERS** that the Debtors, the Receiver, the Applicant and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by

forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

28. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Receiver 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, facsimile or email transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by e-mail transmission shall be deemed to be received on the same business day as transmission, or if sent 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**

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

30. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of either of the Debtors.

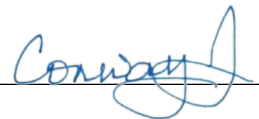
31. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or Europe to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, 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.

32. **THIS COURT ORDERS** that the Receiver 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 Receiver is authorized and empowered to act as a foreign representative in respect of the Debtors and the within proceedings for the purpose of having the within proceedings and this or any other Orders made in the within proceedings recognized in a jurisdiction outside Canada.

33. **THIS COURT ORDERS** that the Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a full indemnity basis to be paid by the Receiver from the Debtors' estates with such priority and at such time as this Court may determine.

34. **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 to the Receiver 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.

35. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto Time on the date of this Order and are enforceable without the need for entry and filing.

A handwritten signature in blue ink, appearing to read "Conway J.", is written above a horizontal line.

## SCHEDULE "A"

### RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. **THIS IS TO CERTIFY** that Deloitte Restructuring Inc., the receiver (in such capacity, the "**Receiver**"), without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation ("**Velocity**") acquired for, or used in relation to a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property (as defined in the affidavit of Eamonn Glavey sworn October 6, 2023) of 926749 Ontario Ltd., including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 26<sup>th</sup> day of October, 2023 (the "**Order**") made in an action having Court file number CV-23-00707330-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver 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 Bank of \_\_\_\_\_ 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 Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, 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 Receiver 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 Receiver 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 Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver 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 \_\_\_\_\_, 2023.

**Deloitte Restructuring Inc.**, solely in its capacity as Receiver of the Property, and not in its personal or corporate capacity

Per: \_\_\_\_\_  
Name:  
Title:



**IN THE MATTER OF AN APPLICATION UNDER SECTION 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***

**ENLIGHTENED FUNDING CORPORATION**

and

**VELOCITY ASSET AND CREDIT CORPORATION AND 926749  
ONTARIO LTD.**

Applicant

Respondents

Court File No.: CV-23-00707330-00CL

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

Proceedings commenced in Toronto

**RECEIVERSHIP ORDER**

**BENNETT JONES LLP**

One First Canadian Place, Suite 3400  
P.O. Box 130  
Toronto, ON M5X 1A4

**Raj Sahni** (LSO# 42942U)

Tel: (416) 777-4804

Email: [sahnir@bennettjones.com](mailto:sahnir@bennettjones.com)

**Aiden Nelms** (LSO#: 74170S)

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**Milan Singh-Cheema** (LSO#: 88258Q)

Tel: (416) 777-5521

Email: [singhcheemam@bennettjones.com](mailto:singhcheemam@bennettjones.com)

Lawyers for the Applicant

## Appendix "X"

## Williams, Richard

---

**From:** Calvin Newman <cnewman@whitleynewman.com>  
**Sent:** Monday, November 27, 2023 2:12 PM  
**To:** Williams, Richard  
**Subject:** [EXT] RE: In the Matter of the Receivership of 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing

Hi Richard

I do believe this to be completely bogus. I can find not record of this customer or policy number.

Yours truly  
Calvin

---

Calvin Newman, B.Sc.Agr. CAIB, CIP  
Chairman

### Whitley Newman Insurance & Financial Services

**T** 705.653.1940 x 52228 [whitleynewman.com](http://whitleynewman.com)  
**TF** 800.653.1924 35 Front Street North  
**F** 705.653.1372 Campbellford, ON, K0L 1L0  
**E** [cnewman@whitleynewman.com](mailto:cnewman@whitleynewman.com) Emergency Claims: 1.866.440.4127



**UPCOMING HOLIDAY CLOSURE – Please note that we will be closed on December 22nd, 25th, 26th and 29th. Wishing you a joyful holiday season!**  
**FERMETURE À VENIR POUR LES FÊTES – Veuillez noter que nous serons fermés les 22, 25, 26 et 29 décembre. Je vous souhaite de joyeuses fêtes de fin d'année!**

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[Please consider the environment before printing this email.](#)

---

**From:** Williams, Richard <richwilliams@deloitte.ca>  
**Sent:** Wednesday, November 22, 2023 9:53 AM  
**To:** Calvin Newman <cnewman@whitleynewman.com>  
**Subject:** In the Matter of the Receivership of 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing

Hi Calvin,

Thanks for returning my call. As set out in the attached letter that was faxed to your office on Friday, Deloitte acts as court-appointed receiver of 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing ("Clonsilla"), which is a used car dealership in Peterborough. Our attached letter includes a copy of the court order that sets out the powers of the Receiver and the obligations of people having service of the order.

We are investigating the validity of certain lease contracts originated by Clonsilla, and to that end would appreciate your help in verifying the certificate of insurance attached to the letter.

This is a bit urgent on our end, so would appreciate a response as soon as possible. Happy to chat if there are any questions or concerns.

Regards,

--

**Richard Williams CPA, CIRP, LIT**

Deloitte Restructuring Inc.

solely in its capacity as court-appointed receiver  
of 926749 Ontario Ltd. and not in its personal  
or corporate capacity

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## Williams, Richard

---

**From:** Kelly Sheppard <ksheppard@whitleynewman.com>  
**Sent:** Wednesday, November 22, 2023 10:40 AM  
**To:** Williams, Richard  
**Subject:** [EXT] FW: In the Matter of the Receivership of 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing  
**Attachments:** CAS - Letter to Whitley Newman - Nov 17-23.pdf

Hi Richard,

We have no records of a "[REDACTED]" anywhere in our systems. I've tried name, policy number, address – nothing is coming up. Is it possible that Echelon made a mistake when they issued the certificate?

Thank you kindly,

Kelly Sheppard

Begin forwarded message:

---

### Kelly Sheppard

Administrative Support

### Whitley Newman Insurance & Financial Services

T 1.705.653.1940 x 52221

[whitleynewman.com](http://whitleynewman.com)

TF 800.653.1924

35 Front St N

E [ksheppard@whitleynewman.com](mailto:ksheppard@whitleynewman.com)

Campbellford, ON, K0L 1L0

Emergency Claims: 1.866.440.4127



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*For your own protection, coverage or changes to coverage requested by email, facsimile communication, or voice-mail will not be considered bound, unless a written agreement is received from the Insurance Broker of Whitley Newman Insurance & Financial Services.*

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**From:** "Williams, Richard" <[richwilliams@deloitte.ca](mailto:richwilliams@deloitte.ca)>

**Date:** November 22, 2023 at 9:53:52 AM EST

**To:** Calvin Newman <[cnewman@whitleynewman.com](mailto:cnewman@whitleynewman.com)>

**Subject:** In the Matter of the Receivership of 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing

Hi Calvin,

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Regards,

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**Richard Williams CPA, CIRP, LIT**

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or corporate capacity

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## Appendix “Y”

November 16, 2023

VIA EMAIL ([martin@autoconnectsales.ca](mailto:martin@autoconnectsales.ca))

Auto Connect Sales Inc.  
1175 Landsdowne Street West  
Peterborough, ON K9J 7M2

Dear Mr. Tempelman:

**Re: In the Matter of the Receivership of Velocity Asset and Credit Corporation (“Velocity”) and 926749 Ontario Ltd. o/a Clonsilla Leasing (the “Dealer”, together with Velocity, the “Debtors”), Court File No. CV-23-00707330-00CL (the “Receivership Proceeding”)**

On October 26, 2023, the Ontario Superior Court of Justice granted an order (the “**Receivership Order**”) appointing Deloitte Restructuring Inc. as the receiver (the “**Receiver**”) of all of the present and future assets, undertakings and real and personal property of Velocity acquired for, or used in relation to, a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property of the Dealer, including all proceeds thereof (collectively, the “**Property**”).

