

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

- and -

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

APPLICATION UNDER Section 47 of the *Bankruptcy and Insolvency Act*
R.S.C. 1985, C. B-3, as amended

**MOTION FOR DIRECTIONS
(returnable July 9, 2018)**

July 3, 2018

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**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

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- and -

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

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APPLICATION UNDER Section 47 of the *Bankruptcy and Insolvency Act*
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TAB 1

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

- and -

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

APPLICATION UNDER Section 47 of the *Bankruptcy and Insolvency Act*
R.S.C. 1985, C. B-3, as amended

**NOTICE OF MOTION
(RETURNABLE JULY 9, 2018)**

The Interim Receiver, Deloitte Restructuring Inc. (“**Deloitte**” or the “**Interim Receiver**”), will make a motion to The Honourable Justice Hackland on Monday June 9, 2018, at 9:30 a.m., or as soon after that time as the motion can be heard, at 161 Elgin Street, 2nd Floor, Ottawa, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. if necessary, an Order abridging the time for service of the Notice of Motion and Motion Record herein, validating service of the Notice of Motion and Motion Record, and dispensing with further service thereof;

2. advice and directions regarding the Notice of Motion of the Respondents dated June 29, 2018 (the “**Respondents’ Motion**”) seeking, among things, an Order that:
 - (i) “the Receiver not enter into Agreements to repair [345 Barber] with either of the contractors chosen by the Receiver” and that the Respondents “be allowed to initiate the repairs as required and set out in the Receiver’s Third Report” (the “**Repairs**”) “with one of the contractors it has quotes from as set out in the Affidavit of Chi Van Ho”;
 - (ii) the Respondents “be given until September 1, 2018, to bring the first mortgage [over 345 Barber] into good standing and finalize the restructuring of the second Mortgage [over 345 Barber]”; and
 - (iii) the Respondents “be permitted to immediately rent the vacant apartments as they become available.”
3. an Order declaring that the Interim Receiver can retain the contractor it recommended to the Court in its Third Report to undertake the Repairs on 17 currently unrentable units in 345 Barber, pursuant to the Appointment Order and paragraph three of the Order of Justice Hackland made June 11, 2018, authorizing the Receiver “to retain a contractor to undertake repairs on 17 currently unrentable units, as described in the Third Report, such action not to occur before June 30, 2018, and subject to further Order of the Court. Any such Notice of Motion to be served on or before June 30, 2018”;
4. approving the Supplemental Report to the Third Report to the Court of the Interim Receiver dated July 3, 2018 (the “**Supplementary Third Report**”), and the Interim Receiver’s actions and activities as set out in the Supplementary Third Report;

5. the Receiver's costs of this motion on a substantial indemnity scale; and
6. such further and other relief as counsel may advise and this Honourable Court deems just.

THE GROUNDS FOR THE MOTION ARE:

1. there is additional urgency to the Repairs since, as of June 30, 2018, only 1 rentable unit in 345 Barber remains available for rent;
2. the 17 unrentable units must therefore be repaired and placed on the rental market as soon as possible to capture the remainder of the summer rental market, and generate additional revenue;
3. the Respondents' Motion is frivolous, an abuse of process and has no chance of success;
2. section 195 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.3;
3. Rules 1.05, 2.03, 3.02, 25.11, 37 and 61.16 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194; and
4. such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

1. the Third Report to the Court of the Interim Receiver dated May 29, 2018;
2. the Supplemental Report to the Third Report to the Court of the Interim Receiver dated July 3, 2018; and
3. such further and other evidence as counsel may advise and this Honourable Court permit.

- 4 -

July 3, 2018

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Lawyers for the Interim Receiver

TO: **SERVICE LIST**

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at **OTTAWA**

NOTICE OF MOTION

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Lawyers for the Interim Receiver

TAB 2

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

and

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

**SUPPLEMENTAL REPORT TO THE THIRD REPORT OF THE
INTERIM RECEIVER**

DATED JULY 3, 2018

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- B Email communications between Eric Golden, Chi Ho, Ahmed Syed, their counsel, Syed’s appraiser, Liahona Mortgage Investment Corp. and First National between September 13, 2017 and December 20, 2017
- C Affidavit of Christopher Sebben sworn September 19, 2017
- D Chi Van Ho’s letter to FN dated September 12, 2017, Ahmed Syed’s proposed agreement of purchase and sale for the Buildings dated September 11, 2017, a purported Share Purchase Agreement dated October 27, 2017 between the Chi Ho Family Trust and Ahmed Syed for the trust’s 100 shares in GDH 11, a letter from Syed’s lawyer to FN’s lawyer dated November 17, 2017 regarding his proposed purchase of the Buildings, and a letter from a different lawyer for Syed dated December 15, 2017 regarding Syed’s purported purchase of 347 Barber
- E Letter dated April 9, 2018 from John Napiorkowski to the Receiver
- F Correspondence dated October 10, 2017 from Eastwood Construction concerning lobby tile work at the Buildings

- G** Correspondence between the Receiver, CLV, Chi Van Ho and his counsel concerning access to the Buildings
- H** Arrears statements for the FN mortgages prepared by First National Financial LP dated June 7, 2018

INTRODUCTION

1. This report is supplementary to the Receiver's Third Report dated May 29, 2018 (the "**Supplementary Third Report**") in support of its motion heard on June 11, 2018 (the "**June 11 Motion**"), for among other things, approving the Receiver's course of action with respect to the repairs/renovations to the Property and its recommendation to proceed with Proposal #1 for the remediation of 17 units in an unrentable state. Any terms not otherwise defined herein are defined in the Third Report.
2. This Supplementary Third Report is delivered in response to the notice of motion of the Respondents served on June 29, 2018, supported by the affidavit of Chi Van Ho sworn on the same date (the "**Chi Van Ho Affidavit**"), seeking, among other things, an Order that:
 - (a) "the Receiver not enter into Agreements to repair [345 Barber] with either of the contractors chosen by the Receiver" and that the Respondents "be allowed to initiate the repairs as required and set out in the Receiver's Third Report" (the "**Repairs**") "with one of the contractors it has quotes from as set out in the Affidavit of Chi Van Ho";
 - (b) the Respondents "be given until September 1, 2018, to bring the first mortgage [over 345 Barber] into good standing and finalize the restructuring of the second Mortgage [over 345 Barber]; and
 - (c) the Respondents "be permitted to immediately rent the vacant apartments as they become available."
3. The Receiver brought the June 11 Motion for Court approval of the Repairs notwithstanding that the Appointment Order authorized the Receiver to carry them out without the need for further Court approval. By way of Order made June 11, 2018 (the "**June 11 Order**"), Justice

Hackland approved the Third Report and the actions of the Receiver described therein, and authorized the Receiver "to retain a contractor to undertake repairs on 17 currently unrentable units, as described in the Third Report, such action not to occur before June 30, 2018, and subject to further Order of the Court. Any such Notice of Motion to be served on or before June 30, 2018." A copy of the June 11 Order is attached hereto as **Appendix "A"**.

4. However, there is additional urgency to the Repairs being carried out as soon as possible as there is only one rentable unit in 345 Barber currently available for rent, and only two units in 347 Barber are currently available for rent. The Receiver requires the Repairs to the 17 units in question to be carried out as soon as possible so as to capture the end of the summer rental market, and maximize the revenue being generated by the Property.

REPAIRS AND AHMED SYED

5. The Receiver notes that the Respondents did not oppose the Applicant's motion for the Appointment Order, or the motions brought by the Receiver to, among other things, approve the activities of the Receiver set out in its First Report and Second Report, which included undertaking various repairs and improvements to bring previously unrentable units back into rentable condition.
6. The foundation of the Respondents' notice of motion regarding the Repairs is that "the plan going forward is that Mr. Syed will take control of the Mortgagor on the property having the most units (345) by acquiring the Shares and he is arranging funding which will be finalized by no later than August 30, 2018" (the "**Proposed Syed Share Transaction**").
7. GDH 11 is the owner of 345 Barber. GDH 10 is the owner of 347 Barber (collectively, the "**Buildings**").

8. It is the Receiver's view that the Proposed Syed Share Transaction is not viable. Chi Van Ho has omitted from his affidavit that FN has already rejected an application by Ahmed Syed ("Syed") to assume the mortgages for 345 Barber and 347 Barber, as evidenced by the email correspondence between Blaneys, Chi Ho, Ahmed Syed, their counsel, Syed's appraiser, Liahona Mortgage Investment Corp. and FN between September 13, 2018 and December 20, 2018, all of which correspondence is included in the attached **Appendix "B"**, and that Syed had already previously been mentioned as a potential partner in GDH 11 but did not pursue that transaction with FN, as discussed further in paragraphs 9, 10 and 11 below, and the correspondence set out in Appendix "B".
9. The Proposed Syed Share Transaction was addressed in paragraphs 47 to 51 of the affidavit of Chris Sebben of FN sworn September 19, 2017 in support of the Appointment Order (the "**Sebben Affidavit**"), wherein Mr. Sebben swore that a representative of the Respondents advised FN in August, 2017, that a "share purchase agreement was in the works" for 345 Barber "that should be completed by Sept. 5th at which point the mortgage will be paid". FN's consent to any such share purchase agreement was required under its mortgages over both Buildings, but it was not sought from, nor granted by, FN. Mr. Sebben has advised the Receiver that FN has still never received an application to authorize the Proposed Syed Share Transaction. The Sebben Affidavit, without Exhibits, is attached hereto as **Appendix "C"**.
10. FN's position was, and still is, that it would only consider a share purchase agreement if it was for both Respondents as both Buildings have to be sold together because they are connected at every floor, and share common elements (lobby, mail room, laundry room and elevator which is located at 345 Barber) and certain utilities (certain gas meters for 347 Barber are located at 345 Barber) (Sebben Affidavit, paragraph 15).

11. The Proposed Syed Share Transaction was also addressed in the emails attached as Appendix “B” (email from Eric Golden of Blaney McMurtry LLP to Syed dated December 20, 2017, and to Syed’s lawyer dated December 19, 2017). The attachments to those responses, being Chi Van Ho’s letter to FN dated September 12, 2017, Syed’s proposed agreement of purchase and sale for the Buildings dated September 11, 2017, a purported Share Purchase Agreement dated October 27, 2017 between the Chi Ho Family Trust and Ahmed Syed for the trust’s 100 shares in GDH 11, a letter from Syed’s lawyer to FN’s lawyer dated November 17, 2017 regarding his proposed purchase of the Buildings, and a letter from a different lawyer for Syed dated December 15, 2017 regarding Syed’s purported purchase of 347 Barber, are attached hereto as **Appendix “D”**.

12. Also omitted from the Chi Van Ho Affidavit is the following:
 - (a) that the Interim Receivership was required less than 18 months after the Respondents purchased the Buildings and took an assignment of the FN mortgages over the Buildings, after Chi Van Ho undertook major renovations to the Buildings wherein he attempted to convert 345 Barber to student housing without FN approval (Sebben Affidavit, paragraphs 62 to 70), without the approval of the City of Ottawa (the “City”) (and the required building permits for six of the Units above the ground floor) for any units above the lobby except for the level 100 (basement) units, and with these renovations substantially unfinished as of the date of the Appointment Order and 44 out of 110 units vacant as of that date (a vacancy rate of 40%);

 - (b) that he produced minimal records to the Receiver regarding these renovations, which is one of the reasons the Receiver had to obtain from the City the building

permits and drawings, which as set out in the Third Report was a lengthy process (and from which the Receiver learned that permits were not issued for any renovations above the lobby and level 100);

- (c) that his project manager John Napiorkowski quit acting as project manager after discovering that the units above the ground floor were being renovated, and because he was no longer being paid;
- (d) that Eastwood Construction had been prepaid for tiling work in the lobby and was brought in to finish the work. They were then asked by the Receiver to quote on the rest of the work to finish the lobby and submitted the highest quote, as set out below in more detail; and
- (e) that he moved non-BMR tenants from 345 Barber to 347 Barber without FN or City approval to carry out the unauthorized conversion of 345 Barber to student housing, and even though the original owner of the Buildings had signed agreements with the City and the Ministry of Housing to provide 30 affordable housing units at the Buildings, and use best efforts to place these 30 BMR tenants in 347 Barber, all of which resulted in the renting of only 21 of the 30 required BMR units, resulting in the City and Ministry issuing Notices of Breach to GDH 10 (see paragraphs 12, 16 and 17 of the Sebben Affidavit).

REPAIRS

13. In paragraph 5 of the Chi Van Ho Affidavit, Chi Van Ho identifies John Napierkowski (sic) as an “experienced and meticulous project manager” who was “supervising the work”. As set out in paragraph 29 of the Third Report, the Receiver contacted Mr. Napiorkowski

and found him to be very knowledgeable about the Buildings and Chi Van Ho's previous renovation plan. As a result, the Receiver requested that Mr. Napiorkowski submit a proposal to act as project manager to complete the repairs to the final 20 units. However, in a letter to the Receiver dated April 9, 2018, attached hereto as **Appendix "E"**, Mr. Napiorkowski declined to provide a proposal, apparently as a result of having "suffered indignity by Chi Van Ho and loss of money with very serious O.B.C. infractions compromising the building tenant's safety and inconvenience".

14. As set out in paragraph 6 of the Chi Van Ho Affidavit, Chi Van Ho alleges that the Receiver "stopped Eastwood from doing ongoing work and Eastwood has not returned to do work." In actual fact, after the commencement of the receivership, the Receiver learned that Eastwood Construction had been pre-paid for tiling work for the lobby, and made arrangements for them to complete that tiling, which it did. Attached hereto as **Appendix "F"** is correspondence between the Receiver and Eastwood concerning the completion of the lobby tile work.
15. For the balance of the work to be completed in the lobby, which included the installation of railings, and certain soffit and electrical work, the Receiver solicited three quotes, including one from Eastwood. However, Eastwood's quote, based on the same scope of work as provided to all three contractors, was the highest quote. The Receiver elected to proceed with a quote from JPL Construction Services Inc., which work was completed in the spring of 2018.
16. As set out in paragraph 7 of Chi Van Ho Affidavit, Chi Van Ho alleges he obtained a quote from Eastwood "which is significantly less than either of the quotes the receiver has

received. Eastwood's quotes are for all units at \$343,028.91 inclusive of HST, while the quote Receiver is promoting is for only for some units and totals \$432,583.21 inclusive of HST". However, paragraph 30 of the Third Report states that the quote the Receiver sought approval to proceed with for the repair to 17 units was for \$382,817 plus HST, which was subsequently decreased to \$367,000 plus HST due to a change in the scope of work, being approximately \$18,000 less than the quote reported in the Chi Van Ho Affidavit.

17. In paragraph 8 of the Chi Van Ho Affidavit, Chi Van Ho discusses the benefits of using Eastwood as "not only have we worked with Eastwood before on this project, but also on a reconstruction project in Smith Falls." However, in paragraph 9, Chi Van Ho alleges that he "had another contractor go through the property this month to provide a quote to do the work. This quote from Somerset Renovation ... is \$211,288.52 inclusive of HST". Further in paragraph 10, Chi Van Ho alleges that Syed "has also received a quote from a contractor he has used before ... The cost to do all units by H & R Electric is \$211,310.00". The Eastwood quote, the Sommerset Renovation quote and the H&R Electric quote are herein referred to as the "**Ho Contractors**" and their quotes as the "**Ho Quotes**". It is unclear why Chi Van Ho does not recommend any of the purported lower quotes from Sommerset Renovation or H & R Electric but rather endorses the higher quote he obtained from Eastwood.
18. Following Chi Van Ho's email request to the Receiver at 1:04 pm on June 13, 2018 for access to the Buildings "to assess all the empty repair units to provide the estimate for the renovation", CLV emailed Chi Van Ho twice later that afternoon to set up an inspection. CLV did not hear back, so it followed up on June 27, 2018, and within an hour Chi Van

Ho responded that “we have been there already. We did not hear from you so we took an initiative and arrange with the old superintendent and told him it was ok with you”. The relevant emails between the Receiver, Chi Ho and CLV are attached hereto as **Appendix “G”**. Since Chi Van Ho did not contact the Receiver or CLV (the property manager engaged by the Receiver) to inspect the Buildings, it is uncertain if any of the Ho Contractors actually inspected the Buildings prior to providing the Ho Quotes. If the Ho Contractors did inspect the Buildings, they did so without the knowledge or consent of the Receiver or CLV. The Receiver notes that only Eastwood indicates in its quote that it is “per site visit” (but the quote does not indicate when that site visit occurred, or which units in 345 Barber were inspected). The Receiver notes that two of the Ho Quotes incorrectly set out the units in 345 Barber to be repaired (Eastwood and H & R Electric both omit unit 205, while including unit 606 which does not require repairs) while it is unclear from the H & R Electric quote which units are being quoted on.