We are counsel to the Receiver. A copy of the Receivership Order is enclosed.

Pursuant to the Receivership Order, the Receiver has reviewed and continues to review the books and records of the Debtors to determine the location of Property. In this regard, the Receiver has discovered that, from the period of August 1, 2023 – October 26, 2023, the Debtors transferred certain vehicles to Auto Connect Sales Inc. (“**Auto Connect**”). Those vehicles may be Property subject to the Receivership Order and may not be dealt with by anyone except the Receiver.

We draw your attention to paragraph 5 of the Receivership Order that requires all individuals, including Auto Connect, to forthwith advise the Receiver of the existence of any of the Property in each such Person's possession or control, and such person shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

**On behalf of the Receiver, we hereby demand that you provide the Receiver with any and all records or information relating to any vehicles of the Debtors that have been transferred to Auto Connect since August 1, 2023.** This issue is time sensitive. The Receiver requires your response by no later than November 20, 2023.

Further, the Receiver understands that the following two vehicles are currently in the possession of Auto Connect and that that Auto Connect is attempting to sell such vehicles:



JN1BJ0RR6HM413734 2017 Infiniti QX50 AWD

3FA6P0H79ER294986 2014 Ford Fusion SE

**Please be advised that these vehicles are Property subject to the Receivership Proceeding and you are prohibited from selling these vehicles.** The Receiver will arrange for removal of the vehicles to be sent to auction.

The Receiver reserves all of its rights with respect to the Property that may be or have been in Auto Connect's possession and any proceeds it may have obtained with respect to the Property.

We look forward to your prompt response so that the Receiver may determine whether any further action is necessary.

Yours truly,

**Thornton Grout Finnigan LLP**



Rebecca L. Kennedy  
RLK/DH

Per: Rebecca  
Kennedy

cc: Jorden Sleeth and Richard Williams, Deloitte Restructuring Inc.

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

THE HONOURABLE ) THURSDAY, THE 26<sup>th</sup>  
 )  
JUSTICE CONWAY ) DAY OF OCTOBER, 2023

**ENLIGHTENED FUNDING CORPORATION**

Applicant

- and -

**VELOCITY ASSET AND CREDIT CORPORATION AND 926749  
ONTARIO LTD. O/A CLONSILLA AUTO SALES AND LEASING**

Respondents

**IN THE MATTER OF AN APPLICATION UNDER SECTION 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***

**RECEIVERSHIP ORDER**

**THIS APPLICATION** made by the Applicant for an Order pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Deloitte Restructuring Inc. ("**Deloitte**") as receiver (in such capacity, the "**Receiver**") without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation ("**Velocity**") acquired for, or used in relation to a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property (as defined in the affidavit of Eamonn Glavey sworn October 6, 2023 and the Exhibits thereto (the "**Glavey Affidavit**")) of 926749 Ontario Ltd. (the "**Dealer**" and together with Velocity, the "**Debtors**"), including all proceeds thereof, was heard this day via Zoom videoconference at 330 University Avenue, Toronto, Ontario.

**ON READING** the Glavey Affidavit, the Responding Record dated October 20, 2023 and the Affidavit of Eamonn Glavey sworn October 24, 2023, and on hearing the submissions of counsel for the Applicant, the proposed Receiver and such other parties listed on the Participant Information Form, no one appearing for any other party although duly served as appears from the affidavit of service sworn and filed, and on reading the consent of Deloitte to act as the Receiver,

### **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service 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.
2. **THIS COURT ORDERS AND DECLARES** that all terms not otherwise defined herein shall have the meaning ascribed to them in the Glavey Affidavit.

### **APPOINTMENT**

3. **THIS COURT ORDERS** that pursuant to subsection 243(1) of the BIA and section 101 of the CJA, Deloitte is hereby appointed Receiver, without security, of all of the present and future assets, undertakings and real and personal property of Velocity acquired for, or used in relation to, a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property of the Dealer, including all proceeds thereof (collectively, the "**Property**").

### **RECEIVER'S POWERS**

4. **THIS COURT ORDERS** that the Receiver 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 Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver 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, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of the 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 Debtors, or any of them, in connection with the Property, including the powers to enter into any agreements or incur any obligations in the ordinary course of business in connection with the Property, cease to carry on all or any part of the business of the Debtors in connection with the Property, or any of them, or cease to perform or disclaim any contracts of any of the Debtors in respect of the Property;
- (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 Receiver'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 Debtors, or any of them, in connection with the Property or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors in connection with the Property;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;

- (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 Debtors (as such proceedings relate to the Property or any portion thereof), the Property or the Receiver, 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 Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$500,000, provided that the aggregate consideration for all such transactions does not exceed \$2,500,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required;
- (l) 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 the Property or any part or parts thereof;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) 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 Receiver, in the name of the either of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to undertake any investigations deemed appropriate by the Receiver with respect to the location and/or disposition of assets reasonably believed to be, or to have been, Property;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations, including opening any mail or other correspondence addressed to any of the Debtors,
- (t) 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 either of the Debtors, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

5. **THIS COURT ORDERS** that: (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, advisors, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all

of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any of the Property in each such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, patents, patent applications, documents, securities, contracts, orders, corporate and accounting records, bank account information and any other papers, records and information of any kind related to the business or affairs of the Debtors or the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver 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 Receiver 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 Receiver for the purpose of allowing the Receiver 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 Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver'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 Receiver'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 Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

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

#### **NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY**

10. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors 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 all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver 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 BIA, and further provided that nothing in this paragraph shall: (i) empower the Receiver or the Debtor to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the



environment to which the Debtors are subject, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

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 Debtors, without written consent of the Receiver or leave of this Court.

#### **CONTINUATION OF SERVICES**

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

#### **RECEIVER TO HOLD FUNDS**

14. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver 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 new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the

credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **EMPLOYEES**

15. **THIS COURT ORDERS** that any and all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver 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 Receiver may specifically agree in writing to pay, 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*.

## **PIPEDA**

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

## **LIMITATION ON ENVIRONMENTAL LIABILITIES**

17. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver 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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. 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.

## **LIMITATION ON THE RECEIVER'S LIABILITY**

18. **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, 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 Receiver by section 14.06 of the BIA or by any other applicable legislation.

## **RECEIVER'S ACCOUNTS**

19. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver 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, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver'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 Receiver'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 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 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 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 standard 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 this Court.

#### **FUNDING OF THE RECEIVERSHIP**

22. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered, with the prior written consent of Peoples Trust Company of Canada ("**PTC**"), to borrow by way of: (a) advances from the Applicant irrevocably directed to the Receiver pursuant to the terms of the Enlightened Credit Agreement; or (b) advances from PTC, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$470,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest provided for in the Enlightened Credit Agreement (with respect to advances from the Applicant) or at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange (with respect to advances from PTC), for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures (the "**Receiver's Borrowings**"). The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the Receiver's Borrowings, 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 Receiver'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 Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

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

25. **THIS COURT ORDERS** that the Receiver's Borrowings borrowed pursuant to this Order or any further order of this Court and any and all Receiver'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 Receiver's Certificates.

#### **SERVICE AND NOTICE**

26. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the "**Guide**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <https://www.insolvencies.deloitte.ca/en-ca/pages/search-insolvencies.aspx>.

27. **THIS COURT ORDERS** that the Debtors, the Receiver, the Applicant and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by

forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

28. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Receiver 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, facsimile or email transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by e-mail transmission shall be deemed to be received on the same business day as transmission, or if sent 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**

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

30. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of either of the Debtors.

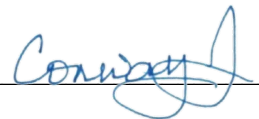
31. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or Europe to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, 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.

32. **THIS COURT ORDERS** that the Receiver 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 Receiver is authorized and empowered to act as a foreign representative in respect of the Debtors and the within proceedings for the purpose of having the within proceedings and this or any other Orders made in the within proceedings recognized in a jurisdiction outside Canada.

33. **THIS COURT ORDERS** that the Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a full indemnity basis to be paid by the Receiver from the Debtors' estates with such priority and at such time as this Court may determine.

34. **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 to the Receiver 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.

35. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto Time on the date of this Order and are enforceable without the need for entry and filing.

A handwritten signature in blue ink, appearing to read "Conway J.", is written above a horizontal line.

## SCHEDULE "A"

### RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. **THIS IS TO CERTIFY** that Deloitte Restructuring Inc., the receiver (in such capacity, the "**Receiver**"), without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation ("**Velocity**") acquired for, or used in relation to a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property (as defined in the affidavit of Eamonn Glavey sworn October 6, 2023) of 926749 Ontario Ltd., including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 26<sup>th</sup> day of October, 2023 (the "**Order**") made in an action having Court file number CV-23-00707330-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver 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 Bank of \_\_\_\_\_ 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 Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, 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 Receiver 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 Receiver 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 Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver 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 \_\_\_\_\_, 2023.

**Deloitte Restructuring Inc.**, solely in its capacity as Receiver of the Property, and not in its personal or corporate capacity

Per: \_\_\_\_\_  
Name:  
Title:

**IN THE MATTER OF AN APPLICATION UNDER SECTION 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***

**ENLIGHTENED FUNDING CORPORATION**

and

**VELOCITY ASSET AND CREDIT CORPORATION AND 926749  
ONTARIO LTD.**

Applicant

Respondents

Court File No.: CV-23-00707330-00CL

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

Proceedings commenced in Toronto

**RECEIVERSHIP ORDER**

**BENNETT JONES LLP**

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Lawyers for the Applicant

## Appendix “Z”

November 23, 2023

VIA EMAIL ([jewart@ewartodwyer.com](mailto:jewart@ewartodwyer.com))

Ewart O'Dwyer  
311 George Street North, Suite 103  
Peterborough, ON K9J 3H3

Dear Mr. Ewart:

**Re: In the Matter of the Receivership of Velocity Asset and Credit Corporation (“Velocity”) and 926749 Ontario Ltd. o/a Clonsilla Leasing (the “Dealer”, together with Velocity, the “Debtors”), Court File No. CV-23-00707330-00CL (the “Receivership Proceeding”)**

We write further to our letters dated November 16, 2023, November 20, 2023, and November 22, 2023, to Auto Connect Sales Inc. (“**Auto Connect**”). We are in receipt of the email correspondence from Ms. Haig advising that you represent Mr. Tempelman, the principal of Auto Connect. Please confirm if you also represent Auto Connect, or only Mr. Tempelman.

As you are aware, Deloitte Restructuring Inc. (the “**Receiver**”) was appointed as receiver over certain property of the Debtors (the “**Property**”). The Property includes all vehicles leased by the Dealer subject to the security of Enlightened Funding Corporation.

As set out in our prior correspondence, the Dealer has transferred certain vehicles that may be Property to Auto Connect. Pursuant to the Receivership Order issued by Justice Conway on October 26, 2023 (the “**Receivership Order**”), all persons having notice of the Receivership Order are required to advise the Receiver of any Property in its possession or control, provide the Receiver with copies of all records in its possession or control relating to the Property and deliver all such Property to the Receiver upon the Receiver’s request. A copy of the Receivership Order is enclosed.

The Receiver re-iterates its request that Auto Connect provide the Receiver with any and all records or information relating to any vehicles of the Debtors that have been transferred to Auto Connect since August 1, 2023 (the “**Transferred Vehicles**”). This is required immediately. As noted in our prior correspondence, Auto Connect is currently in violation of the Receivership Order.

Ms. Haig’s correspondence indicates that you are not discussing this matter with your client until next Thursday, November 30<sup>th</sup>. That timing is unacceptable to the Receiver given the nature of the Receiver’s concerns and potential dissipation of assets, and the passage of time since the Receiver’s first request of Auto Connect. The Receiver reserves all of its rights to take any steps

it deems appropriate before that date, including arranging to remove the Property subject to the Receivership Order immediately.

These matters are urgent. Accordingly, please confirm the following:

- (a) which parties you represent;
- (b) that Auto Connect will not dispose of or deal with any of the Transferred Vehicles;
- (c) to the extent that Auto Connect has already dealt with any of the Transferred Vehicles, that any proceeds of such disposition will be placed into your firm's trust account pending resolution; and
- (d) that you will meet with your client prior to November 30<sup>th</sup>.

Failing such confirmation, the Receiver will be forced to seek relief from the Court prior to November 30<sup>th</sup>. The Receiver would be seeking the costs of its attendance from Auto Connect.

We look forward to your immediate response.

Yours truly,

**Thornton Grout Finnigan LLP**



Rebecca Kennedy

Per: Rebecca  
Kennedy

Encl.

cc: Jorden Sleeth and Richard Williams, Deloitte Restructuring Inc.

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

THE HONOURABLE ) THURSDAY, THE 26<sup>th</sup>  
 )  
JUSTICE CONWAY ) DAY OF OCTOBER, 2023

**ENLIGHTENED FUNDING CORPORATION**

Applicant

- and -

**VELOCITY ASSET AND CREDIT CORPORATION AND 926749  
ONTARIO LTD. O/A CLONSILLA AUTO SALES AND LEASING**

Respondents

**IN THE MATTER OF AN APPLICATION UNDER SECTION 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***

**RECEIVERSHIP ORDER**

**THIS APPLICATION** made by the Applicant for an Order pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Deloitte Restructuring Inc. ("**Deloitte**") as receiver (in such capacity, the "**Receiver**") without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation ("**Velocity**") acquired for, or used in relation to a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property (as defined in the affidavit of Eamonn Glavey sworn October 6, 2023 and the Exhibits thereto (the "**Glavey Affidavit**")) of 926749 Ontario Ltd. (the "**Dealer**" and together with Velocity, the "**Debtors**"), including all proceeds thereof, was heard this day via Zoom videoconference at 330 University Avenue, Toronto, Ontario.