19. Furthermore, each of the contractors contacted by the Receiver were provided with a scope of work that on a unit-by-unit basis indicated the renovation work that was required. This allowed the Receiver to properly compare quotes on an “apples to apples” basis. The Chi Van Ho Affidavit does not set out the scope of work provided to the Ho Contractors so it is impossible to assess if the Ho Quotes address the appropriate scope of work and if, in fact, the Ho Quotes are lower than the proposals obtained by the Receiver. The Chi Van Ho Affidavit also does not address whether he intends to continue with his previous plan to convert 345 Barber to student housing. As set out in paragraph 14(f) of the Third Report, the building permits that Chi Van Ho had previously obtained related only to the lobby and

the level 100 units. It is unclear if the City would permit Chi Van Ho to convert the balance of the 345 Barber to student housing.

CHI VAN HO'S PROPOSED TWO MONTH STANDSTILL TO ALLOW FOR A PROPOSED PAYOUT

20. As set out in the arrears statements dated June 7, 2018 which are attached hereto as **Appendix "H"**, the FN mortgage arrears as of that date over 345 Barber totaled \$673,798.26, and over 347 Barber totaled over \$350,000. These arrears statements also only included legal costs to April 30, 2018.
21. Chi Van Ho has not provided any evidence of financial wherewithal whereby he could pay for the Repairs, let alone the arrears under the FN mortgages over the Buildings, by August 31, 2018, or any time thereafter. (As set out above, Syed is not a viable refinancing option for FN). As set out in Appendix "B", Chi Van Ho has previously proposed to pay out the arrears under the FN mortgages but failed to do so.
22. In paragraph 14 of the Chi Van Ho Affidavit, Chi Van Ho alleges that "Mr. Syed proposes to relocate some of his employees and tenants to this property. The lease proposed is for ten (10) immediately". However, as of June 30, 2018, there was only 1 vacant unit in 345 Barber that is in rentable condition while there were 2 vacant units in 347 Barber (for which the Receiver is seeking to occupy with BMR qualifying tenants). As a result, there is insufficient available units for ten additional tenants. There is, however, urgent need to undertake the Repairs so as to be able to put another 17 units on the rental market as soon as possible, and maximize cash flow from the Buildings.

RECEIVER'S REQUEST TO THE COURT

23. The Receiver is seeking an Order:

- i) affirming the prior order of the Court declaring that the Receiver can retain the contractor it recommended to the Court to undertake the Repairs on 17 currently unrentable units in 345 Barber, as set out in the Third Report, pursuant to the Appointment Order and paragraph three of the Order of Justice Hackland made June 11, 2018, authorizing the Receiver "to retain a contractor to undertake repairs on 17 currently unrentable units, as described in the Third Report, such action not to occur before June 30, 2018, and subject to further Order of the Court. Any such Notice of Motion to be served on or before June 30, 2018"; and
- ii) approving this Supplementary Third Report to the Court and the Receiver's actions and activities as set out herein;

All of which is respectfully submitted at Ottawa, Ontario this 3rd day of July, 2018.

DELOITTE RESTRUCTURING INC.,
solely in its capacity as the Court-
appointed Interim Receiver of certain real
property of Golden Dragon Ho 10 Inc. and
Golden Dragon Ho 11 Inc., and without
personal or corporate liability



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Senior Vice-President

John Saunders, CPA, CA, CIRP, LIT
Senior Vice-President

TAB A

APPENDIX “A”

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE)	<i>Monday</i>
)	TUESDAY, THE 8 th
JUSTICE HACKLAND)	DAY OF JUNE, 2018

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

- and -

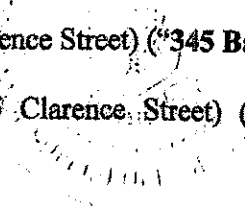
GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

APPLICATION UNDER Section 47 of the *Bankruptcy and Insolvency Act*
R.S.C. 1985, C. B-3, as amended

ORDER

THIS MOTION made by First National Financial GP Corporation (the “**Applicant**”) and by the Interim Receiver, Deloitte Restructuring Inc. (the “**Interim Receiver**”), for an Order (i) abridging the time for service of the notice of motion and motion record herein, (ii) approving the Third Report of the Interim Receiver dated May 29, 2018 (the “**Third Report**”), and the activities described therein, (iii) authorizing the Interim Receiver to retain a contractor to repair and renovate a group of 17 units the properties municipally known as 345 Barber Street, Ottawa, Ontario (formerly known as 345 Clarence Street) (“**345 Barber**”) and 345 Barber Street, Ottawa, Ontario (formerly known as 345 Clarence Street) (“**345 Barber**”)



- 2 -

(collectively, with 347 Barber, referred to herein as the "**Property**"), (iv) discharging and vacating from title to 345 Barber the collateral third mortgage for \$678,000.00 in favour of 3942783 Canada Inc. (the "**Third Mortgagee**") registered on September 27, 2017 as Instrument Number OC1933770 in the Land Registry Office for the Land Titles Division in Ottawa (LRO #4) (the "**Third Mortgage**"), (v) approving and accepting the Interim Receiver's Interim Statement of Receipts and Disbursements for the period from September 22, 2017, to April 30, 2018, (vi) approving and accepting the fees and disbursements of the Interim Receiver for the period from December 2, 2017, to April 6, 2018, and (vii) approving and accepting the fees and disbursements of Blaney McMurtry LLP ("**Blaneys**") for the period from December 5, 2017, to April 30, 2018, was heard this day at Ottawa.

ON READING the moving parties' Motion Record dated May 29, 2018, the Third Report and the appendices thereto, including the Affidavit of Hartley Bricks sworn May 25, 2018, and the Affidavit of Eric Golden sworn May 29, 2018, and upon hearing the submissions of counsel for FN and the Interim Receiver, no one else appearing, although duly served as set out in the affidavit of service of Patricia Keane sworn May 29, 2018, filed.

1. **THIS COURT ORDERS** that the time for service of the moving parties' Notice of Motion returnable June 5, 2018 (the "**NOM**"), and related motion material filed in support of that NOM (the "**Motion Material**") be and is hereby abridged, that service of the NOM and Motion Material is hereby validated, and that further service thereof is hereby dispensed with.

2. **THIS COURT ORDERS** that the Third Report dated May 29, 2018, and the actions of the Interim Receiver described therein, be and are hereby approved.

3. **THIS COURT ORDERS** that pursuant to the Appointment Order of Justice Hackland dated September 22, 2017, including but not limited to paragraphs 3(c) and 3(d) thereof, the Interim Receiver is authorized to retain a contractor to undertake repairs on 17 currently unrentable units, as described in the Third Report, *such action not to occur before June 30, 2018 and subject to further order of the court, Any such notice of motion to be served on or before June 30 2018.*

4. **THIS COURT ORDERS** that the Third Mortgage registered as Instrument Number OC1933770 in the Land Registry Office for the Land Titles Division in Ottawa (LRO #4) in the amount of \$678,000.00 be discharged and deleted from title to 345 Barber, bearing PIN 04213-0303 (LT).

5. **THIS COURT ORDERS** that the Interim Receiver's Interim Statement of Receipts and Disbursements for the period from September 22, 2017, to April 30, 2018, as set out in Appendix "T" to the Third Report, be and is hereby accepted and approved.

6. **THIS COURT ORDERS** that the fees and disbursements of the Interim Receiver for the period from December 2, 2017, to April 6, 2018, and the fees and disbursements of Blaneys for the period from December 5, 2017, to April 30, 2018, be and are hereby approved.

Hackland J.

ENTERED AT OTTAWA
 INSCRIT A OTTAWA
 ON/LE JUN 11 2018
 DOCUMENT NO. 0411
 IN BOOK NO. 73-13
 AU REGISTRE NO. 73-13

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at **OTTAWA**

ORDER

BLANEY MCMURTRY LLP
Barristers & Solicitors
2 Queen Street East, Suite 1500
Toronto ON M5C 3G5

Eric Golden (LSUC #38239M)
(416) 593-3927 (Tel)
(416) 596-2049 (Fax)
Email: egolden@blaney.com

Chad Kopach (LSUC #48084G)
(416) 593-2985 (Tel)
(416) 594-5095 (Fax)
Email: ckopach@blaney.com

Lawyers for the Applicant and
the Interim Receiver

TAB B

APPENDIX “B”

From: Eric Golden
Sent: December 20, 2017 9:59 PM
To: ahmed.ali.syed@hotmail.com; Ahmed Syed (fido2017@icloud.com)
Subject: FW: First National and GDH 10 - 347 Clarence

Ahmed,

You left me a vm message on Dec. 5 and sent me the email below on Dec. 14.

As you are aware, FN did not approve your assumption application, and yesterday I provided the lawyer you had retained on the purported transaction for 347 Clarence with the email below.

From: Ahmed Syed [<mailto:fido2017@icloud.com>]
Sent: December 14, 2017 7:47 AM
To: Eric Golden
Subject: Re: 345-347 Clarence st Ottawa

Good morning,
 Can you please call me

Best Regards,
 Ahmed Syed
 613-261-8385

From: Eric Golden
Sent: December 19, 2017 6:15 PM
To: 'aclusi@ccglaw.ca'
Cc: 'Bricks, Hartley (CA - Toronto)'
Subject: First National and GDH 10 - 347 Clarence

Hi Alan,

I acknowledge receipt of your attached letter dated Dec. 15, 2017, which was only faxed to me this afternoon.

345 and 347 Clarence are currently in Interim Receivership and I have attached the relevant Orders, which you seem to be aware of based on your attached letter.

As we discussed a few minutes ago, I am not aware of any APS for the 347 Clarence, by your client or anyone else, being negotiated or entered into. I am aware that Syed's application to FN to assume its mortgages over 345 and 347 Clarence was not accepted (I do not know why). Also, any purchaser of 347 Clarence would require the consent of FN, the City and the Ministry of Housing which each hold mortgages over the 345 and 347 Clarence (FN) and 347 Clarence (the City and the Ministry). Furthermore, FN would not consent to the sale of 347 Clarence without 345 Clarence being part and parcel of any APS.

Therefore, we will not be responding to your requisitions, as there is no APS and no closing.

Eric Golden
 Partner
 Co-chair, Business Reorganization & Insolvency Group

From: Ahmed Syed [<mailto:ahmed.ali.syed@hotmail.com>]
Sent: November 28, 2017 3:29 PM
To: Eric Golden; aclausi@ccglaw.ca; Adriana Palazzolo
Subject: Fwd: MORTEGEGE

Hello,

I have talk to MR,JOHN today to fallow the four emails I have sent it to all of you on Friday.

I like to make sure we are all on same page.

I just like to share this email with all of you to make sure agin we are all on same page.

If any questions please contact me asap.

I am trying to close this deal by end next month.

Thank you so much for your understanding.

Best Regards,
Ahmed Syed
613-261-8385

Begin forwarded message:

From: John McIsaac <johndmcisaac@liahona.ca>
Date: November 28, 2017 at 1:42:56 PM EST
To: "ahmed.ali.syed@hotmail.com" <ahmed.ali.syed@hotmail.com>
Cc: Kathryn Whitehead <kwhitehead@ainwhitehead.com>
Subject: **FW: MORTEGEGE**

Hi Ahmed:

As per our conversation this morning and your request, I am re-sending you the e-mail on which we based our understanding and acceptance of your offer on this property.

Beyond the details you outlined below, there will be additional accruals, legal fees and discharge fees up to the date of closing.

We trust this is in line with your offer.

John D. McIsaac

301 Bryne Drive, Unit 9
Barrie, ON
L4N 8V4
Ph 705-725-8252
Fx 705-725-9895
www.liahona.ca

From: Ahmed Syed [<mailto:ahmed.ali.syed@hotmail.com>]
Sent: November 27, 2017 4:42 PM
To: aclausi@ccglaw.ca; kwhitehead@ainwhitehead.com; johndmcsaac@liahona.ca; Eric Golden; Adriana Palazzolo; Eapen Koshy; koshy@ck-ca.com
Subject: Fwd: Clarence Street

This is the Aprasal for both buildings 345-347 Clarence street over 6.6 million dollars.

Best Regards,
 Ahmed Syed
 613-261-8385

Begin forwarded message:

From: "Tighe, Oliver" <Oliver.Tighe@colliers.com>
To: "Ahmed Syed" <ahmed.ali.syed@hotmail.com>
Cc: "McRae, Nakita" <Nakita.McRae@colliers.com>
Subject: Clarence Street

Ahmed,

Attached is our draft report for 345-347 Clarence Street, Ottawa.

Thanks,

Oliver Tighe B.A., AACI, P.App
 Managing Director | Valuation & Advisory Services
 Direct +1 613 806 2225 | [View my profile](#)
Oliver.Tighe@colliers.com

Colliers International
 340 Albert Street, Suite 930 | Ottawa, ON K1R 7Y6 | Canada
 Main +1 613 567 8050 | Fax +1 613 567 8035

From: Ahmed Syed [<mailto:ahmed.ali.syed@hotmail.com>]
Sent: November 27, 2017 4:19 PM
To: aclausi@ccglaw.ca; johndmcsaac@liahona.ca; Eric Golden; Christopher Clermont; Eapen Koshy; koshy@ck-ca.com; Adriana Palazzolo; kwhitehead@ainwhitehead.com
Subject: Fwd: FINAL - Appraisal of 345 Clarence Street

Hello,
 I just received this Aprasal report from Colliers Intrnatonal,
 Just like to share with you please.

Best Regards,
 Ahmed Syed
 613-261-8385

Begin forwarded message:

From: "Houston, Robert" <Robert.Houston@colliers.com>
To: "ahmed.ali.syed@hotmail.com" <ahmed.ali.syed@hotmail.com>
Cc: "McRae, Nakita" <Nakita.McRae@colliers.com>
Subject: FINAL - Appraisal of 345 Clarence Street

Hi Ahmed,

I am not sure if you ever received a final copy of this appraisal, but here it is for your files in the event that you have not.

Regards,

Robert Houston B.Comm
Analyst | Valuation & Advisory Services
Direct +1 613 683 2211 | Mobile +1 613 761 8978 | [View my profile](#)
Robert.Houston@colliers.com

Colliers International
340 Albert Street, Suite 930 | Ottawa, ON K1R 7Y6 | Canada
Main +1 613 567 8050 | Fax +1 613 567 8035

From: Ahmed Syed [<mailto:ahmed.ali.syed@hotmail.com>]
Sent: November 27, 2017 1:13 PM
To: kwhitehead@ainwhitehead.com; lucienbrisebois@rogers.com; Eric Golden;
johnmcsaac@liahona.ca; Eapen Koshy; koshy@ck-ca.com; Christopher Clermont
Subject: Information

Hello,
This is the information about Mr,Alan.