**ON READING** the Glavey Affidavit, the Responding Record dated October 20, 2023 and the Affidavit of Eamonn Glavey sworn October 24, 2023, and on hearing the submissions of counsel for the Applicant, the proposed Receiver and such other parties listed on the Participant Information Form, no one appearing for any other party although duly served as appears from the affidavit of service sworn and filed, and on reading the consent of Deloitte to act as the Receiver,

### **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service 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.
2. **THIS COURT ORDERS AND DECLARES** that all terms not otherwise defined herein shall have the meaning ascribed to them in the Glavey Affidavit.

### **APPOINTMENT**

3. **THIS COURT ORDERS** that pursuant to subsection 243(1) of the BIA and section 101 of the CJA, Deloitte is hereby appointed Receiver, without security, of all of the present and future assets, undertakings and real and personal property of Velocity acquired for, or used in relation to, a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property of the Dealer, including all proceeds thereof (collectively, the "**Property**").

### **RECEIVER'S POWERS**

4. **THIS COURT ORDERS** that the Receiver 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 Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver 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, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of the 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 Debtors, or any of them, in connection with the Property, including the powers to enter into any agreements or incur any obligations in the ordinary course of business in connection with the Property, cease to carry on all or any part of the business of the Debtors in connection with the Property, or any of them, or cease to perform or disclaim any contracts of any of the Debtors in respect of the Property;
- (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 Receiver'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 Debtors, or any of them, in connection with the Property or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors in connection with the Property;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;



- (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 Debtors (as such proceedings relate to the Property or any portion thereof), the Property or the Receiver, 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 Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$500,000, provided that the aggregate consideration for all such transactions does not exceed \$2,500,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required;
- (l) 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 the Property or any part or parts thereof;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) 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 Receiver, in the name of the either of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to undertake any investigations deemed appropriate by the Receiver with respect to the location and/or disposition of assets reasonably believed to be, or to have been, Property;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations, including opening any mail or other correspondence addressed to any of the Debtors,
- (t) 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 either of the Debtors, and without interference from any other Person.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

5. **THIS COURT ORDERS** that: (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, advisors, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all

of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any of the Property in each such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, patents, patent applications, documents, securities, contracts, orders, corporate and accounting records, bank account information and any other papers, records and information of any kind related to the business or affairs of the Debtors or the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver 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 Receiver 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 Receiver for the purpose of allowing the Receiver 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 Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver'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 Receiver'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 Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

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

#### **NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY**

10. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors 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 all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver 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 BIA, and further provided that nothing in this paragraph shall: (i) empower the Receiver or the Debtor to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the

environment to which the Debtors are subject, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

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 Debtors, without written consent of the Receiver or leave of this Court.

#### **CONTINUATION OF SERVICES**

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

#### **RECEIVER TO HOLD FUNDS**

14. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver 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 new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the

credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

## **EMPLOYEES**

15. **THIS COURT ORDERS** that any and all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver 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 Receiver may specifically agree in writing to pay, 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*.

## **PIPEDA**

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

## **LIMITATION ON ENVIRONMENTAL LIABILITIES**

17. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver 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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. 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.

## **LIMITATION ON THE RECEIVER'S LIABILITY**

18. **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, 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 Receiver by section 14.06 of the BIA or by any other applicable legislation.

## **RECEIVER'S ACCOUNTS**

19. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver 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, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver'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 Receiver'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 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 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 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 standard 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 this Court.

#### **FUNDING OF THE RECEIVERSHIP**

22. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered, with the prior written consent of Peoples Trust Company of Canada ("**PTC**"), to borrow by way of: (a) advances from the Applicant irrevocably directed to the Receiver pursuant to the terms of the Enlightened Credit Agreement; or (b) advances from PTC, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$470,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest provided for in the Enlightened Credit Agreement (with respect to advances from the Applicant) or at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange (with respect to advances from PTC), for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures (the "**Receiver's Borrowings**"). The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the Receiver's Borrowings, 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 Receiver'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 Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

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

25. **THIS COURT ORDERS** that the Receiver's Borrowings borrowed pursuant to this Order or any further order of this Court and any and all Receiver'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 Receiver's Certificates.

#### **SERVICE AND NOTICE**

26. **THIS COURT ORDERS** that the E-Service Guide of the Commercial List (the "**Guide**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Guide (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Guide, service of documents in accordance with the Guide will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Guide with the following URL: <https://www.insolvencies.deloitte.ca/en-ca/pages/search-insolvencies.aspx>.

27. **THIS COURT ORDERS** that the Debtors, the Receiver, the Applicant and their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by

forwarding true copies thereof by electronic message to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of subsection 3(c) of the *Electronic Commerce Protection Regulations* (SOR/2013-221).

28. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Guide is not practicable, the Receiver 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, facsimile or email transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by e-mail transmission shall be deemed to be received on the same business day as transmission, or if sent 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**

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

30. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of either of the Debtors.

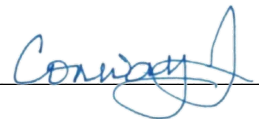
31. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or Europe to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, 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.

32. **THIS COURT ORDERS** that the Receiver 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 Receiver is authorized and empowered to act as a foreign representative in respect of the Debtors and the within proceedings for the purpose of having the within proceedings and this or any other Orders made in the within proceedings recognized in a jurisdiction outside Canada.

33. **THIS COURT ORDERS** that the Applicant shall have its costs of this Application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a full indemnity basis to be paid by the Receiver from the Debtors' estates with such priority and at such time as this Court may determine.

34. **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 to the Receiver 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.

35. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto Time on the date of this Order and are enforceable without the need for entry and filing.

A handwritten signature in blue ink, appearing to read "Conway J.", is written above a horizontal line.

## SCHEDULE "A"

### RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. **THIS IS TO CERTIFY** that Deloitte Restructuring Inc., the receiver (in such capacity, the "**Receiver**"), without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation ("**Velocity**") acquired for, or used in relation to a business carried on by Velocity, including all proceeds thereof, and of the Dealer Property (as defined in the affidavit of Eamonn Glavey sworn October 6, 2023) of 926749 Ontario Ltd., including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 26<sup>th</sup> day of October, 2023 (the "**Order**") made in an action having Court file number CV-23-00707330-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver 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 Bank of \_\_\_\_\_ 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 Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, 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 Receiver 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 Receiver 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 Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver 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 \_\_\_\_\_, 2023.