Alan J. Clausi
Barrister & Solicitor
Clermont Clausi Gardiner & Associates
[1447 Woodroffe Avenue](#)
[Ottawa, Ontario](#)
[K2G 1W1](#)
www.ccglaw.ca

Best Regards,
Ahmed Syed
613-261-8385

From: Ahmed Syed [<mailto:ahmed.ali.syed@hotmail.com>]

Sent: November 27, 2017 1:02 PM

To: Adriana Palazzolo; John McIsaac; Eric Golden; kwhitehead@ainwhitehead.com;
lucienbrisebois@rogers.com; aclausi@ccglaw.ca

Subject: Re: Mortgage Assumption

Good afternoon,

I like to introduce my lawyer MR, Alen.

He is copied on this email.

Please feel free to contact him for any requirements he will be very happy to assist you.

Best Regards,

Ahmed Syed

613-261-8385

On Nov 24, 2017, at 12:59 PM, Ahmed Syed <ahmed.ali.syed@hotmail.com> wrote:

Hello

My name is Ahmed Syed. The purpose of this email is I want to make sure all of us on the same page. I am a long-term client with First National LLP. I have mortgages from them for years. For last three month, I am dealing with the properties 345-347 Clarence Street Ottawa. The First National has three mortgages on it.

1. 345 Clarence Street first mortgage from First National \$ 4,564,529.33 at 5.11% of interest
2. 347 Clarence Street at the first mortgage of \$1,574,354.73
3. 347 Clarence Street another mortgage from First National Bank \$739,569

The total amount of mortgage I have assumed is \$6,878,452.72

Extra unpaid bills, Receiver Manager, legal fees and other related cost occurred by first national Financial Institute \$420,000 approximately. This \$420,000 will be added to the mortgage amount. Total amount I am willing to assume as a first mortgage from First National Financial will be \$7,298,452.

The Liahona Capital Inc.

According to Mr. John McIsaac, Liahona Capital Inc. have a second mortgage on 345 Clarence of \$2.9 million.

The unpaid mortgage payment is \$245,632.03, that will add up to the mortgage amount and I will assume the second mortgage \$3,145,632.03 approximately on 5% rate of interest for the two-year term only. The building is 55% vacant and major renovation required. I will rent this apartment for \$3,270 per month everything included. To collect that kind of rent I have to provide five-star services and I am doing it for last thirty years. All the tenants who are going to

345-St Clarence right now staying in my hotel. They will be moved to the apartments on two days notice. This planning work for everybody and everyone win.

I understand the lawyers working for Liahona and First National Financial, they like their client to be getting paid in full and nobody suffers any financial loss. That exactly I like to happen. Every creditor should get paid in full. There is more than enough money to cover all the bills. I have spent over three months to put this deal together. I have done building inspection and two appraisals of the building. I have paid First National Financial the required processing fees to assume the mortgages and according to Andriana Palazzolo, she will try her best to complete the process by the end of next week. I like to close this deal middle of next month.

I had an opportunity to speak Mr. John McIsaac and to Mr. Eric Golden several time, they are very nice gentlemen and they have assisted me very professionally and I appreciate that. I believe this email will clarify everything. If I had missed anything please let me know immediately so I can work on it.

I like all of us to work together to achieve this goal and everybody will be benefited.

From: Nicola Hume [<mailto:nicola.hume@firstnational.ca>]
Sent: November 06, 2017 8:47 AM
To: Adriana Palazzolo
Cc: Naila Hemraj; Chris Sebben; Eric Golden; 'Bricks, Hartley (CA - Toronto)'
Subject: RE: 345 & 347 Clarence Properties - Query

Hi Adriana,

You can reply to Ahmed Syed directly and advise him that unless you receive the fees you are unable to press forward with the assumption application. Keep us posted.

Thank you.

Nicola Hume
 416-593-2947

From: Adriana Palazzolo
Sent: Monday, November 6, 2017 6:42 AM
To: Nicola Hume <nicola.hume@firstnational.ca>
Cc: Naila Hemraj <naila.hemraj@firstnational.ca>; Chris Sebben <Christopher.Sebben@firstnational.ca>
Subject: Re: 345 & 347 Clarence Properties - Query

Good morning Nicola,

Hope you had a good weekend.
 Ahmed sent me 2 emails regarding his monthly income.

Should I be responding or is our lawyer taking care of this?

Please let me know as I have had quite a few conversations with Ahmed and have advised him we can't do anything without the fees.

He has told me he has sent them to me but that's not the case so it seems he is pushing for this but not taking the steps to start the process.

Please let me know as we don't want to start doing any work on this file if it's not going through. I don't mind responding to him I just wasn't sure if the lawyers are the ones who should be.

Let me know!

Thanks so much,

Adriana Palazzolo
Analyst, Commercial Mortgages
First National Financial LP

C: 647.456.5535 adriana.palazzolo@firstnational.ca

From: Eric Golden

Sent: November 17, 2017 2:03 PM

To: Pierre Crichton

Subject: RE: Interim Receiver - Golden Dragon Ho 11 Inc. - 345 Barber Street (formerly 345 Clarence St.) , Ottawa, Ontario

As I have said before, many times now, Chi Ho should have this information, and I don't expect there has been much change since the Interim Receivership Order.

Once Chi Ho provides us with the information up to Sep. 22, and the response to my questions regarding the recent third mortgage over 345 Clarence, we can then update.

Eric Golden

Partner

Co-chair, Business Reorganization & Insolvency Group

egolden@blaney.com

☎ 416-593-3927 | ☎ 416-596-2049

From: Eric Golden

Sent: November 17, 2017 1:34 PM

To: ahmed.ali.syed@hotmail.com; lucienbrisebois@rogers.com

Subject: FW: share purchase agreement

I acknowledge receipt of your email below and the attached agreement.

I also acknowledge receipt of the attached letter from Lucien.

My understanding is that you are dealing directly with FN on the assumption issue, and that you have submitted an application and the related fee. You should continue to deal directly with FN on the assumption issue.

As we have repeatedly discussed, any assumption of the FN mortgages would require the monetary and non-monetary defaults being remedied, both properties being purchased, and each of FN, City and Ministry being on board. This is the position I have also taken with Chi Ho throughout. You are also aware that FN has to approve any share purchase of GDH 11 and/or GDH 10.

As for Liahona, FN considers that mortgage one of the defaults under the FN mortgages, and it has to be dealt with as part of any assumption. The Interim Receiver will be bringing a mortgage in mid-December to attempt to strike the Dragona third mortgage from title.

Eric Golden

Partner

Co-chair, Business Reorganization & Insolvency Group

egolden@blaney.com

☎ 416-593-3927 | ☎ 416-596-2049

From: Pierre Crichton [<mailto:pierre.crichton@crichtonlegal.com>]

Sent: November 13, 2017 10:52 AM

To: Eric Golden

Subject: RE: Interim Receiver - Golden Dragon Ho 11 Inc. - 345 Barber Street (formerly 345 Clarence St.) , Ottawa, Ontario

I have forwarded on your e-mail to my client and have not heard back from him.

As I previously mentioned my retainer on this matter is limited to requesting the information required by the investors in order to conduct their due diligence in respect of the property.

I am not representing the borrower or Mr. Ho in this matter to the extent that it relates to any default under the mortgage or the appointment of a receiver, as I do not have an expertise in this area of the law.

Having said this, it is my understanding that the investors that are requesting the information represent a bona fide transaction that if it is completed would make all creditors whole.

Thanks

Pierre Crichton

Barrister & Solicitor

54 Second Av.

Ottawa, Ontario K1S 2H3

T: 613.912.1973

F: 613.912.1966

C: 613.323.1485

From: Ahmed Syed [<mailto:ahmed.ali.syed@hotmail.com>]

Sent: November 10, 2017 4:15 PM

To: Eric Golden; lucienbrisebois@rogers.com

Subject: Fwd: share purchase agreement

Hello,

I am sending you the legal documents of the buying the 100% shear of the corporation.

Please confirm after you receive this email.

Best Regards,

Ahmed Syed

613-261-8385

Begin forwarded message:

From: Ottawa Inn <info@ottawainn.ca>
Date: October 27, 2017 at 10:36:46 PM EDT
To: Ahmed Syed <ahmed.ali.syed@hotmail.com>
Subject: share purchase agreement

From: Eric Golden
Sent: November 10, 2017 3:55 PM
To: Pierre Crichton
Cc: Bricks, Hartley (CA - Toronto); Chad Kopach
Subject: RE: Interim Receiver - Golden Dragon Ho 11 Inc. - 345 Barber Street (formerly 345 Clarence St.) , Ottawa, Ontario

Hi Pierre,

You have my response.

Chi Ho should have all of this information up to Sep. 22, but he has not provided it to the Interim Receiver. Not much has changed since Sep. 22 – once Chi Ho provides us with the information up to Sep. 22, and the response to my questions regarding the recent third mortgage over 345 Clarence, we can then update. I expect the changes since Sep. 22 are minimal enough that they will not make any difference of significance to purchase price. This appears to be nothing more than Chi Ho attempting to fabricate a claim against the Receiver and FN, for a potential offer that does not exist and has no hope of materializing.

Eric Golden
 Partner
 Co-chair, Business Reorganization & Insolvency Group
egolden@blaney.com
 ☎ 416-593-3927 | ☎ 416-596-2049

From: Pierre Crichton [<mailto:pierre.crichton@crichtonlegal.com>]
Sent: November 10, 2017 10:25 AM
To: Eric Golden
Cc: Bricks, Hartley (CA - Toronto); Chad Kopach
Subject: RE: Interim Receiver - Golden Dragon Ho 11 Inc. - 345 Barber Street (formerly 345 Clarence St.) , Ottawa, Ontario

Hi Eric,

I have forwarded your e-mail on to Mr. Ho.

Mr. Ho and his advisers require the most up to date information in relation to the property. I am advised that Mr. Ho's advisers are working with a group of investors and a plan that would make all creditors whole.

I am advised that the investors require this information as soon as possible in order to complete their due diligence or they may walk away from this transaction.

I would be grateful if you would arrange with your client to provide me with the most up to date requested information that the receiver or the property manager may have.

Thanks

Pierre Crichton
Barrister & Solicitor
54 Second Av.
Ottawa, Ontario K1S 2H3
T: 613.912.1973
F: 613.912.1966
C: 613.323.1485

From: Eric Golden
Sent: November 09, 2017 4:42 PM
To: pierre.crichton@crichtonlegal.com
Cc: Bricks, Hartley (CA - Toronto); Chad Kopach
Subject: RE: Interim Receiver - Golden Dragon Ho 11 Inc. - 345 Barber Street (formerly 345 Clarence St.) , Ottawa, Ontario

Hello Pierre,

Hartley Bricks has forwarded your email below.

You are clearly not being provided with the full (or even partial) background by your client, who is obviously playing games at this stage.

I have set out below my recent emails to Chi Ho. Please first provide a response to the inquiries regarding the third mortgage recently registered against 345 Clarence by Dragona Flooring.

Furthermore, your client should have all the information you are seeking below as of the date of the Interim Receivership (Sep. 22, 2017), so once you provide me with all of that information as of Sep 22, 2017, and the details regarding the Dragona Flooring third mortgage, we will then update the information on the questions below provided by your client.

- Confirmation of the number of vacant apartments in the building.
- Confirmation as to which units are vacant and what type of units each vacant unit is.
- Confirmation as to the current monthly rent for each occupied unit in the building.
- Is each tenant in the building responsible for the payment of hydro charges directly to the service provider?
- Copies of the leases for each of the tenants in the building,

Are there any tenants withholding rent?

Are there any tenants who have pending Applications for a Notice of hearing with the Landlord and Tenant Board?

Eric Golden

Partner

Co-chair, Business Reorganization & Insolvency Group

egolden@blaney.com

☎ 416-593-3927 | ☎ 416-596-2049

From: Pierre Crichton [mailto:pierre.crichton@crichtonlegal.com]

Sent: Tuesday, November 07, 2017 2:45 PM

To: 'hbricks@deloitte.ca' <hbricks@deloitte.ca>

Subject: Interim Receiver - Golden Dragon Ho 11 Inc. - 345 Barber Street (formerly 345 Clarence St.), Ottawa, Ontario

Dear Mr. Bricks,

I am a solicitor and I represent Mr. Chi Van Ho and Golden Dragon Ho 11 Inc.

As we discussed, I have been asked by my client to obtain certain information in relation to the above noted property.

In this regard, I would be grateful if you would provide me with the following information:

Confirmation of the number of vacant apartments in the building.

Confirmation as to which units are vacant and what type of units each vacant unit is.

Confirmation as to the current monthly rent for each occupied unit in the building.

Is each tenant in the building responsible for the payment of hydro charges directly to the service provider?

Copies of the leases for each of the tenants in the building,

Are there any tenants withholding rent?

Are there any tenants who have pending Applications for a Notice of hearing with the Landlord and Tenant Board?

To the extent that you would like to discuss any of the above, I would be grateful if you would contact me directly.

Thanks

Pierre Crichton

Barrister & Solicitor

54 Second Av.

Ottawa, Ontario K1S 2H3

T: 613.912.1973

F: 613.912.1966
C: 613.323.1485

From: Ahmed Syed [<mailto:ahmed.ali.syed@hotmail.com>]
Sent: November 03, 2017 7:12 PM
To: Eric Golden
Subject: Fwd: Draft Report Clarence

From: "Tighe, Oliver" <Oliver.Tighe@colliers.com>
To: "Ahmed Syed" <ahmed.ali.syed@hotmail.com>
Cc: "McRae, Nakita" <Nakita.McRae@colliers.com>
Subject: Draft Report Clarence

Ahmed,

Attached is our draft report. I have reviewed in details and we are comfortable with our value conclusion given the existing vacancy and required renovation cost.

Thanks,

Oliver Tighe B.A., AACI, P.App
Managing Director | Valuation & Advisory Services
Direct +1 613 806 2225 | [View my profile](#)
Oliver.Tighe@colliers.com

Colliers International
340 Albert Street, Suite 930 | Ottawa, ON K1R 7Y6 | Canada
Main +1 613 567 8050 | Fax +1 613 567 8035

From: Ahmed Syed [<mailto:ahmed.ali.syed@hotmail.com>]
Sent: November 03, 2017 10:10 PM
To: Eric Golden
Subject: Fwd: Draft Report Clarence

From: "Ahmed Syed" <ahmed.ali.syed@hotmail.com>
To: "johndmcisaac@liahona.ca" <johndmcisaac@liahona.ca>
Subject: Fwd: Draft Report Clarence

Hello John,

I just received this email from Colliers Intrnational

I tried my bast to convene him by future plan but he will lose his license if he can't comply with regulations.

Because of vacancy and renovation.

This is the highest he can go, which is almost the amount of first mortgage.

I am sending you the information about my lawyer but please contact him after I signed your documents otherwise he will make a fuse.

Because of CRA he doesn't want me to sign my personal guarantees.
But I am going to sing anyway to give you more comfortable position.

From: "Tighe, Oliver" <Oliver.Tighe@colliers.com>
To: "Ahmed Syed" <ahmed.ali.syed@hotmail.com>
Cc: "McRae, Nakita" <Nakita.McRae@colliers.com>
Subject: Draft Report Clarence

Ahmed,

Attached is our report. I have reviewed in details and we are comfortable with our value conclusion given the existing vacancy and required renovation cost.

Thanks,

Oliver Tighe B.A., AACI, P.App
 Managing Director | Valuation & Advisory Services
 Direct +1 613 806 2225 | [View my profile](#)
Oliver.Tighe@colliers.com

Colliers International
 340 Albert Street, Suite 930 | Ottawa, ON K1R 7Y6 | Canada
 Main +1 613 567 8050 | Fax +1 613 567 8035

-----Original Message-----

From: John McIsaac
 Sent: Thursday, November 2, 2017 5:32 PM
 To: Ahmed Syed <ahmed.ali.syed@hotmail.com>; lucienbrisebois@rogers.com;
lbrisebois@sicotte.ca
 Cc: Robert Rumley <rcrumley@liahona.ca>
 Subject: RE: MORTEGEGE

Ahmed:

As discussed, we have provided this information to our lawyer, Kathryn Whitehead, and she is awaiting your lawyer's return phone call from earlier today. Please direct Lucien to draw up the necessary papers after consultation with Kathryn and we will proceed under her direction.