**Deloitte Restructuring Inc.**, solely in its capacity as Receiver of the Property, and not in its personal or corporate capacity

Per: \_\_\_\_\_  
Name:  
Title:

**IN THE MATTER OF AN APPLICATION UNDER SECTION 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***

**ENLIGHTENED FUNDING CORPORATION**

and

**VELOCITY ASSET AND CREDIT CORPORATION AND 926749  
ONTARIO LTD.**

Applicant

Respondents

Court File No.: CV-23-00707330-00CL

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

Proceedings commenced in Toronto

**RECEIVERSHIP ORDER**

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Lawyers for the Applicant

## Appendix "AA"

In the Matter of the Receivership of  
Velocity Asset Credit Corporation and  
926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing

**Flow of Funds Summary - Clonsilla Auto Sales**  
**August 1, 2023 to October 26, 2023**

**Sources of funds**

Beacon lease revenue	3,106	0.21%
Lease and service payments, net	577,166	38.55%
Related party transactions	60,650	4.05%
Unknown	270,859	18.09%
Unsecured loans	219,824	14.68%
Vehicle sales	313,825	20.96%
Insurance settlements	51,830	3.46%
	<u>1,497,259</u>	

**Uses of funds**

Business loan payments	(284,374)	16.76%
Capital improvements	(123,302)	7.27%
Cash withdrawals	(53,503)	3.15%
Employees	(190,467)	11.22%
Equipment rental	(43,254)	2.55%
Nextgear	(547,363)	32.26%
Operating expenses	(167,633)	9.88%
Related party transactions	(154,559)	9.11%
Unknown	(132,447)	7.81%
	<u>(1,696,902)</u>	

<b>NET CHANGE IN CASH</b>	<u><b>(199,643)</b></u>
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## Appendix “BB”

**CAS - EFC Vehicles Sold Aug-Oct 2023**

<b>Date</b>	<b>Vehicle</b>	<b>VIN</b>	<b>Name</b>	<b>HST</b>	<b>Total Sale or ITC</b>	<b>Total</b>
Aug/26/23	15 Yukon	655350	Bridge Valley	2,925.00	22,500.00	25,425.00
Aug/23/23	16 Civic	23397	Auto Connect	1,690.00	13,000.00	14,690.00
Aug/24/23	20 Explorer	C05062	Auto Connect	4,615.00	35,500.00	40,115.00
Sep/6/23	16 Rogue	806034	Auto Connect	1,534.00	11,800.00	13,334.00
Sep/6/23	16 Sorento	101219	Auto Connect	1,820.00	14,000.00	15,820.00
Sep/8/23	14 Escape	d20938	Auto Connect	1,690.00	13,000.00	14,690.00
Sep/16/23	14 Wrangler	267333	Auto Connect	1,950.00	15,000.00	16,950.00
Sep/16/23	17 Infinity	413734	Auto Connect	2,145.00	16,500.00	18,645.00
Sep/16/23	13 MKS	615490	Auto Connect	1,235.00	9,500.00	10,735.00
Sep/25/23	14 Mazda	437393	Auto Connect	1,651.00	12,700.00	14,351.00
Oct/13/23	14 Fusion	294986	Auto Connect	1,560.00	12,000.00	13,560.00
Oct/13/23	12 200	268746	K. C	910.00	7,000.00	7,910.00
<b>Total</b>						<b>206,225.00</b>

## Appendix “CC”

Chequing	03782-1285295	8/23/2023	e-Transfer - Autodt	HUGH WADDELL	\$3,000.00
Chequing	03782-1285299	8/11/2023	2M7 loan to corp	HUGH WADDELL	\$87,587.00
Chequing	03782-1285300	8/23/2023	CANCP corp loan	HUGH WADDELL	\$48,784.98
Chequing	03782-1285295	8/30/2023	Deposit	Hugh Waddell	\$17,000.00
Chequing	03782-1285295	8/31/2022	e-Transfer receiver	HUGH WADDELL	\$3,000.00
Chequing	03782-1285295	8/31/2023	Deposit	0031 Hugh Waddell	\$68,000.00
Chequing	03782-1285295	8/4/2023	Deposit	0220 Hugh Waddell	\$12,500.00
Chequing	03782-1285295	8/9/2023	Deposit	0221 Hugh Waddell	\$19,000.00
Chequing	03782-1285295	9/14/2023	Online transfer rec	HUGH WADDELL	\$1,500.00
Chequing	03782-1285295	9/20/2023	e-Transfer - Autodt	HUGH WADDELL	\$3,000.00
Chequing	03782-1285295	9/22/2023	e-Transfer - Autodt	HUGH WADDELL	\$3,000.00
Chequing	03782-1285297	9/26/2023	Private Loan JR	HUGH WADDELL	\$25,000.00
Chequing	03782-1285295	9/27/2023	BR TO BR - 3802	Hugh Waddell	\$19,000.00
Chequing	03782-1285295	9/28/2023	Online transfer rec	HUGH WADDELL	\$150.00
Chequing	03782-1285298	9/28/2023	Private Loan JR	HUGH WADDELL	\$28,000.00
Chequing	03782-1285296	9/29/2023	Private Loan SM	HUGH WADDELL	\$62,872.00
					\$401,393.98

## Appendix “DD”

November 30,2023

Rebecca Kennedy  
Thornton Grout Finnigan

Dear Ms Kennedy

Thank you for your letter of November 17th,2023 .

**In response to your 4th paragraph item A**

Clonsilla's role in the process of leasing vehicles to retail customers was as the originator of the leases , that were to be managed under the portfolio of leases that existed . The process of buying out the vehicle contracts / leases was left to Velocity and Enlightened Capital . In fact the day that The Beacon trust people were paid out by Velocity /EC after funding commenced in June of 2022 Clonsilla Auto 926749 Ontario LTD . had no say in the closing amounts. Those were all reconciled by Enlightened Capital staff and staff at Velocity asset and credit corporation .Clonsilla's role was to create a contract with the customer , sign and witness all the pertinent documents and upload the entire file to the Velocity /EC system for funding . Once that file is uploaded the entire accounting was left to Enlightened Capital and Velocity Asset and their various accounting personnel and their systems .

Clonsilla would simply collect The payments from the customer and pay EC/Velocity the bill that was presented at the end of the month for payments and middle of the month for buyouts .

Clonsilla Auto often rewrote leases after reconditioning , repossessions and new contracts would be submitted Through the Velocity system . The general practice was for EC and Velocity to prepare a monthly report that provided Clonsilla with a list of buyouts that were required to be paid out by the 15th of the following month . Velocity /EC would review any new files that were sent in and search the vins and Clonsilla would then payout any previously funded units from a list that was provided from an Enlightened capital/Velocity mid month subservicing report that included **all buy outs** . So on the 15th of the month Clonsilla would simply send Velocity a payment for the affected contracts to be paid out and Velocity Paid out the contracts to EC as per the mid month subservicing report .These cheques were often several hundred thousand dollars depending on the number of units being paid out .

Because of schedule A units 1,2 and 3 double payments would be made at a significant cost monthly. Clonsilla was deeply prejudiced by this oversight and obviously hurt financially .

**This is not a problem that arose at any other time during our 25 years in business only since June 2022 when Velocity started funding with Enlightened capital .**

**Another accounting problem has come to light Schedule AA enclosed**

Clonsilla has determined that EC/Velocity has been billing Clonsilla Monthly payments For vehicles and customers whose leases had expired . There is a list of all the leases that have expired in Section 2 of the enclosed schedule. It starts half way down page 2 and finishes on page 4 . The contract's expiry is listed and it shows how many payments were taken after the contract had expired up to and including July of 2023 when the last payments were made in full to EC/Velocity . This was only a preliminary sampling . The whole lease fleet has not been checked for further errors of this nature .

**In Section 1 of the report**

Certain Lease Contracts were short funded by a previous lender and Enlightened agreed to fund for the full value of the entire lease contract . However they started taking a second payment for each lease immediately , instead of waiting until the contracts due dates at the end of the contract to commence payments . This would have been when the customer would actually still be making the payments . These second payments continued to show on ECs/Active portfolio and Continued until current .