Thank you,

John D. McIsaac

301 Bryne Drive, Unit 9
 Barrie, ON
 L4N 8V4
 Ph 705-725-8252
 Fx 705-725-9895
www.liahona.ca

-----Original Message-----

From: Ahmed Syed [mailto:ahmed.ali.syed@hotmail.com]

Sent: November 2, 2017 5:11 PM

To: John McIsaac <johndmcisaac@liahona.ca>; lucienbrisebois@rogers.com;
lbrisebois@sicotte.ca

Subject: MORTEGEGE

Hello,

It's was nice talking to you over the phone.

As we both agreed upon as fallow.

IF YOU AGREE PLEASE CONFIRM.

FULL AND FINAL SETTLEMENT

FOR YOUR SECOND MORTGAGE ON 345- Clarence st(Barbara) 2.9 million

MY OFFER TO YOU. I WILL TAKE A SECOND MORTGAGEE FOR \$.3.145632.03 ON 5%
RATE OF INTEREST FOR TWO YEARS TRUM INTRST ONLY

Best Regards,

Ahmed Syed

613-261-8385

From: Eric Golden

Sent: October 31, 2017 11:12 AM

To: ahmed.ali.syed@hotmail.com

Subject: 345 and 347 Clarence - Golden Dragon

Hello Ahmed,

As you may be aware, we are the lawyers for First National in respect of the above referenced properties, over which an interim receiver has been appointed in order to stabilize.

I understand that you have expressed interest in purchasing the properties and assuming the FN mortgages.

Since we are dealing with an Interim Receiver, FN has not taken steps to realize on its security (including selling the properties), but the consent of FN, the City and the Ministry of Housing will all be required in any purchase.

Please provide details.

There are also myriad non-monetary defaults that would have to be remedied as part of any purchase (most are set out in the material on the interim receiver's website)

<http://www.insolvencies.deloitte.ca/en-ca/Pages/goldendragonho10incandgoldendragonho11inc.aspx?searchpage=Search-Insolvencies.aspx>

Eric Golden

Partner

Co-chair, Business Reorganization & Insolvency Group

From: Eric Golden
Sent: October 30, 2017 7:07 PM
To: Chi Ho
Cc: Chad Kopach; Chisuites Service; ryan.flewelling@regentlaw.ca; Lynn Jaffray; hbricks@deloitte.ca; Brent.Whitty@ontario.ca; kwhitehead@ainwhitehead.com; jsaunders@deloitte.ca; garrettr@solowaywright.com; Lisa.Goodfellow@ottawa.ca
Subject: RE: 345-347 Mortgage with FN Financial

For FN to agree to a sale and an assumption, all non-monetary defaults must be remedied.

And I still waiting for you to respond substantively to my emails set out below.

Eric Golden
 Partner
 Co-chair, Business Reorganization & Insolvency Group
egolden@blaney.com
 ☎ 416-593-3927 | ☎ 416-596-2049

From: Chi Ho [<mailto:chi.ho@chisuites.com>]
Sent: October 30, 2017 12:36 PM
To: Eric Golden
Cc: Chad Kopach; Chisuites Service; ryan.flewelling@regentlaw.ca; Lynn Jaffray; hbricks@deloitte.ca; Brent.Whitty@ontario.ca; kwhitehead@ainwhitehead.com; jsaunders@deloitte.ca; garrettr@solowaywright.com; Lisa.Goodfellow@ottawa.ca
Subject: Re: 345-347 Mortgage with FN Financial

I am working with the buyer to get the properties sell and or to get every one pay off. I will get my litigation lawyer to talk to you. Chi Ho

Sent from my iPhone

From: Chi Ho [<mailto:chi.ho@chisuites.com>]
Sent: 26 October 2017 6:49 PM
To: Eric Golden <egolden@blaney.com>; Patrick Daley <DaleyP@bennettjones.com>
Subject: Fwd: 345-347 Mortgage with FN Financial

Please see all the attachment from Lynn Jaffray. I do not believe you have the correct account of the arrear of the mortgages for both 345-347 Barber. Please resend me the correct amount so we can have a chance to pay FN all the arrear and the Receiver fee. We did have the lease to fully fill all the units at \$35,600.00 per month for 5 years. Please help us. ChiHo

From: Eric Golden
Sent: October 10, 2017 11:22 AM
To: Chi Ho
Cc: Bricks, Hartley (CA - Toronto)
Subject: FN and GDH: 345-347 Clarence Street

Hello Chi,

I have double checked and the numbers below, and they are correct. The total amount owing is over \$7M. You are not factoring in the total legal costs which are approximately the same as the Receiver costs. There will, however, be a credit for rents collected (as I set out in my last email), and on a related note you have not responded to my inquiry about why you have not yet remitted to the Interim Receiver the 15K or so in rent payments for September 1, 2017 that GDH collected.

As for your proposal to lease the vacant units by November 1, 2017, Pascale Hamel, the Ottawa area realtor who I believe forwarded the Syed offer, previously contacted Deloitte regarding a client who wished to make an offer to lease all of the vacant units. She provided an exclusive Listing Agreement, but would not provide the offer or full details until/unless Deloitte executed the Listing Agreement (which Deloitte did not do). However, Deloitte spoke with her and learned the following:

- Her client was proposing to enter into a 5 year lease for all vacant apartments. There are currently 43 vacant units as per the latest rent roll; however, Hamel's client's offer appeared to be based on 44 vacant units.
- The Listing Agreement lists the total rent at \$1,450,000. Apparently this is derived from offer rates of \$650 for bachelors, \$750 for one bedrooms and \$850 for two bedrooms. Given the bedroom mix of the vacant units, according to Hamel this would equate to \$24,583 per month or \$1,450,000 over 5 years. It would appear that the "lease price" would be in a lump sum payment but this would need to be confirmed.
- Current average lease rates are \$700 for bachelors, \$800 for one-bedrooms and \$1,125 for two bedrooms. Based on the bedroom mix, we estimate the average month rent for 44 units is about \$36,740. So, the proposed rent is about 2/3 of what would be the "market" rent for those units should they be brought into leasable condition.
- Proposed commission would be 5% of the total lease payments or \$73,750.
- The offer would apparently be based on the units being in rentable condition - her client is apparently aware of the condition of the vacant units and Hamel indicated that her client may be willing to take on the renovations and receive an appropriate reduction in offer price.

I assume this is the lease plan you are proposing to enter into for the vacant units i.e. a long term lease at below market value, in order to generate immediate cash flow.

The proposed offer to lease set out above is a band-aid solution, at the cost of exacerbating the issues at the Mortgaged Properties in the near, medium and long term. The offer does not maximize rental revenue and would not generate sufficient cash flow to justify a property value approaching the appraised value (since the appraisal reflects current/market lease rates). In addition, it does not consider that the property is currently 9 units short of the required 30 social assistance units.

Based on other receiverships proceedings involving GDH, you have stripped value out of those properties and applied the funds elsewhere. The Liahona second mortgage over 345 Clarence is similar example, where you paid off the Quex VTB with about half of the Liahona funds, but the other half of the \$3M Liahona advance under its mortgage is unaccounted for.

The motion material clearly sets out how the mortgaged properties were mismanaged. Your proposal below, in addition to stripping out value from the Clarence Properties, does not address the funds and time required for renovations/repairs to stabilize the Clarence Properties, the issue of the basement units at 345 Clarence converted to student housing without FN/City/Ministry approval, and the shortfall in the number of affordable housing units, among other issues. As set out in my last email, the proposed sale price in the agreement of purchase and sale with Syed is insufficient.

If you have a proper, reasonable and detailed plan to stabilize the properties, I again invite you to submit such a proposal instead of what you have set out below.

Finally, with respect to insurance issue, FN stands by its position set out in the application record for the Interim Receiver. I note that the attached insurance contract you provided me on October 6, 2017, was only executed by you on October 2, 2017.

Eric Golden

Partner

Co-chair, Business Reorganization & Insolvency Group

egolden@blaney.com

☎ 416-593-3927 | ☎ 416-596-2049

From: Chi Ho [<mailto:chi.ho@chisuites.com>]

Sent: October 06, 2017 10:53 PM

To: Eric Golden

Cc: Lynn Jaffray

Subject: Re: MHO Notice of PCA Breach - 347 Clarence Street Ottawa

Hi Eric

I do not think it is correct. I believe it is only 3 months of the two mortgages August September and October for both. It should be around \$180k or so for both plus receiver fee of \$132 k or total around \$300 k.

You mentioned the offer is not enough. I do not think so. FN mortgage for 345 original is \$4.5 mil at the present it is \$4.2mil

At 347 original \$1.5mil now it is around \$1.3 mil. So combine both is \$5.5 mil. 2nd on 345 is \$3.0 mil so it is total for all the mortgage is \$8.5 mil with commission and legal fee is another \$500 k. So it is only \$9.0. The purchase price is \$10.5 mil plus two affordable mortgages from government including \$1.0 mil Vtb. So even pay out everything we still have \$500k plus \$1.0 mil Vtb.

I have a plan to stabilize it. I have an offer to lease for all the vacant unit (44 units) \$800 per month for each plus hydro which is an extra of \$35,200.00 extra we will have soon. The leases will start November 1 2017.

It was not mismanagement. We have a plan to double the income by get all the tenants out and renovate the units but things happened to us on other properties that stopped us to carry on with the renovation. Now we are stabilized now we do have fund to carry on the business as usual now. We hope to have a chance to fix it. Thank you very much for your help. Chi Ho

From: Eric Golden
Sent: October 06, 2017 2:31 PM
To: Chi Ho
Cc: Lynn Jaffray
Subject: RE: MHO Notice of PCA Breach - 347 Clarence Street Ottawa

Hello Chi,

I will forward your proposal below to FN. However, at first blush it does not appear credible given the time and funds required to stabilize the Mortgaged Properties, and the amount of the offer.

As for the Affordability Payment, the City and Ministry have not yet terminated any such payments. They have only threatened to do so, but FN's position is that they would first require the permission of the court to do so based on the terms of the Order appointing the Interim Receiver. I will be communicating with the City and Ministry regarding this issue.

Further to your request, this is the amount required to pay out the arrears to date on each of the FN mortgages (I have combined the two FN mortgages over 347 Clarence), **including** property management fees and costs to the date of the Interim Receivership Order (but exclusive of rents collected for September, 2017) and legal fees and costs to date, **but excluding** Receiver fees and costs (approximately \$132,000.00 as of October 13, 2017) which Receiver costs include PM fees and costs since September 22, 2017 (the date of the Order):

Mortgage No. 509417 (345 Clarence) -	\$209,354.57
Mortgages Nos. 509531 and 509532 (347 Clarence) -	\$117,148.28
Receiver fees and costs to Oct. 13-	<u>\$132,000.00</u>
Total	\$458,502.85

Also, the next mortgage payments under the FN mortgages are due October 15, 2017 and total \$57,385.77 – 345 Clarence (\$40,615.54) and 347 Clarence (\$16,770.23). However, as set out above, there will be a credit for September and October rents which I estimate at approximately \$53,000.00 to date but that is subject to confirmation by the PM (btw please advise why you have not yet remitted to the Interim Receiver the 15K or so in rent payments for September 1, 2017 that GDH collected).

We have also been provided with the attached proposed APS on behalf of Ahmed Syed. As set out in FN's Interim Receiver application, the amount owing under the FN mortgages as of September 13, 2017 was \$6,649,444.38 (excluding legals after July 31, 2017, and all PM costs, as well as the prepayment penalty), and not \$6M as provided for in the Offer. When the FN mortgage payments due Sep 15 and Oct 15 are taken into account, as well as PM fees and costs, legals from August 1, 2017, and Receiver fees and costs, the amount owing under the FN mortgages as of October 15, 2017, will be over \$7M (excluding the prepayment penalty). As a result, the proposed sale price of \$10.5M in the attached offer is insufficient when the Liahona mortgage for about \$3M, the City/Ministry Mortgage for about \$1.8M (under which I believe about \$1.3M is currently owing) and your proposed \$1M VTB are also taken into account.

Furthermore, given mismanagement to date, I don't see a scenario where FN is going to be prepared to simply turn the mortgaged properties back over to you to stabilize based on nothing more than your promises to do so, instead of first stabilizing the properties itself. If you have a plan to stabilize, FN will have to be provided with more detail than "I will have the properties ready for renting by repair all the deficiencies and put every unit back to regular rental", especially given how all work being undertaken at the mortgaged properties came to an abrupt halt when you ran out of funds.

Eric Golden
 Partner
 Co-chair, Business Reorganization & Insolvency Group

egolden@blaney.com

☎ 416-593-3927 | ☎ 416-596-2049

From: Chi Ho [<mailto:chi.ho@chisuites.com>]
Sent: October 05, 2017 8:34 PM
To: Eric Golden
Cc: Lynn Jaffray
Subject: Re: MHO Notice of PCA Breach - 347 Clarence Street Ottawa

Hi Eric

Thank you very much for taking my call.

Here is my proposal:

1. I will pay all the arrear in mortgages interest receiver fee, repair maintenance and management fee for both 345-347 Barber.
2. I will have the properties ready for renting by repair all the deficiencies and put every unit back to regular rental. I have an offer to lease for 44 units that are vacant right now at 345-347 Barber. I will send you the offer to lease for all of these units in a week time when we are finalized all the signing.
3. I will get rid of the 2nd mortgage on 345 Barber by selling both properties. I have a pending offer for sale also. The buyer is working with FirstNational now to assume both mortgages and both Forgivable mortgages from the government.

The Buyer will pay out the second mortgage in the amount of \$2.9 mil. (it is depended FN and Forgivable loans to allow him to go forward).

So the properties will be stabilized in the next few months.

Please help me to remove the interim receiver so that I am not default for the Affordable loan. It is best interest for every one working together because if we lose the status of the loan Forgivable no one will buy this properties. It will be a huge risk for every one. Thank you very much for your consideration and your work to help me. Chi Ho

Sent from my iPhone

From: Eric Golden
Sent: September 21, 2017 10:47 AM
To: Chi Ho
Cc: Ryan Flewelling; kwhitehead@ainwhitehead.com; garrettr@solowaywright.com; Lisa.Goodfellow@ottawa.ca; Jason.Cooke@ontario.ca; 'Whitty, Brent (MHO)' (Brent.Whitty@ontario.ca); Bricks, Hartley (CA - Toronto); Chad Kopach; jsaunders@deloitte.ca; Lynn Jaffray
Subject: RE: First National and 345 and 347 Clarence, Ottawa re Interim Receivership Application returnable Sep 22

Chi,

As set out in the FN demands and Application Record, there are numerous defaults over and above the monetary defaults that also have to be cured. With respect to the arrears now owing, FN will be in a position to provide an updated arrears statement next week.

FN was provided late Tuesday afternoon with the attached letter from you, and the email below from your broker.

With respect to this proposed transaction,

1. FN will be advising Syed that he should provide FN with any and all documents and information relating to his proposed purchase of the Clarence Properties and the assumption of the FN mortgages, and Syed should put in writing any requests to FN for information/documents that he requires from FN relating to the FN Clarence Mortgages. FN can then begin to evaluate the proposed transaction;
2. If you have any documentation or information to add, you should also provide it to FN asap;
3. The consent of the City and Ministry will also be required to the proposed transaction, and FN should be kept apprised of that process; and
4. everything in the FN application record for the interim receivership is now public information as it has been filed with the court (except for Exhibits 42 and 45), so you should start by forwarding that record to Syed as it will speed up his due diligence process.