<b>Total cost of expired leases overcharged to July 2023</b>	<b>377,064.75</b>
<b>Total second payment accumulation overcharged to July 2023</b>	<b><u>511,373.37</u></b>
<b>Total overcharges by EC/Velocity up to and including July 2023</b>	<b>888,438.12</b>

**Item 3 b.**

No vehicles sold to Auto Connect were sold to avoid paying EC for their security .  
Several of the vehicles were on Clonsillas lot for periods of six months or better and  
It seemed a better choice to sell the vehicle while they still had good value . Clonsilla will  
establish what amounts are owing and reconcile the account with the receiver and provide  
payment For the contract payouts . This was unintentional .

**ITEM 3 C in the November 17th letter dealing with category 1,2 and 3**

**Schedule B (supplied by receiver )**

category 1		last six	actual cost
Lease 3356	16 Hyundai Santa Fe	ser# 142002	21276.51
Lease 3361	16 Nissan sentra	640284	13864.41
Lease 3331	14 Jeep Cherokee	187045	13094.94
Lease 3353	12 Dodge Journey	285705	<u>9435.39</u>

Receivers suggested cost \$ 88,846.31

**ACTUAL COST \$ 57,671.25**

Category 2	Last six Ser#		Actual Cost
Lease #			
n/a	15 Nissan Juke	56144	13,194.00
3357	15 Honda Pilot	503972	15,502.07
3340	14 jeep Cherokee	322271 Trade in	<u>13,200.00</u>

Receivers suggested cost \$72,034..97

**ACTUAL COST \$41,896.00**

Category 3	Vehicle type	Last six Ser#	Actual Cost
Lease #			
n/a	2020 GMC savannah	255354 on consignment from Auto Connect	
n/a	2013 Dodge Gr Caravan	751374	
n/a	2012 Ram 1500 pick up	337511 TRade in allowance	\$15,000.00
3332	2012 ram 1500 pick	337511 same ser# as prior vehicle	N/A
n/a	2011 Gr Caravan	788267	

Receivers suggested cost \$42,817.96

**ACTUAL COST \$15,000.00**

**Total ACTUAL COSTS \$129,567.20**



**Item 3 C continued from prior page schedule**

**The receiver expresses concerns that proceeds of Enlightened Capital were used to purchase items in Categories 1,2 and 3 at a cost Of 203,699.24 .**

**In fact the real cost to buy these vehicles was \$ 129,567.20 with the effect that costs were overstated by \$74,132.04 .**

**Enclosed are schedule C “Hugh Waddell's” deposits and “Hugh Waddell’s” withdrawals . The deposits exceed the withdrawals by 279,666.94 .**

**Therefore it should be clear that the items in Categories 1,2 and 3 With the corrected cost figures supplied by the Staff at Clonsilla Auto Is 129,567.20 and were paid by Clonsilla Auto not Enlightened Capitals funds out of funds on hand supplied by Hugh Waddell’s Deposits .**

**Staff at Clonsilla will be researching category 4 but we are unsure Why these costings are necessary if the vehicles were purchased Before August 1,2023 .**

**Any further questions please call the writer at 705 742 6500**

**Yours truly**

**Hugh Waddell**

# ACCOUNTS IN PROBLEM SECTION 1

	LENDER	Lease #	Expiry Date	#months pd after expiry to end of July 2023	PAYMENT	Total Overpay
3-expired	EC	2312	Dec-22	7	708.44	4,959.08
3-expired	EC	2331	May-23	2	494.68	989.36
3-expired	EC	2332	May-23	2	557.83	1,115.66
3-expired	EC	2339	Dec-22	7	491.18	3,438.26
3-expired	EC	2345	Nov-22	8	304.16	2,433.28
3-expired	EC	2347	Dec-22	7	568.11	3,976.77
3-expired	EC	2360	Dec-22	7	532.96	3,730.72
3-expired	EC	2368	Nov-22	8	586.32	4,690.56
3-expired	EC	2401	Dec-22	7	802.99	5,620.93
3-expired	EC	2402	Nov-22	8	536.42	4,291.36
3-expired	EC	2403	May-23	2	661.70	1,323.40
3-expired	EC	2404	Nov-22	8	578.03	4,624.24
3-expired	EC	2408	Jun-22	13	595.80	7,745.40
3-expired	EC	2409	Nov-22	8	445.58	3,564.64
3-expired	EC	2410	Jun-22	13	679.75	8,836.75
3-expired	EC	2415	Jun-22	13	920.89	11,971.57
3-expired	EC	2416	Jun-22	13	424.72	5,521.36
3-expired	EC	2422	May-23	2	822.30	1,644.60
3-expired	EC	2434	Jun-22	13	733.96	9,541.48
3-expired	EC	2441	Jun-22	13	1,061.16	13,795.08
3-expired	EC	2451	Jun-22	13	733.96	9,541.48
3-expired	EC	2455	Nov-22	8	1,233.81	9,870.48
3-expired	EC	2465	Jun-22	13	896.50	11,654.50
3-expired	EC	2466	Jun-22	13	980.46	12,745.98
3-expired	EC	2480	Jun-22	13	637.68	8,289.84
3-expired	EC	2484	Nov-22	8	785.57	6,284.56
3-expired	EC	2487	Jun-22	13	983.39	12,784.07
3-expired	EC	2497	Jun-22	13	608.57	7,911.41
3-expired	EC	2503	Jun-22	13	598.51	7,780.63
3-expired	EC	2518	Jun-22	13	805.38	10,469.94
3-expired	EC	2519	Jun-22	13	393.95	5,121.35
3-expired	EC	2533	May-23	2	637.23	1,274.46
3-expired	EC	2548	Dec-22	7	798.51	5,589.57
3-expired	EC	2556	Jun-22	13	945.57	12,292.41
3-expired	EC	2557	Jun-22	13	717.08	9,322.04
3-expired	EC	2559	Jun-22	13	1,059.05	13,767.65
3-expired	EC	2579	Jun-22	13	339.77	4,417.01
3-expired	EC	2581	Jun-22	13	1,008.20	13,106.60
3-expired	EC	2582	Jun-22	13	619.13	8,048.69
3-expired	EC	2593	Jun-22	13	403.47	5,245.11
3-expired	EC	2611	Jun-22	13	1,261.01	16,393.13
3-expired	EC	2612	Jun-22	13	488.77	6,354.01
3-expired	EC	2614	May-23	2	765.28	1,530.56
3-expired	EC	2617	Dec-22	7	693.66	4,855.62
3-expired	EC	2642	Jun-22	13	625.60	8,132.80
3-expired	EC	2651	Jun-22	13	796.49	10,354.37
3-expired	EC	2655	Jun-22	13	980.48	12,746.24
3-expired	EC	2683	Jun-22	13	1,198.54	15,581.02
3-expired	EC	2684	Jun-22	13	1,061.76	13,802.88

	LENDER	Lease #	Expiry Date	#months pd after expiry to end of July 2023	PAYMENT	Total Overpay
3-expired	EC	2701	Jun-22	13	419.71	5,456.23
3-expired	EC	2713	Jun-22	13	628.31	8,168.03
3-expired	EC	2717	Jun-22	13	292.39	3,801.07
3-expired	EC	2720	Jun-22	13	907.65	11,799.45
3-expired	EC	2724	Jun-22	13	1,106.34	14,382.42
3-expired	EC	2732	Jun-22	13	855.43	11,120.59
3-expired	EC	2756	Jun-22	13	845.03	10,985.39
3-expired	EC	2758	Jun-22	13	953.52	12,395.76
3-expired	EC	2762	Jun-22	13	1,166.80	15,168.40
3-expired	EC	2768	Jun-22	13	808.49	10,510.37
3-expired	EC	2782	Jun-22	13	682.49	8,872.37
3-expired	EC	2794	Jun-22	13	1,083.51	14,085.63
3-expired	EC	2801	Jun-22	13	1,195.75	15,544.75
					46,509.78	511,373.37

SECTION # 2

expired	EC	1178	May-22	14	464.94	6,509.16
expired	EC	1186	May-22	14	425.14	5,951.96
expired	EC	1216	Jul-22	12	372.03	4,464.36
expired	EC	1235	Jul-22	12	633.12	7,597.44
expired	EC	1239	Aug-22	11	554.77	6,102.47
expired	EC	1282	Sep-22	10	498.94	4,989.40
expired	EC	1288	May-22	14	515.58	7,218.12
expired	EC	1315	Oct-22	9	545.87	4,912.83
expired	EC	1317	Oct-22	9	354.65	3,191.85
expired	EC	1339	Nov-22	8	642.26	5,138.08
expired	EC	1346	Nov-22	8	539.29	4,314.32
expired	EC	1349	Nov-22	8	855.70	6,845.60
expired	EC	1353	Dec-22	7	517.86	3,625.02
expired	EC	1355	Jun-22	13	401.85	5,224.05
expired	EC	1356	Dec-22	7	525.55	3,678.85
expired	EC	1377	Dec-22	7	359.77	2,518.39
expired	EC	1390	Jan-23	6	581.60	3,489.60
expired	EC	1398	Oct-22	9	556.77	5,010.93
expired	EC	1402	Aug-22	11	502.26	5,524.86
expired	EC	1407	Feb-23	5	487.80	2,439.00
expired	EC	1411	Feb-23	5	449.12	2,245.60
expired	EC	1416	Feb-23	5	459.89	2,299.45
expired	EC	1417	Aug-22	11	402.13	4,423.43
expired	EC	1431	Jun-22	13	349.24	4,540.12
expired	EC	1440	Mar-23	4	565.17	2,260.68
expired	EC	1449	Oct-22	9	353.46	3,181.14
expired	EC	1455	Feb-23	5	699.61	3,498.05
expired	EC	1457	Apr-23	3	359.64	1,078.92
expired	EC	1459	Apr-23	3	523.41	1,570.23
expired	EC	1471	Apr-23	3	578.99	1,736.97
expired	EC	1477	May-23	2	463.54	927.08
expired	EC	1478	May-22	14	399.88	5,598.32
expired	EC	1479	May-22	14	339.68	4,755.52

	LENDER	Lease #	Expiry Date	#months pd after expiry to end of July 2023	PAYMENT	Total Overpay
expired	EC	1481	May-22	14	364.19	5,098.66
expired	EC	1482	Nov-22	8	466.92	3,735.36
expired	EC	1485	May-22	14	388.30	5,436.20
expired	EC	1486	May-23	2	564.24	1,128.48
expired	EC	1490	May-22	14	510.77	7,150.78
expired	EC	1496	Nov-22	8	464.32	3,714.56
expired	EC	1497	May-23	2	562.81	1,125.62
expired	EC	1503	May-23	2	526.96	1,053.92
expired	EC	1505	May-22	14	699.94	9,799.16
expired	EC	1508	May-22	14	506.78	7,094.92
expired	EC	1510	Dec-22	7	455.26	3,186.82
expired	EC	1514	Jun-23	1	626.59	626.59
expired	EC	1515	Jun-22	13	575.51	7,481.63
expired	EC	1518	Jun-22	13	693.93	9,021.09
expired	EC	1519	Jun-23	1	444.14	444.14
expired	EC	1523	Jan-23	6	382.89	2,297.34
expired	EC	1528	Jul-22	12	347.59	4,171.08
expired	EC	1543	Jan-23	6	566.83	3,400.98
expired	EC	1544	Jul-22	12	507.87	6,094.44
expired	EC	1545	Jan-23	6	330.76	1,984.56
expired	EC	1553	Feb-23	5	407.26	2,036.30
expired	EC	1565	Feb-23	5	454.87	2,274.35
expired	EC	1566	Feb-23	5	566.82	2,834.10
expired	EC	1576	Mar-23	4	447.13	1,788.52
expired	EC	1580	Sep-22	10	456.33	4,563.30
expired	EC	1588	Jun-22	13	307.91	4,002.83
expired	EC	1590	Sep-22	10	612.35	6,123.50
expired	EC	1594	Apr-23	3	531.75	1,595.25
expired	EC	1598	Oct-22	9	455.14	4,096.26
expired	EC	1603	Apr-23	3	473.16	1,419.48
expired	EC	1609	Apr-23	3	410.65	1,231.95
expired	EC	1611	Oct-22	9	300.41	2,703.69
expired	EC	1613	May-23	2	394.08	788.16
expired	EC	1621	May-22	14	347.55	4,865.70
expired	EC	1624	May-23	2	485.15	970.30
expired	EC	1635	Dec-22	7	353.27	2,472.89
expired	EC	1642	Dec-22	7	341.99	2,393.93
expired	EC	1648	Feb-23	5	418.92	2,094.60
expired	EC	1653	Jan-23	6	473.84	2,843.04
expired	EC	1662	Jan-23	6	449.16	2,694.96
expired	EC	1664	Nov-22	8	342.68	2,741.44
expired	EC	1665	Jan-23	6	557.97	3,347.82
expired	EC	1675	Feb-23	5	495.62	2,478.10
expired	EC	1677	Feb-23	5	247.02	1,235.10
expired	EC	1680	Feb-23	5	432.22	2,161.10
expired	EC	1682	Feb-23	5	307.67	1,538.35
expired	EC	1699	Mar-23	4	358.02	1,432.08
expired	EC	1715	Apr-23	3	564.97	1,694.91
expired	EC	1729	Apr-23	3	243.36	730.08