From: Pascale [<mailto:pascale@gate.net>]

Sent: Tuesday, September 19, 2017 4:36 PM

To: Commercial Administration <Commercial.Administration@firstnational.ca>

Subject: Loan Assumption

To whom it may concern:

Loan numbers: 509417, 509531, 509532

Golden Dragon HO 10 & 11 Inc. has accepted an offer on 345-347 Clarence St in Ottawa, ON this past week.

The offer is conditional upon the buyer assuming the above loans with First National.

The Buyer Mr. Ahmed Syed would like to know how to connect with the appropriate department to discuss the assumable loans.

Attached you will find a copy of an authorisation letter signed by Mr. Chi Ho owner of 345-347 Clarence allowing you to discuss the assumable loans with the buyer, Mr. Ahmed Syed.

Let me know if you have any questions,

Pascale Hamel

Sales Representative

Century 21 Explorer Realty Inc.

Owned and Operated independently

Cell: 819.210.6604

E-Mail: Pascale@gate.net

Skype: pascale485

23-2525 Carling Ave

Ottawa, ON K2B 7Z2

If you wish to be removed from this distribution list, please email: pascale@gate.net

Eric Golden

Partner

Co-chair, Business Reorganization & Insolvency Group

egolden@blaney.com

☎ 416-593-3927 | ☎ 416-596-2049

From: Darryl Bellwood
Sent: Thursday, September 14, 2017 7:47 AM
To: Adam Powadiuk <Adam.Powadiuk@firstnational.ca>
Cc: Naila Hemraj <naila.hemraj@firstnational.ca>; Lisa Wright <Lisa.Wright@firstnational.ca>; Chris Sebben <Christopher.Sebben@firstnational.ca>; Nicola Hume <nicola.hume@firstnational.ca>
Subject: Re: 345/347 Clarence, Ottawa, ON (Golden Dragon - Chi Ho) - Possible Offer?

Good Morning,

I am currently working on a transaction involving Mr. Syed. I am not sure how real the offer is so any details would be great.

Lisa, is this the same transaction that Ed and I spoke on regarding that he had an interest in purchasing the shares of the existing borrower?

Darryl

Darryl D. Bellwood
 Assistant Vice President, Commercial Financing
 416.593.3011

On Sep 13, 2017, at 6:58 PM, Adam Powadiuk <Adam.Powadiuk@firstnational.ca> wrote:

Hi Naila,

This is Darryl's client, he can best advise. I've cc'ed him on this email.

Sincerely,

Adam Powadiuk, CCIM
Director, Commercial Financing
First National Financial LP
 100 University Ave, Suite 700, North Tower | Toronto, Ontario M5J 1V6 | T: 416.593.2914 | F: 800.463.9584
adam.powadiuk@firstnational.ca | firstnational.ca

From: Naila Hemraj
Sent: Wednesday, September 13, 2017 1:37 PM
To: Lisa Wright <Lisa.Wright@firstnational.ca>; Adam Powadiuk <Adam.Powadiuk@firstnational.ca>
Cc: Chris Sebben <Christopher.Sebben@firstnational.ca>; Nicola Hume <nicola.hume@firstnational.ca>
Subject: 345/347 Clarence, Ottawa, ON (Golden Dragon - Chi Ho) - Possible Offer?
Importance: High

Hi Lisa and Adam,

Further to Nicola's email, we just received the attached letter.

Not sure whose client is the potential buyer, Ahmed Syed.

Please let us know.

Thank you.

Naila Hemraj, CRF

Senior Analyst

Collections & Default Management, Commercial Mortgages

100 University Ave, Suite 700, Toronto ON M4S 1C8

☎: 416-597-7651

✉: naila.hemraj@firstnational.ca

<image004.png>

From: Nicola Hume

Sent: Wednesday, September 13, 2017 12:31 PM

To: Adam Powadiuk <Adam.Powadiuk@firstnational.ca>

Cc: Chris Sebben <Christopher.Sebben@firstnational.ca>; Naila Hemraj
<naila.hemraj@firstnational.ca>

Subject: 345/347 Clarence, Ottawa, ON (Golden Dragon - Chi Ho) - Possible Offer?

Importance: High

Hi Adam,

We were just advised that a client of yours may have an offer on the above noted property complex? Is this correct? If so, do you have time to discuss this with us asap. These files (3 mortgages) are in legal at this time.

Thanks.

Nicola Hume

Analyst, Commercial Default Management

100 University Ave, Suite 700, North Tower | Toronto, Ontario M5J 1V6

T: 416-593-2947 | F: 1-877.432.3620

Nicola.hume@firstnational.ca

TAB C

APPENDIX “C”

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

FIRST NATIONAL FINANCIAL GP CORPORATION

Applicant

- and -

GOLDEN DRAGON HO 10 INC. and GOLDEN DRAGON HO 11 INC.

Respondents

**APPLICATION UNDER Section 47 of the *Bankruptcy and Insolvency Act*
R.S.C. 1985, C. B-3, as amended**

AFFIDAVIT OF CHRISTOPHER SEBEN

I, **CHRISTOPHER SEBEN**, of the City of Toronto in the Province of Ontario,

MAKE OATH AND SAY:

1. I am the Manager, Commercial Collections and Default Management, at First National Financial GP Corporation ("FN") and, as such, have knowledge of the matters to which I hereinafter depose.
2. Where the information in this affidavit is based upon information and belief, I have indicated the source of my information and belief and do verily believe it to be true.
3. To the extent that any of the information set out in this affidavit is based on my review of documents, I verily believe the information in such documents to be true.

- 2 -

Background

4. FN is incorporated pursuant to the laws of Ontario and carries on business in Toronto and elsewhere as Canada's largest non-bank lender of single family residential mortgages, commercial mortgages and multi-family mortgages.

5. I am swearing this Affidavit in support of an Application by FN seeking to appoint Deloitte Restructuring Inc. ("**Deloitte**") as interim receiver pursuant to s. 47 of the *Bankruptcy and Insolvency Act* (the "**BIA**") over two adjoining six story (excluding basements) multi-unit apartment buildings (110 units) which include an affordable housing component (30 units). The buildings are owned by the Respondents Golden Dragon Ho 10 Inc. (the "**GDH 10**") and Golden Dragon Ho 11 Inc. ("**GDH 11**"), and municipally known until recently as 345 Clarence Street, Ottawa ("**345 Clarence**", owned by GDH 11), and 347 Clarence Street, Ottawa ("**347 Clarence**", owned by GDH 10). Clarence Street has recently been renamed Barber Street in Ottawa. FN has first ranking mortgage security over 345 Clarence and 347 Clarence (collectively, the "**Clarence Properties**").

6. On or about August 17, 2017, FN issued Notices of Intention to Enforce Security pursuant to s. 244 of the BIA to GDH 10 and GDH 11 (collectively, the "**Debtors**"), together with demand letters seeking payment of the arrears owing under its security, and setting out a number of monetary and non-monetary defaults.

7. The monetary defaults were not remedied, and FN has not been provided with any evidence (or any satisfactory evidence in the case of the insurance default) that the non-monetary defaults have been remedied. Therefore, on or about August 30, 2017, FN arranged for notices of attornment of rent to be issued to the tenants at the Clarence Properties, and also directed the

- 3 -

superintendent of the Clarence Properties to remit to FN rents received from the tenants at the Clarence Properties. The superintendent complied with this request, and very shortly thereafter GDH 10 and/or GDH 11 (or an entity acting on their behalf) terminated the superintendent. Given the continuing defaults and the termination of the superintendent, among other things, the appointment of Deloitte as interim receiver is, as set forth below, necessary to stabilize the operations of the Clarence Properties and protect the interests of FN.

The Clarence Properties

8. 345 Clarence was constructed sometime in the 1960's, and there were 80 rental units at 345 Clarence when FN took its current first mortgage over that property in 2007. Attached hereto and marked as **Exhibit "1"** to this affidavit is a copy of the parcel register for 345 Clarence, bearing PIN 04213-0303.

9. 347 Clarence was only constructed after FN took its first mortgage over 345 Clarence in 2007. Attached hereto and marked as **Exhibit "2"** to this affidavit is a copy of the parcel register for 347 Clarence, bearing PIN 04213-0302.

10. As set out in the PINs, prior to April 13, 2007, the lands on which the Clarence Properties are located (the "**Lands**") had been one parcel bearing PIN 04213-0056. On April 13, 2007, the Lands were severed into two separate PINs (the "**Severance**"). The explanation for the Severance is set out under the next heading, "Affordable Housing at the Clarence Properties".

Affordable Housing at the Clarence Properties

11. Quex Property Corporation (“**Quex**”) was the owner of the Lands and the Clarence Properties at all material times, up until they were transferred to GDH 10 and GDH 11 in May 2016, as set out below under the heading “Transfer of the Clarence Properties”.

12. At all material times, the Lands and the Clarence Properties were subject to a Municipal Housing Project Facilities Agreement entered into between Quex and the City of Ottawa (the “**City**”) dated March 3, 2006 (the “**MHPFA**”), and a Provincial Contribution Agreement between Quex and the Ministry of Municipal Affairs and Housing (the “**Ministry**”) dated March 27, 2006 (the “**PCA**”). The MHPFA and the PCA required Quex to, among other things, develop and provide 30 affordable housing units as part of the Clarence Properties, defined as rental units which are rented at an amount that does not exceed 70% of the average market rent. Attached hereto and marked as **Exhibits “3”** and “**4**”, respectively, to this affidavit are copies of the MHPFA (including amendments thereto dated March 3, 2006, October 16, 2006, and March 22, 2007), and the PCA.

13. At the time of the MHPFA, 347 Clarence had yet to be constructed. At the time there was only one 6-story apartment building (plus a basement level) on the property municipally now known as 345 Clarence Street, Ottawa, and the land on the property municipally now known as 347 Clarence Street, Ottawa was a parking area at the north-east part of the Lands.

14. Initially, the existing 6-story building was to be increased by 2 floors, and the unit count increased from 80 to 110. Instead, as set out in the amendment to the MHPFA dated October 16, 2006, a new building with 30 additional units was constructed in the parking area, and it was

- 5 -

subsequently severed to become 347 Clarence. These 30 additional units were to be affordable housing units (the "**New Affordable Housing Units**").

15. Although each of the Clarence Properties has separate legal title, they are operated as one complex. The two buildings are connected in places, and share common areas and facilities (such as the laundry room, mail room, one elevator and the lobby). The elevator is located in 345 Clarence, meaning tenants and visitors to 347 Clarence access the units in 347 Clarence through 345 Clarence. Further, some electrical meters for units in 347 Clarence are located in 345 Clarence.

16. Under the MHFPA and PCA, the City and Ministry provided Quex with financial assistance to construct the New Affordable Housing Units. As security for this financial assistance, Quex granted a mortgage to the City and the Ministry for \$1,805,004.00 over the Lands (and at the time 345 Clarence) registered on October 27, 2006, as instrument no. OC654524 (the "**Affordable Housing Mortgage**"), executed an assignment of rents registered as instrument no. OC654525 (the "**Affordable Housing Assignment of Rents**"), and granted a security interest in equipment at the Clarence Properties registered as OC654527 (the "**Affordable Housing Security Agreement**"). Attached hereto and marked as **Exhibit "5"** to this affidavit is a copy of the Affordable Housing Mortgage, the Affordable Housing Assignment of Rents, and the Affordable Housing Security Agreement registered on title to the Clarence Properties (collectively, the "**Affordable Housing Security**").

17. The financial assistance secured by the Affordable Housing Security included a loan from the Ministry to Quex in the amount of \$720,000.00 to partially finance construction of the New Affordable Housing Units (the "**Provincial Capital Contribution**"). However, the Provincial

- 6 -

Capital Contribution was not paid as a lump sum, but was paid out on a monthly basis over 20 years (the "**Monthly Affordability Payment**").

The FN Clarence Mortgages

18. Pursuant to two commitment letters dated March 2, 2007 and March 5, 2007 (the "**Commitment Letters**"), being after Quex had entered into the MHPFA, but at a time when discussions were ongoing with respect to the New Affordable Housing Units to be built on 347 Clarence, instead of as a two-story addition to the existing building on 345 Clarence, FN agreed to lend up to a total of \$7,546,240.00 to Quex. Attached hereto and marked as **Exhibit "6"** to this affidavit are copies of the Commitment Letters.

19. On or about April 2, 2007, Quex granted a mortgage in the principal amount of \$4,882,240.00 over the Lands registered as instrument no. OC702787 (the "**FN 345 Clarence Mortgage**"). Attached hereto and marked as **Exhibit "7"** to this affidavit is a copy of the FN 345 Clarence Mortgage, and standard charge terms no. 8616 incorporated by reference into that mortgage.

20. As set out in the Commitment Letter dated March 2, 2007, of the \$4,882,240.00 advanced under the FN 345 Clarence Mortgage, approximately \$3,500,000.00 was used to pay out an existing FN mortgage over the Lands and 345 Clarence, and the balance (approximately \$1,382,240.00) was to partially fund the construction of the New Affordable Housing Units.

21. The term of the FN 345 Clarence Mortgage was for 20 years, at an interest rate of 5.11%. Pursuant to the Commitment Letter dated March 2, 2007, the FN 345 Clarence Mortgage could only be prepaid in the event of a sale of the subject property upon the payment of a yield maintenance to compensate FN for lost interest. The FN 345 Clarence Mortgage loan was

- 7 -

guaranteed by Raymond Stern and Natalie Stern (collectively, the "**Stern Guarantors**"), the principals of Quex.

22. The FN 345 Clarence Mortgage loan to Quex was also secured by an assignment of rents (the "**Assignment of 345 Clarence Rents**"), notice of which was registered against the Lands and 345 Clarence on April 2, 2007 as instrument no. OC702788. Attached hereto and marked as **Exhibit "8"** to this affidavit is a copy of the notice of Assignment of 345 Clarence Rents.

23. Pursuant to the Commitment Letter dated March 5, 2007, or about April 9, 2008 (after the Severance), Quex also granted FN two mortgages over 347 Clarence. The first was a mortgage for \$1,584,000.00, registered as instrument no. OC839857 (the "**FN 347 Clarence First Mortgage**"). The second was a mortgage for \$1,080,000.00, registered as instrument no. OC839869 (the "**FN 347 Clarence Second Mortgage**"). Attached hereto and marked as **Exhibits "9"** and **"10"**, respectively, to this affidavit are copies of the FN 347 Clarence First Mortgage and the FN 347 Clarence Second Mortgage.

24. It was a term of both the FN 347 Clarence First Mortgage and the FN 347 Clarence Second Mortgage (collectively, the "**FN 347 Clarence Mortgages**") that they would rank *pari-passu* with each other, and that both be guaranteed by the Stern Guarantors.

25. The term of the FN 347 Clarence Mortgages was for 20 years, at an interest rate of 5.69%. Pursuant to the Commitment Letter dated March 5, 2007, the FN 347 Clarence Mortgages could only be prepaid in the event of a sale of the subject property upon the payment of a yield maintenance to compensate FN for lost interest.

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26. Now shown to me and marked as **Exhibit "11"** to this affidavit is a copy of the payout statements for each the three FN mortgages over the Clarence Properties (the "**FN Clarence Mortgages**") as of September 13, 2017, including the prepayment penalty for each mortgage (and excluding FN costs to date such as legal costs and property management costs, and any rents collected to date), and totalling \$8,361,335.92.

27. The FN 347 Clarence Second Mortgage loan gave Quex immediate access to the entire of the Provincial Capital Contribution funds. Accordingly, on or about April 17, 2008, Quex assigned to FN its interest in the Monthly Affordability Payment (the "**Monthly Affordability Payment Assignment**"). Attached hereto and marked as **Exhibit "12"** to this affidavit is a copy of the Monthly Affordability Payment Assignment dated April 11, 2008.