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	LENDER	Lease #	Expiry Date	#months pd after expiry to end of July 2023	PAYMENT	Total Overpay
expired	EC	1730	Apr-23	3	413.61	1,240.83
expired	EC	1733	Oct-22	9	319.83	2,878.47
expired	EC	1735	Apr-23	3	397.62	1,192.86
expired	EC	1744	May-23	2	553.34	1,106.68
expired	EC	1753	Sep-22	10	299.87	2,998.70
expired	EC	1754	Nov-22	8	443.84	3,550.72
expired	EC	1755	May-23	2	476.61	953.22
expired	EC	1757	Nov-22	8	326.17	2,609.36
expired	EC	1765	May-22	14	339.35	4,750.90
expired	EC	1772	May-23	2	526.59	1,053.18
expired	EC	1773	Jun-22	13	231.74	3,012.62
expired	EC	1775	Jun-23	1	367.44	367.44
expired	EC	1777	Dec-22	7	544.03	3,808.21
expired	EC	1782	Jun-23	1	456.02	456.02
expired	EC	1783	Jun-22	13	420.08	5,461.04
expired	EC	1784	Jun-23	1	472.27	472.27
expired	EC	1788	Dec-22	7	388.61	2,720.27
expired	EC	1792	Jun-22	13	392.86	5,107.18
expired	EC	1798	Jun-23	1	324.86	324.86
expired	EC	1807	Jul-22	12	314.00	3,768.00
expired	EC	1825	Aug-22	11	294.91	3,244.01
expired	EC	1837	Feb-23	5	407.23	2,036.15
expired	EC	1859	Aug-22	11	337.07	3,707.77
expired	EC	1864	Aug-22	11	346.09	3,806.99
expired	EC	1878	May-22	14	496.71	6,953.94
expired	EC	1884	Apr-23	3	374.52	1,123.56
expired	EC	1891	Apr-23	3	376.42	1,129.26
expired	EC	1926	May-23	2	379.63	759.26
expired	EC	1942	Jun-22	13	334.71	4,351.23
expired	EC	1958	Jan-23	6	350.00	2,100.00
expired	EC	1990	Feb-23	5	324.72	1,623.60
expired	EC	1996	Mar-23	4	306.30	1,225.20
expired	EC	2018	Mar-23	4	352.69	1,410.76
expired	EC	2019	Apr-23	3	364.96	1,094.88
expired	EC	2036	Apr-23	3	389.99	1,169.97
expired	EC	2047	Apr-23	3	251.40	754.20
expired	EC	2081	Jun-23	1	354.60	354.60
expired	EC	2293	May-23	2	163.16	326.32
					52,717.23	377,064.75

99,227.01 888,438.12

SEAFORD REC

# HUGH WADDELL DEPOSITS

AUGUST 23 2023  
THRU SEPTEMBER 29 2023

Chequing	03782-1285295	8/23/2023	e-Transfer - Autod	HUGH WADDELL	\$3,000.00
Chequing	03782-1285299	8/11/2023	2M7 loan to corp	HUGH WADDELL	\$87,587.00
Chequing	03782-1285300	8/23/2023	CANCP corp loan	HUGH WADDELL	\$48,784.98
Chequing	03782-1285295	8/30/2023	Deposit	Hugh Waddell	\$17,000.00
Chequing	03782-1285295	8/31/2022	e-Transfer receive	HUGH WADDELL	\$3,000.00
Chequing	03782-1285295	8/31/2023	Deposit	0031 Hugh Waddell	\$68,000.00
Chequing	03782-1285295	8/4/2023	Deposit	0220 Hugh Waddell	\$12,500.00
Chequing	03782-1285295	8/9/2023	Deposit	0221 Hugh Waddell	\$19,000.00
Chequing	03782-1285295	9/14/2023	Online transfer rec	HUGH WADDELL	\$1,500.00
Chequing	03782-1285295	9/20/2023	e-Transfer - Autod	HUGH WADDELL	\$3,000.00
Chequing	03782-1285295	9/22/2023	e-Transfer - Autod	HUGH WADDELL	\$3,000.00
Chequing	03782-1285297	9/26/2023	Private Loan JR	HUGH WADDELL	\$25,000.00
Chequing	03782-1285295	9/27/2023	BR TO BR - 3802	Hugh Waddell	\$19,000.00
Chequing	03782-1285295	9/28/2023	Online transfer rec	HUGH WADDELL	\$150.00
Chequing	03782-1285298	9/28/2023	Private Loan JR	HUGH WADDELL	\$28,000.00
Chequing	03782-1285296	9/29/2023	Private Loan SM	HUGH WADDELL	\$62,872.00
					\$401,393.98

SURPLUS FUNDS DEPOSITED BY HUGH WADDELL

279,666.94

AUGUST 1ST.

THRU OCT 26 2023

SARAH LLC

HUGH WADDILL WITHDRAWALS AUGUST 1 2023  
THRU OCTOBER 2023

9/1/2023	HW	Cash withdrawal	BR TO BR - 3802	-\$10,000.00	
8/23/2023	HW	Cash withdrawal	BR TO BR - 3802	-\$9,500.00	
8/23/2023	HW	Cash withdrawal	BR TO BR - 3802	-\$7,686.00	
8/28/2023	HW	Cash withdrawal	BR TO BR - 3802	-\$7,500.00	
8/28/2023	HW	Cash withdrawal	BR TO BR - 3802	-\$5,790.83	
8/28/2023	HW	Cash withdrawal	BR TO BR - 3802	-\$5,050.95	
8/28/2023	HW	Cash withdrawal	BR TO BR - 3802	-\$5,000.00	
9/1/2023	HW	Cash withdrawal	BR TO BR - 3802	-\$5,000.00	
9/1/2023	HW	Cash withdrawal	BR TO BR - 3802	-\$3,032.66	
9/1/2023	HW	Cash withdrawal	BR TO BR - 3802	-\$2,000.00	
9/1/2023	HW	Cash withdrawal	BR TO BR - 3802	-\$1,000.00	
10/5/2023	HW	e-Transfer sent	Hugh e trans	-\$3,500.00	
10/11/2022	HW	Online transfer sent - 180	Hugh Waddell	-\$9,250.00	
10/13/2023	HW	e-Transfer sent	Hugh e trans	-\$2,500.00	
10/13/2023	HW	Online transfer sent - 301	Hugh Waddell	-\$3,000.00	
10/23/2023	HW	Online transfer sent - 902	Hugh Waddell	-\$2,000.00	
10/23/2023	HW	Online transfer sent - 671	Hugh Waddell	-\$600.00	
10/24/2023	HW	e-Transfer sent	Hugh e trans	-\$1,000.00	
10/24/2023	HW	Online transfer sent - 128	Hugh Waddell	-\$400.00	
10/25/2023	HW	Online transfer sent - 267	Hugh Waddell	-\$8,000.00	
10/4/2023	HW	Online transfer sent - 050	Hugh Waddell	-\$300.00	
10/5/2023	HW	Online transfer sent - 030	Hugh Waddell	-\$5,500.00	
8/10/2023	HW	Online transfer sent - 223	Hugh Waddell	-\$4,800.00	
8/14/2023	HW	Online transfer sent - 121	Hugh Waddell	-\$6,500.00	
9/11/2023	HW	Online transfer sent - 252	Hugh Waddell	-\$4,500.00	
9/18/2023	HW	Online transfer sent - 571	Hugh Waddell	-\$5,400.00	
9/18/2023	HW	Online transfer sent - 190	Hugh Waddell	-\$1,137.00	
9/19/2023	HW	e-Transfer sent	Hugh e trans	-\$779.60	
9/28/2023	HW	e-Transfer sent	Hugh e trans	-\$1,000.00	-\$121,727.04

## Appendix “EE”



District of Ontario  
Division No. 09 - Toronto  
Court No. CB-23-00707330-00CL  
Estate No. 31-459685

**In the Matter of the Receivership of  
926749 Ontario Ltd. o/a Clonsilla Auto Sales & Leasing  
Statement of Receipts and Disbursements  
For the period from October 26, 2023 to November 21, 2023**

**Receipts**

Accounts receivable -	221,630.00
Total receipts	<u>\$ 221,630.00</u>

**Disbursements**

Repairs and maintenance	577.60
HST paid	75.09
Filing Fee - OSB	75.30
Bank Account Transfer	75.30
Other notices and reports	5.00
Total disbursements	<u>\$ 808.29</u>

**Excess of Receipts over Disbursements**

\$ 220,821.71