28. As with the FN 345 Clarence Mortgage, FN's mortgage loans under the FN 347 Clarence Mortgages were also each secured by assignments of rents (the "**Assignments of 347 Clarence Rents**"), notices of which were registered on April 4, 2007 as instrument nos. OC839858 and OC839870. Attached hereto and marked as **Exhibit "13"** to this affidavit are copies of the registered Notices of Assignments of 347 Clarence Rents.

FN's Security Prior to the Transfers to the Respondents

29. After the Severance, the FN 345 Clarence Mortgage was carried over to the PIN for 345 Clarence and to the PIN for 347 Clarence. FN discharged the FN 345 Clarence Mortgage from title to 347 Clarence on October 8, 2008. Attached hereto and marked as **Exhibit "14"** to this affidavit is a copy of the partial discharge of the FN 345 Clarence Mortgage.

30. On or about May 3, 2013, the City and the Ministry discharged the Affordable Housing Security from title to 345 Clarence. On the same day, the City and the Ministry registered

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postponements of interests of the Affordable Housing Security in favour of the FN 347 Clarence Mortgages and FN's Assignments of 347 Clarence Rents. Attached hereto and marked as **Exhibit "15"** to this affidavit are copies of the discharges of the Affordable Housing Security from title to 345 Clarence, and the postponements of interest from the City and the Ministry in favour of FN in respect of 347 Clarence.

31. Following the partial discharge, FN's security over 345 Clarence included the first ranking FN 345 Clarence Mortgage over title to 345 Clarence, and the associated Assignment of 345 Clarence Rents. FN's security over 347 Clarence included the first ranking (*pari-passu*) FN 347 Clarence Mortgages, the Assignments of 347 Clarence Rents, and the Monthly Affordability Payments Assignment.

Cross-Default Provisions

32. The FN mortgages over 345 Clarence and 347 Clarence were not cross-collateralized. However, because of the common borrower and covenants, section 35 of the FN 345 Clarence Mortgage and section 38 of the FN 347 Clarence Mortgages provide for cross-defaults, the effect of which is that a default in relation to one mortgage would be deemed to be a default in respect to all of the mortgages (the "**Cross-Default Provisions**").

Transfer of the Clarence Properties

33. On or about May 24, 2016, Quex transferred 345 Clarence to GDH 11 for \$7,763,927.50, and transferred 347 Clarence to GDH 10 for \$2,911,072.00. Attached hereto and marked as **Exhibit "16"** to this affidavit are copies of the transfers from Quex registered on May 24, 2016.

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34. At the time of the transfers, Chi Van Ho was the sole officer, director and shareholder of GDH 10 and GDH 11. While to the best of my knowledge, Chi Van Ho is still the sole officer and director of GDH 10, as of November 11, 2016, Anthony Devonish became the sole officer and director of GDH 11. Attached hereto and marked as **Exhibit "17"** to this affidavit are copies of organization charts for GDH 10 and GDH 11 provided to FN at the closing of the transfer of the Clarence Properties, and each companies' corporation profile report as of September 18, 2017.

The FN Clarence Mortgages Assumption Agreements

35. Pursuant to an assumption agreement dated May 18, 2016 (the "**345 Clarence Mortgage Assumption Agreement**") between GDH 10, GDH 11, Chi Van Ho, Quex, the Stern Guarantors and FN with respect to the FN 345 Clarence Mortgage, GDH 11 assumed all of the past, present and future debts and liabilities and obligations of Quex to FN under the FN 345 Clarence Mortgage (the "**345 Clarence Mortgage Indebtedness**"), Quex remained liable for the 345 Clarence Mortgage Indebtedness in its capacity as original mortgagor, the Stern Guarantors remained liable for all of the 345 Clarence Mortgage Indebtedness in their capacity as original guarantors of the 345 Clarence Mortgage, and GDH 10 and Chi Van Ho guaranteed as covenantors in favour of FN the 345 Clarence Mortgage Indebtedness up to a limit of \$2,440,120.00. Attached hereto and marked as **Exhibit "18"** to this affidavit is a copy of the 345 Clarence Mortgage Assumption Agreement.

36. Similarly, pursuant to two assumption agreements dated May 18, 2016 (the "**347 Clarence Mortgage Assumption Agreements**"), between GDH 10, GDH 11, Chi Van Ho, Quex, the Stern Guarantors and FN in respect of the FN 347 Clarence Mortgages, GDH 10

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assumed all of the past, present and future debts and liabilities of Quex to FN under the FN 347 Clarence Mortgages (collectively, the “**347 Clarence Mortgage Indebtedness**”), Quex remained liable for the 347 Clarence Mortgage Indebtedness in its capacity as original mortgagor, the Stern Guarantors remained liable for all of the 347 Clarence Mortgage Indebtedness in their capacity as original guarantors of the FN 347 Clarence Mortgages, and GDH 11 and Chi Van Ho guaranteed as covenantors in favour of FN the FN 347 Clarence Mortgage Indebtedness up to a limit of \$2,131,200.00. Attached hereto and marked as **Exhibit “19”** to this affidavit are copies of the 347 Clarence Mortgage Assumption Agreements.

The GSAs

37. On or about May 18, 2016, GDH 11 gave to FN a general security agreement over GDH 11’s assets and undertaking located on, having a connection with, and/or related to 345 Clarence. Also on or about May 18, 2016, GDH 10 gave to FN a general security agreement over GDH 10’s assets and undertaking located on, having a connection with, and/or related to 347 Clarence. Attached hereto and marked as **Exhibits “20” and “21”** to this affidavit are, respectively, copies of the GSAs given by GDH 11 and GDH 10 to FN, and copies of Personal Property Security Registry search results dated September 18, 2017 in respect of GDH 10 and GDH 11.

The Defaults

38. On or about June 29, 2017, FN received a letter from Kathryn Whitehead of Ain Whitehead LLP (the “**June Letter**”). In the June Letter, Ms. Whitehead advised that, among other things, she was counsel to Liahona Mortgage Investment Corp. (“**Liahona**”), Liahona held a second mortgage over 345 Clarence (the “**Liahona 345 Clarence Second Mortgage**”), and Liahona had obtained default judgment against GDH 11. Attached hereto and marked as **Exhibit**

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“22” to this affidavit is a copy of the June Letter, and a copy of the default judgment referred to therein dated June 6, 2017 (the “**Liahona Default Judgment**”).

39. Now shown to me and marked as **Exhibit “23”** to this affidavit is a copy of the Liahona 345 Clarence Second Mortgage that GDH 11 granted to Liahona in the amount of \$2,900,000.00 and registered on August 19, 2016, together with a copy of Liahona’s Notice of Sale Under Mortgage dated April 20, 2017 (the “**Liahona Notice of Sale**”), and an arrears statement as of April 20, 2017 (the “**Liahona Arrears Statement**”).

40. The Liahona Notice of Sale sets out that, among other things, as of April 20, 2017, the sum of \$2,972,734.54 was outstanding under the Liahona 345 Clarence Second Mortgage. The Liahona Arrears Statement reveals that GDH 11 began defaulting on its payments under the Liahona 345 Clarence Second Mortgage starting in early-December, 2016. The interest rate under the 345 Clarence Second Mortgage is 10% *per annum*, with interest-only monthly payments of approximately \$24,166.67. By way of comparison, the interest rate under the FN 345 Clarence First Mortgage is 5.11%, with monthly payments of \$23,724.77.

41. To my knowledge, the June Letter was the first time that FN was made aware of the Liahona 345 Clarence Second Mortgage, which was granted by GDH 11 in favour of Liahona without FN’s knowledge or consent, contrary to section 26 of the FN 345 Clarence Mortgage.

42. Under cover of letter dated July 26, 2017, Eric Golden of Blaney McMurtry LLP, FN’s lawyers in this matter, advised Ms. Whitehead, among other things, that Liahona did not seek FN’s consent before registering the 345 Clarence Second Mortgage, and as a result required evidence of Liahona’s advances to GDH 11 under the mortgage. Attached hereto and marked as

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Exhibit "24" to this affidavit is a copy of Mr. Golden's letter to Ms. Whitehead dated July 26, 2017.

43. Under cover of e-mail dated September 14, 2017, Sandy Earl, a law clerk at Ms. Whitehead's law firm, provided evidence of advances under the Liahona 345 Clarence Second Mortgage. Of the \$2,900,000.00 advanced, \$1,281,825.67 was paid to GDH 11's lawyer. \$1,431,203.24 was paid to Quex to discharge its second mortgage over 345 Clarence in the principal amount of \$1,500,000.00, and at an interest rate of 5.0%. Attached hereto and marked as **Exhibit "25"** to this affidavit is a copy of Ms. Earl's e-mail dated September 14, 2017, and the attachments thereto, and a copy of the now-discharged vendor takeback mortgage to Quex.

Insurance

44. FN received a letter from The Co-Operators Insurance dated June 6, 2017, advising that the property insurance for the Clarence Properties had been cancelled as of July 9, 2017. Section 5 of the FN Clarence Mortgages require GDH 10 and GDH 11 to maintain insurance coverage over the Clarence Properties. By way of e-mail dated July 31, 2017, Crystal Lin, an employee of FN, advised Lynn Jaffray, a representative of GDH 10 and GDH 11, that because FN had not received the insurance renewal for the Clarence Properties, it had added forced placed insurance coverage (which only covers the amounts owing under the FN mortgages over the Clarence Properties).

45. Lynn Jaffray provided FN with a certificate of insurance from Rhodes & Williams dated August 4, 2017, but as of the date of this affidavit, FN has not yet been provided with a copy of an insurance policy (the "**Insurance Default**"). Rhodes & Williams' most recent correspondence to FN regarding insurance was an e-mail dated August 31, 2017, in which

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Rhodes & Williams advised that the insurance policy documents “had to be sent back as they were not to [their] satisfaction”, and that they would forward the reissued documents “shortly”. Attached hereto and marked as **Exhibit “26”** to this affidavit is a copy of the letter from Co-Operators dated June 6, 2017, a copy of Ms. Lin’s e-mail exchange with Ms. Jaffray dated July 31, 2016, a copy of a certificate of insurance dated August 4, 2017 from Rhodes & Williams Limited, and emails exchanged between FN and Rhodes & Williams dated August 8 to 31, 2017.

Demand for Payment of Arrears and Failure to Cure Defaults

46. Both GDH 11 and GDH 10 were in unremedied default of the payments due under the FN Clarence Mortgages beginning in June, 2017. Specifically, as of August 17, 2017, GDH 11 was in default of principal and interest due under the 345 Clarence Mortgage totalling \$108,985.14, inclusive of administrative charges and fees, forced placed insurance, appraisal costs, building condition assessments and legal costs to July 31, 2017. For its part, GDH 10 was in default of principal and interest due under the 347 Clarence First Mortgage totalling \$21,517.03, and in default of principal and interest due under the 347 Clarence Second Mortgage totalling \$20,130.49, both figures inclusive of administrative charges and fees, forced placed insurance, appraisal costs, building condition assessments and legal costs to July 31, 2017.

47. On or about August 14, 2017, Ms. Lin exchanged e-mail correspondence with Ms. Jaffray. Attached hereto and marked as **Exhibit “27”** to this affidavit is a copy of the e-mail exchange dated August 14, 2017.

48. In her first e-mail, Ms. Lin, among other things, asked Ms. Jaffray if there would be sufficient funds to cover the mortgage payments due on August 15, 2017. As set out in Exhibit 27, Ms. Jaffray forwarded the e-mail to “Chi”, who I believe to be Chi Van Ho, and advised him

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that “FN wants confirmation that there will be funds to cover the withdrawal tomorrow”. The e-mail exchange does not include Mr. Van Ho’s response. However, Ms. Jaffray subsequently advised Ms. Lin that there were insufficient funds to cover the mortgage payments, and that there was a “share purchase agreement in the works” for 345 Clarence that “should be completed by Sept. 5th, at which point the mortgage payments will be paid.” (the “**Proposed Share Purchase Agreement**”).

49. FN was not asked to provide its consent to the Proposed Share Purchase Agreement, notwithstanding term 10 of the FN Clarence Mortgages that requires FN’s consent to any share purchase agreement.

50. Given the defaults under the FN Clarence Mortgages (which, per the Cross-Default Provisions, were defaults under all three of the mortgages in favour of FN), on or about August 17, 2017, FN made demand on GDH 10, GDH 11, Quex, Chi Van Ho and the Stern Guarantors, to pay the arrears and cure the defaults on or before August 28, 2017, and also delivered Notices of Intention to Enforce Security pursuant to s. 244 of the BIA. FN also asked to be provided with any documents relating to the Proposed Share Purchase Agreement. As set out in the demands, FN would have been willing to consider consenting to a share purchase as long as it was for both Clarence Properties, among other conditions. Attached hereto and marked as **Exhibits “28”** and **“29”**, respectively, to this affidavit are copies of the demand letters and the attachments thereto, including related s. 244 Notices regarding 345 Clarence and 347 Clarence.

51. The defaults were not cured within the period provided in the demand letters, and no documentation was received regarding the Proposed Share Purchase Agreement. Pursuant to an e-mail to Ms. Jaffray dated August 28, 2017, Mr. Golden advised that FN would be proceeding

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with further enforcement. Ms. Jaffray replied the same day that “Chi is in Vietnam with his terminally ill mother.” Mr. Golden responded that he understood that Chi Van Ho had been in contact with other lenders who had initiated enforcement proceedings over other Golden Dragon projects (detailed further under the heading “Defaults by other Golden Dragon Entities”, below). Mr. Golden also asked Ms. Jaffray why the vacancy rate at both 345 Clarence and 347 Clarence was so high, why there were 10 fewer affordable rental units at the Clarence Properties than the required number and why 8 of the affordable rental units were still located in 345 Clarence instead of 347 Clarence. Attached hereto and marked as **Exhibit “30”** to this e-mail is a copy of an exchange of e-mail between Mr. Golden, Ms. Jaffray and Chi Van Ho dated August 28 to 30, 2017.

52. Ms. Jaffray responded to Mr. Golden on August 29, 2017. In her explanation as to the vacancy rate, Ms. Jaffray alleged that it was due to an allegedly incorrect news report of a “meth lab” in the building. By way of e-mail on the same day, Mr. Golden advised that it was FN’s information that the high vacancy rate was due to the conversion of 345 Clarence into student housing (further detailed below under the heading “Conversion to Student Housing”), and the related ongoing construction. Mr. Golden asked Ms. Jaffray to confirm that the City and the Ministry had approved the conversion and related construction.

53. Ms. Jaffray did not respond, and on August 30, 2017, Mr. Golden forwarded his exchange of correspondence with Ms. Jaffray to Chi Van Ho and asked him to provide a response regarding the question about conversion of the units to student housing. Mr. Golden further advised that due to the number of receivership proceedings involving Golden Dragon projects, FN could not stay its enforcement proceedings or inquiries.

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54. Chi Van Ho did not respond to Mr. Golden's question about student housing, but replied the same day (August 30, 2017) and advised that he was out of the country until September 8. I am advised by Mr. Golden and do verily believe that Mr. Golden has not received further communication from Chi Van Ho regarding the conversion of units to student housing.

Attornment of Rents and Termination of the Superintendent

55. Given the ongoing monetary and non-monetary defaults, on or about August 30, 2017, FN retained CLV Group Inc. ("CLV") to attorn the rents at the Clarence Properties. Attached hereto and marked as **Exhibit "31"** to this affidavit are copies of the cover letters to the attornment documents, being a letter from Mr. Golden to Bob Lefebvre ("**Lefebvre**"), the superintendent of the Clarence Properties at the time, and a letter from Mr. Golden to the tenants at the Clarence Properties, and related attornment documents.

56. Some of the rents at the Clarence Properties, including rents for the affordable housing units, were paid directly by the Ministry of Community and Social Services (the "**MCSC**") to GDH 10 and GDH 11 through its Ontario Disability Support Program ("**ODSP**", meaning that it is likely that certain of the tenants at the Clarence Properties are disabled). Following delivery of the attornment documentation on or about August 31, 2017, the MCSC directed payments to CLV. Attached hereto and marked as **Exhibit "32"** to this affidavit is an exchange of e-mail between Mr. Golden and Meagan Zucco, an ODSP caseworker with MCSC, dated September 8 and 12, 2017.

57. Ms. Zucco's e-mail also forwarded an e-mail from Lisa Bilow at "Chi Suites", which is apparently the managing company for numerous Golden Dragon entities, advising that Golden Dragon "no longer own[s]" a number of properties, including several that are subject to separate

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receivership proceedings, as set out below under the heading “Defaults by Other Golden Dragon Entities”.

58. I am advised by CVL that Mr. Lefebvre remitted to CVL the rents from the Clarence Properties that he had collected, and on or about September 1, 2017, he received a letter from “Golden Dragon Ho Inc.”, another company of which Chi Van Ho is sole officer and director, advising Mr. Lefebvre that his employment was terminated “effective immediately”. Attached hereto and marked as **Exhibit “33”** to this affidavit is a copy of the letter from Golden Dragon Ho Inc. to Mr. Lefebvre dated September 1, 2017, and the Corporation Profile Report for Golden Dragon Ho Inc.

Deterioration of the Clarence Properties

59. A building condition assessment conducted by Pinchin Ltd. on or about August 9, 2017 over the Clarence Properties revealed deficiencies in the roof systems, wall systems, balcony systems, elevator systems, interior finishes and site features, and included a timeline to carry out the necessary repairs. Attached hereto and marked as **Exhibit “34”** to this affidavit is a copy of the Baseline Property Condition Assessment dated August 18, 2017 (the “**Pinchin Report**”).

60. On or about September 11, 2017, CLV conducted a property inspection of the Clarence Properties. Attached hereto and marked as **Exhibit “35”** to this affidavit is a copy of CLV’s Property Inspection Report dated September 13, 2017 (the “**CLV Report**”).

61. The CLV Report details instances of damage to the interior of 345 Clarence resulting from water ingress, including visible water damage in the top-floor stairwell and hallway, and black mould in one unit.

Conversion to Student Housing

62. Pursuant to an agreement between the City and Quex dated April 18, 2013, being approximately one month before Quex transferred the Clarence Properties to GDH 10 and GDH 11, Quex agreed to relocate the affordable housing tenants located at 345 Clarence to 347 Clarence (the "**Agreement to Relocate**"), so that all 30 affordable housing units at the Clarence Properties would be located in 347 Clarence. Attached hereto and marked as **Exhibit "36"** to this affidavit is a copy of the Agreement to Relocate.

63. Now shown to me and marked as **Exhibit "37"** to this affidavit is a copy of the last rent roll for the Clarence Properties that FN obtained from GDH10 and GDH 11 (the "**GDH June 2017 Rent Roll**") and a rent roll for the Clarence Properties as of September, 2017, prepared by CVL (the "**CVL Rent Roll**").

64. John Tweedie, who is a Property Manager at CVL, advises me that for each floor at the Clarence Properties, the units with numbers -00 to -12 are located in 345 Clarence, and the units with numbers -14 to -18 are located in 347 Clarence. The rent rolls for the Clarence Properties reveal an aggregate current 40% vacancy rate, and from June to September, an increase in the vacancy rate at 345 Clarence from 44% to 53%, but a decrease in the vacancy rate at 347 Clarence from 20% to 3%. A comparison of the GDH June 2017 Rent Roll with the CVL Rent Roll reveals that not all of the new tenants at 347 Clarence are renting their units below market rent, notwithstanding that all of the 347 Clarence units are supposed to be affordable housing units per the Agreement to Relocate. Furthermore, a new market-rate tenant moved into unit 315 in 347 Clarence (which was previously vacant), and the previous market-rate tenant of unit 615 in 347 Clarence was replaced with another market-rate tenant.

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65. Mr. Tweedie also advises that only 21 of the units at the Clarence Properties are being operated as affordable housing units and rented out at below market rent, notwithstanding that the MHFPA requires that 30 units at the Clarence Properties be operated as affordable housing units. Those units are numbers 303, 405 and 710 in 345 Clarence, and numbers 214, 215, 217, 218, 316, 318, 414, 415, 416, 418, 515, 517, 518, 614, 617, 715, 717 and 718 at 347 Clarence.

66. Further, the rent rolls reveal that of the 9 units in the basement of 345 Clarence (the "100 level" units on the rent rolls), only one is occupied. I have discussed this matter with Mr. Lefebvre, and he advises me that 345 Clarence was in the process of being converted to student housing. In this regard, by way of an e-mail from Dietrich Sider of the City to Mr. Golden dated September 15, 2017, the City advised that three building permits had been issued in respect of interior alterations to the lobby, as well as the ground floor and lower level of 345 Clarence. Further, Mr. Sider advised that GDH 11 had started making alterations to basement units at 345 Clarence in the summer of August 2016, but had failed to obtain a building permit. In this regard, Mr. Sider's e-mail also included information regarding a stop work order issued on or about August 11, 2016, and that the required building permits were eventually obtained. Attached hereto and marked as **Exhibit "38"** to this affidavit is a copy of Mr. Sider's e-mail dated September 15, 2017, and copies of the City's records regarding the stop work order, and the building permits eventually issued on January 25, 2017 (two permits issued that day) and May 17, 2017.

67. Mr. Lefebvre advises that there are no longer 9 basement units at 345 Clarence. One of the units, number 104, is still occupied. Two units, numbers 108 and 100 have been gutted with the intention of converting them into the new building laundry, a party room, and a gym (the current laundry room is still operational). Three units, numbers 101, 102, and 105, all former

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one-bedroom units, are in the process of being converted into two-bedroom student housing. One unit, number 103, has been gutted and is being used to store drywall. The remaining units, numbers 106 (a bachelor unit) and 107 (a two-bedroom unit), have been gutted, but are nowhere close to being ready for occupation. The mail room has also been moved from the lobby to the basement.

68. The CVL Report confirms the conversion of some of the basement units into student housing, and others into a shared facilities. As set out in the CVL Report, only units 101 and 102 are "nearly complete". In fact, CVL stated that of the 44 vacant units at the Clarence Properties, only five "would be considered rent ready. The remaining 39 units are in various stages of renovations or in need of work to be considered rent ready."

69. Further, Mr. Lefebvre advises that while the intention was to convert the entire building at 345 Clarence into student housing one floor at the time (beginning with the basement and working upward), all construction has now halted and remains unfinished. GDH 11 has also undertaken renovations to the lobby at the Clarence Properties, but that work was only partially completed, and remains unfinished. The intention to convert 345 Clarence to student housing is further corroborated by the fact that between June and September (according to the rent roll), two new market-rent tenants were placed in 347 Clarence instead of 345 Clarence, when the former is supposed to be for affordable housing tenants.

70. Until recently, FN was not aware of and did not consent to the alterations made (and proposed alterations to be made) to 345 Clarence to convert units into student housing, or to the lobby of the Clarence Properties. I am not aware of GDH 10, GDH 11 or anyone on their behalf requesting FN's consent.

Defaults by Other Golden Dragon Entities

71. Several other “Golden Dragon Ho” corporate entities are currently in default of their mortgage obligations:

- (a) On June 14, 2017, on the application of the Royal Bank of Canada, MNP Ltd. was appointed interim receiver with respect to a property located on Woodroffe Avenue and Majestic Drive in Ottawa owned by Golden Dragon Ho 9 Inc., and was appointed receiver on or about July 6, 2017.
- (b) On June 21, 2017, on the application of First Source Financial Management Inc., Collins Barrow Toronto Limited was appointed receiver over Golden Dragon Ho 5 Inc. and Golden Dragon Ho 7 Inc. with respect to properties located at 39-85 Costello Avenue in Ottawa, and 64 Reynolds Drive in Brockville.
- (c) The Royal Bank of Canada has applied to the court to have MNP Ltd. appointed receiver over Golden Dragon Ho 2 Inc. and Golden Dragon Ho 4 Inc. with respect to property they own located at 366-386 Bank Street and 401-410 Gilmour Street in Ottawa.
- (d) On August 31, 2017, on the application of Kingsett Mortgage Corporation, KSV Kofman Inc. was appointed receiver over M.Y. Residential Inc., which had amalgamated with Golden Dragon Ho 7 Inc., with respect to property located at 637, 647, 653 and 655 Johnson Street in Kingston.

Attached hereto and marked as **Exhibit “39”** to this affidavit are copies of the Order of Justice Beaudoin dated June 14, 2017 appointing MNP Inc. as interim receiver in respect of Golden Dragon Ho 9 Inc., the Order of Justice MacLeod dated July 6, 2017 appointing MNP Inc. as

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receiver of Golden Dragon Ho 9 Inc., the Order of Justice Corthorn dated June 21, 2017 appointing Collins Barrow Toronto Limited receiver in respect of Golden Dragon Ho 5 Inc. and Golden Dragon Ho 7 Inc., RBC's Notice of Application to have MNP Ltd. appointed receiver over Golden Dragon Ho 2 Inc. and Golden Dragon Ho 4 Inc., and the Order of Justice Hainey dated August 31, 2017 appointing KSV Kofman Inc. as receiver over M.Y. Residential Inc.

72. I am aware of significant disrepair and tenant hazard in existence at another property owned by a "Golden Dragon Ho" entity. Attached hereto and marked as **Exhibit "40"** to this affidavit is a copy of the parcel abstract for a property owned by Golden Dragon Ho 3 Inc. municipally known as 2155-2173 Elmira Drive in Ottawa (the "**Elmira Property**"), and an Order registered by the City dated June 4, 2017 (the "**By-law Order**").

73. Based on my review of the PIN map and a Google Satellite Images map for the Elmira Property, it appears that the property consists of four separate multi-unit apartment buildings. Attached hereto and marked as **Exhibit "41"** to this affidavit are copies of the PIN map and Google Satellite Images map for the Elmira Property.

74. As set out in the By-law Order, it appears that Golden Dragon Ho 3 Inc. allowed one of the buildings at the Elmira Property to fall into significant disrepair, which lead to water infiltration, water damage to ceilings and walls of hallways, and mould accumulation in one unit.

Attempts to Sell the Clarence Properties

75. Now shown to me and marked as **Confidential Exhibit "42"** to this affidavit is a copy of a certified appraisal for the Clarence Properties that FN recently had carried out by Juteau Johnson Comba Inc.

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76. On or about July 1, 2017, the Respondents listed the Clarence Properties for sale, with a list price of \$15,900,000.00. Attached hereto and marked as **Exhibit "43"** to this affidavit is a copy of the listing dated July 1, 2017.

77. The listing price was dropped to \$13,900,000.00, as per the most current listing attached hereto and marked as **Exhibit "44"** to this affidavit.

78. Now shown to me and marked as **Confidential Exhibit "45"** to this affidavit is a copy of an agreement of purchase and sale dated August 31, 2017 (the "APS") that was recently provided to FN.

79. The APS appears to be for 345 Clarence only, and FN has not received any further updates regarding this APS. In any event, given the shared facilities, including the shared lobby, laundry, mail and elevator, neither building can likely be sold on its own and both buildings must in all likelihood be sold as a package.

80. Under cover of letter from Chi Van Ho dated September 12, 2017, FN was granted authorization to speak with a "potential buyer" Ahmed Syed. Attached hereto and marked as **Exhibit "46"** to this affidavit is a copy of Chi Van Ho's letter to FN dated September 12, 2017.

Income Potential for the Clarence Properties

81. As set out in the CVL Rent Roll, the anticipated monthly rental income for the Clarence Properties when fully tenanted will be \$99,026.12. Of this, \$20,731.14 would be derived from rents from 347 Clarence, and \$78,294.98 would be derived from rents from 345 Clarence.

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82. I am advised by CVL that at this point, the rental season for the area where the Clarence Properties are located has passed, such that new rentals will be limited between now and next spring. Most new rentals will occur in the spring and summer months of next year. Since there are currently approximately 44 vacant units, there should be sufficient time between now and next spring to stabilize the Clarence Properties and have vacant the rental units ready to be leased.

83. The appointment of Deloitte as interim receiver of the Clarence Properties is necessary to protect the interests of FN as a secured creditor, by stabilizing the operations of the Clarence Properties, improving the vacant units into a condition where they can be leased again and reducing the vacancy rate to an acceptable level, so that sufficient revenues are generated to pay, *inter alia*, utilities, municipal taxes (FN collects funds for the property taxes as part of the mortgage payments), necessary short term repairs noted in the Pinchin Report and the CVL Report, and the arrears and monthly payments due under the FN Clarence Mortgages. The appointment of Deloitte as interim receiver over the Property will also facilitate the replacement of the insurance as the interim receiver will be able to insure the Property.

84. Deloitte has consented to be appointed as interim receiver of the Property. Attached hereto and marked as **Exhibit "47"** to this affidavit is a Consent executed by Deloitte.

TAB D

APPENDIX “D”

GOLDEN DRAGON HO INC.

384 Bank Street, Unit 300A, Ottawa, ON, K2P 1Y4

Tel: 613-680-0727 Fax: 613-680-0229 Email: service@chisuites.com

September 12, 2017

Attn: First National Financial LP
100 University Ave, Unit 700, North Tower
Toronto, ON M5J 1V6
T : 416-597-5948 | F: 877-432-3620

Re: 345-347 Barber Street (formally Clarence St), Ottawa.

To Kyle Pawliuk, Servicing Specialist, Commercial Administration at First National,

Please accept this letter as my formal authorization for you to speak with my potential buyer, Ahmed Syed in regards to assuming the loans on the property with First National.

Mtg #509417, 509531, 509532

Should you require any other information or clarifications, please let me know.

Best regards,



Chi Van Ho, Owner
Golden Dragon Ho Inc., a Chi Suites company
613-501-1875

EXEC: Sept 11
DD: Oct 2
Closing: Nov 3



Agreement of Purchase and Sale Commercial

Form 500

for use in the Province of Ontario

This Agreement of Purchase and Sale dated this 10 day of September, 2017

BUYER, Ahmed Syed for a corporation to be formed, agrees to purchase from
(Full legal names of all Buyers)

SELLER, GOLDEN DRAGON HO 11 INC., the following
(Full legal names of all Sellers)

REAL PROPERTY:

Address 345-347 CLARENCE ST Ottawa, ON

fronting on the South side of Clarence

in the City of Ottawa

and having a frontage of 164' more or less by a depth of 110 more or less

and legally described as PART LOTS 16, 17 & 18 PLAN 43586 N/S CLARENCE STREET BEING PARTS 2, 3 & 4 ON 4R21669; OTTAWA S/T RIGHT-OF-WAY AND EASEMENT OVER PART 3 ON 4R21669 IN FAVOUR OF PART LOT 18 PLAN 43586 PART 1 ON 4R21669 AS IN OC699531. S/T EASEMENT OVER PART 4 ON 4R21669 IN FAVOUR OF PART LOT 18 PLAN 43586 PART 1 ON 4R21669 AS IN OC699531. S/T RIGHT-OF-WAY OVER PART 2 PLAN 4R21669 IN FAVOUR OF PART LOT 18 PLAN 43586 PART 1 ON 4R216 69 AS IN OC699531. T/W RIGHT-OF-WAY AND EASEMENT OVER PART 1 ON 4R21669 IN FAVOUR OF PART LOTS 16, 17 & 18 PLAN 43586 PARTS 2, 3 & 4 ON 4R21669 AS IN OC699531. (the "property").

(Legal description of land including easements not described elsewhere)

PURCHASE PRICE: Dollars (CDN\$) 10500000

Ten Million Five Hundred Thousand Dollars

DEPOSIT: Buyer submits Upon acceptance
(Herewith/Upon Acceptance/as otherwise described in this Agreement)

One Hundred Thousand Dollars Dollars (CDN\$) 100000

by negotiable cheque payable to Century 21 Explorer Realty in Trust "Deposit Holder" to be held in trust pending completion or other termination of this Agreement and to be credited toward the Purchase Price on completion. For the purposes of this Agreement, "Upon Acceptance" shall mean that the Buyer is required to deliver the deposit to the Deposit Holder within 24 hours of the acceptance of this Agreement. The parties to this Agreement hereby acknowledge that, unless otherwise provided for in this Agreement, the Deposit Holder shall place the deposit in trust in the Deposit Holder's non-interest bearing Real Estate Trust Account and no interest shall be earned, received or paid on the deposit.


Buyer agrees to pay the balance as more particularly set out in Schedule A attached.

SCHEDULE(S) A attached hereto form(s) part of this Agreement.

1 **IRREVOCABILITY:** This offer shall be irrevocable by Buyer until 05 :00 p.m. on the 11 day
(Seller/Buyer)

INITIALS OF BUYER(S): 

INITIALS OF SELLERS(S): 

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of September 2017, after which time, if not accepted, this offer shall be null and void and the deposit shall be returned to the Buyer in full without interest.

2 COMPLETION DATE: This Agreement shall be completed by no later than 6:00 p.m. on the 03 day of November, 2017. Upon completion, vacant possession of the property shall be given to the Buyer unless otherwise provided for in this Agreement.

3 NOTICES: The Seller hereby appoints the Listing Brokerage as agent for the Seller for the purpose of giving and receiving notices pursuant to this Agreement. Where a Brokerage (Buyer's Brokerage) has entered into a representation agreement with the Buyer, the Buyer hereby appoints the Buyer's Brokerage as agent for the purpose of giving and receiving notices pursuant to this Agreement. Where a Brokerage represents both the Seller and the Buyer (multiple representation), the Brokerage shall not be appointed or authorized to be agent for either the Buyer or the Seller for the purpose of giving and receiving notices. Any notice relating hereto or provided for herein shall be in writing. In addition to any provision contained herein and in any Schedule hereto, this offer, any counter-offer, notice of acceptance thereof or any notice to be given or received pursuant to this Agreement or any Schedule hereto (any of them, "Document") shall be deemed given and received when delivered personally or hand delivered to the Address for Service provided in the Acknowledgement below, or where a facsimile number or email address is provided herein, when transmitted electronically to that facsimile number or email address, respectively, in which case, the signature(s) of the party (parties) shall be deemed to be original.

FAX No.: (For delivery of Documents to Seller)

FAX No.: (For delivery of Documents to Buyer)

Email Address: (For delivery of Documents to Seller)

Email Address: pascale@gate.net (For delivery of Documents to Buyer)

4 CHATELS INCLUDED: TBD by seller within 3 business days from the acceptance date.

Unless otherwise stated in this Agreement or any Schedule hereto, Seller agrees to convey all fixtures and chattels included in the Purchase Price free from all liens, encumbrances or claims affecting the said fixtures and chattels.

5 FIXTURES EXCLUDED: TBD by seller within 3 business days from the acceptance date.

6 RENTAL ITEMS (Including Lease, Lease to Own): The following equipment is rented and not included in the Purchase Price. The Buyer agrees to assume the rental contract(s), if assumable: TBD by seller within 3 business days from the acceptance date.

The Buyer agrees to co-operate and execute such documentation as may be required to facilitate such assumption.

INITIALS OF BUYER(S):

INITIALS OF SELLERS(S):

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7 **HST: If the sale of the property (Real Property as described above) is subject to Harmonized Sales Tax (HST), then such tax shall be in addition to the Purchase Price.** The Seller will not collect HST if the Buyer provides to the Seller a warranty that the Buyer is registered under the Excise Tax Act ("ETA"), together with a copy of the Buyer's ETA registration, a warranty that the Buyer shall self-assess and remit the HST payable and file the prescribed form and shall indemnify the Seller in respect of any HST payable. The foregoing warranties shall not merge but shall survive the completion of the transaction. If the sale of the property is not subject to HST, Seller agrees to certify on or before closing, that the transaction is not subject to HST. Any HST on chattels, if applicable, is not included in the Purchase Price.

8 **TITLE SEARCH:** Buyer shall be allowed until 6:00 p.m. on the 25 day of October, 2017 (Requisition Date) to examine the title to the property at his own expense and until the earlier of: (i) thirty days from the later of the Requisition Date or the date on which the conditions in this Agreement are fulfilled or otherwise waived or; (ii) five days prior to completion, to satisfy himself that there are no

outstanding work orders or deficiency notices affecting the property, and that its present use (Residential) may be lawfully continued and that the principal building may be insured against risk of fire. Seller hereby consents to the municipality or other governmental agencies releasing to Buyer details of all outstanding work orders and deficiency notices affecting the property, and Seller agrees to execute and deliver such further authorizations in this regard as Buyer may reasonably require.


9 **FUTURE USE:** Seller and Buyer agree that there is no representation or warranty of any kind that the future intended use of the property by Buyer is or will be lawful except as may be specifically provided for in this Agreement.

10 **TITLE:** Provided that the title to the property is good and free from all registered restrictions, charges, liens, and encumbrances except as otherwise specifically provided in this Agreement and save and except for (a) any registered restrictions or covenants that run with the land providing that such are complied with; (b) any registered municipal agreements and registered agreements with publicly regulated utilities providing such have been complied with, or security has been posted to ensure compliance and completion, as evidenced by a letter from the relevant municipality or regulated utility; (c) any minor easements for the supply of domestic utility or telephone services to the property or adjacent properties; and (d) any easements for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services which do not materially affect the use of the property. If within the specified times referred to in paragraph 8 any valid objection to title or to any outstanding work order or deficiency notice, or to the fact the said present use may not lawfully be continued, or that the principal building may not be insured against risk of fire is made in writing to Seller and which Seller is unable or unwilling to remove, remedy or satisfy or obtain insurance save and except against risk of fire (Title Insurance) in favour of the Buyer and any mortgagee, (with all related costs at the expense of the Seller), and which Buyer will not waive, this Agreement notwithstanding any intermediate acts or negotiations in respect of such objections, shall be at an end and all monies paid shall be returned without interest or deduction and Seller, Listing Brokerage and Co-operating Brokerage shall not be liable for any costs or damages. Save as to any valid objection so made by such day and except for any objection going to the root of the title, Buyer shall be conclusively deemed to have accepted Seller's title to the property.

11 **CLOSING ARRANGEMENTS:** Where each of the Seller and Buyer retain a lawyer to complete the Agreement of Purchase and Sale of the property, and where the transaction will be completed by electronic registration pursuant to Part III of the Land Registration Reform Act, R.S.O. 1990, Chapter L4 and the Electronic Registration Act, S.O. 1991, Chapter 44, and any amendments thereto, the Seller and Buyer acknowledge and agree that the exchange of closing funds, non-registrable documents and other items (the "Requisite Deliveries") and the release thereof to the Seller and Buyer will (a) not occur at the same time as the registration of the transfer/deed (and any other documents intended to be registered in connection with the completion of this transaction) and (b) be subject to conditions whereby the lawyer(s) receiving any of the Requisite Deliveries will be required to hold same in trust and not release same except in accordance with the terms of a document registration agreement between the said lawyers. The Seller and Buyer irrevocably instruct the said lawyers to be bound by the document registration agreement which is recommended from time to time by the Law Society of Upper Canada. Unless otherwise agreed to by the lawyers, such exchange of the Requisite Deliveries will occur in the applicable Land Titles Office or such other location agreeable to both lawyers.

12 **DOCUMENTS AND DISCHARGE:** Buyer shall not call for the production of any title deed, abstract, survey or other evidence of title to the property except such as are in the possession or control of Seller. If requested by Buyer, Seller will deliver any sketch or survey of the property within Seller's control to Buyer as soon as possible and prior to the Requisition Date. If a discharge of any Charge/Mortgage held by a corporation incorporated pursuant to the Trust And Loan Companies Act (Canada), Chartered Bank, Trust Company, Credit Union, Caisse Populaire or Insurance Company and which is not to be assumed by Buyer on completion, is not available in registrable form on completion, Buyer agrees to accept Seller's lawyer's personal undertaking to obtain, out of the closing funds, a discharge in registrable form and to register same, or cause same to be registered, on title within a reasonable period of time after completion, provided that on or before completion Seller shall provide to Buyer a mortgage statement prepared by the mortgagee setting out the balance required to obtain the discharge, and, where a real-time electronic cleared funds transfer system is not being used, a direction executed by Seller directing payment to the mortgagee of the amount required to obtain the discharge out of the balance due on completion.

13 **INSPECTION:** Buyer acknowledges having had the opportunity to inspect the property and understands that upon acceptance of this offer there shall be a binding agreement of purchase and sale between Buyer and Seller.

INITIALS OF BUYER(S): 

INITIALS OF SELLER(S): 

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- 14 **INSURANCE:** All buildings on the property and all other things being purchased shall be and remain until completion at the risk of Seller. Pending completion, Seller shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interests may appear and in the event of substantial damage, Buyer may either terminate this Agreement and have all monies paid returned without interest or deduction or else take the proceeds of any insurance and complete the purchase. No insurance shall be transferred on completion. If Seller is taking back a Charge/Mortgage, or Buyer is assuming a Charge/Mortgage, Buyer shall supply Seller with reasonable evidence of adequate insurance to protect Seller's or other mortgagee's interest on completion.
- 15 **PLANNING ACT:** This Agreement shall be effective to create an interest in the property only if Seller complies with the subdivision control provisions of the Planning Act by completion and Seller covenants to proceed diligently at his expense to obtain any necessary consent by completion.
- 16 **DOCUMENT PREPARATION:** The Transfer/Deed shall, save for the Land Transfer Tax Affidavit, be prepared in registrable form at the expense of Seller, and any Charge/Mortgage to be given back by the Buyer to Seller at the expense of the Buyer. If requested by Buyer, Seller covenants that the Transfer/Deed to be delivered on completion shall contain the statements contemplated by Section 50(22) of the Planning Act, R.S.O.1990.
- 17 **RESIDENCY:** (a) Subject to (b) below, the Seller represents and warrants that the Seller is not and on completion will not be a non-resident under the non-residency provisions of the Income Tax Act which representation and warranty shall survive and not merge upon the completion of this transaction and the Seller shall deliver to the Buyer a statutory declaration that Seller is not then a non-resident of Canada; (b) provided that if the Seller is a non-resident under the non-residency provisions of the Income Tax Act, the Buyer shall be credited towards the Purchase Price with the amount, if any, necessary for Buyer to pay to the Minister of National Revenue to satisfy Buyer's liability in respect of tax payable by Seller under the non-residency provisions of the Income Tax Act by reason of this sale. Buyer shall not claim such credit if Seller delivers on completion the prescribed certificate.
- 18 **ADJUSTMENTS:** Any rents, mortgage interest, realty taxes including local improvement rates and unmetered public or private utility charges and unmetered cost of fuel, as applicable, shall be apportioned and allowed to the day of completion, the day of completion itself to be apportioned to Buyer.
- 19 **TIME LIMITS:** Time shall in all respects be of the essence hereof provided that the time for doing or completing of any matter provided for herein may be extended or abridged by an agreement in writing signed by Seller and Buyer or by their respective lawyers who may be specifically authorized in that regard.
- 20 **PROPERTY ASSESSMENT:** The Buyer and Seller hereby acknowledge that the Province of Ontario has implemented current value assessment and properties may be re-assessed on an annual basis. The Buyer and Seller agree that no claim will be made against the Buyer or Seller, or any Brokerage, Broker or Salesperson, for any changes in property tax as a result of a re-assessment of the property, save and except any property taxes that accrued prior to the completion of this transaction.
- 21 **TENDER:** Any tender of documents or money hereunder may be made upon Seller or Buyer or their respective lawyers on the day set for completion. Money shall be tendered with funds drawn on a lawyer's trust account in the form of a bank draft, certified cheque or wire transfer using the Large Value Transfer System.
- 22 **FAMILY LAW ACT:** Seller warrants that spousal consent is not necessary to this transaction under the provisions of the Family Law Act, R.S.O.1990 unless Seller's spouse has executed the consent hereinafter provided.
- 23 **UFFI:** Seller represents and warrants to Buyer that during the time Seller has owned the property, Seller has not caused any building on the property to be insulated with insulation containing ureaformaldehyde, and that to the best of Seller's knowledge no building on the property contains or has ever contained insulation that contains ureaformaldehyde. This warranty shall survive and not merge on the completion of this transaction, and if the building is part of a multiple unit building, this warranty shall only apply to that part of the building which is the subject of this transaction.
- 24 **LEGAL, ACCOUNTING AND ENVIRONMENTAL ADVICE:** The parties acknowledge that any information provided by the brokerage is not legal, tax or environmental advice, and that it has been recommended that the parties obtain independent professional advice prior to signing this document.
- 25 **CONSUMER REPORTS:** The Buyer is hereby notified that a consumer report containing credit and/or personal information may be referred to in connection with this transaction.

INITIALS OF BUYER(S): INITIALS OF SELLERS(S): 

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Form 500


Revised 2017

26 **AGREEMENT IN WRITING:** If there is conflict or discrepancy between any provision added to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement including any Schedule attached hereto, shall constitute the entire Agreement between Buyer and Seller. There is no representation, warranty, collateral agreement or condition, which affects this Agreement other than as expressed herein. For the purposes of this Agreement, Seller means vendor and Buyer means purchaser. This Agreement shall be read with all changes of gender or number required by the context.

27 **TIME AND DATE:** Any reference to a time and date in this Agreement shall mean the time and date where the property is located.

INITIALS OF BUYER(S):

INITIALS OF SELLER(S):

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28 SUCCESSORS AND ASSIGNS: The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms herein.

SIGNED, SEALED AND DELIVERED in the presence of:

IN WITNESS whereof I have hereunto set my hand and seal:

(Witness) [Signature]

(Buyer/Authorized Signing Officer) [Signature]

DATE: September 10, 2017 (Seal)

(Witness)

(Buyer/Authorized Signing Officer)

DATE: (Seal)

I, the Undersigned Seller, agree to the above offer. I hereby irrevocably instruct my lawyer to pay directly to the brokerage(s) with whom I have agreed to pay commission, the unpaid balance of the commission together with applicable Harmonized Sales Tax (and any other taxes as may hereafter be applicable), from the proceeds of the sale prior to any payment to the undersigned on completion, as advised by the brokerage(s) to my lawyer.

SIGNED, SEALED AND DELIVERED in the presence of:

IN WITNESS whereof I have hereunto set my hand and seal:

(Witness) [Signature]

(Seller/Authorized Signing Officer) [Signature]

DATE: Sept 10/2017 (Seal)

(Witness)

(Seller/Authorized Signing Officer)

DATE: (Seal)

SPOUSAL CONSENT: The Undersigned Spouse of the Seller hereby consents to the disposition evidenced herein pursuant to the provisions of the Family Law Act, R.S.O.1990, and hereby agrees to execute all necessary or incidental documents to give full force and effect to the sale evidenced herein.

(Witness)

(Spouse)

DATE: (Seal)

CONFIRMATION OF ACCEPTANCE: Notwithstanding anything contained herein to the contrary, I confirm this Agreement with all changes both typed and written was finally accepted by all parties: 4 P.M. this 10 day of SEP 2017

(Signature of Seller or Buyer)

INFORMATION ON BROKERAGE(S)

Listing Brokerage Century 21 Explorer Realty Inc.

Tel. No. 819.210.0604

Pascale Hamel

(Salesperson / Broker Name)

Co-op/Buyer Brokerage

Tel. No.

(Salesperson / Broker Name)

ACKNOWLEDGEMENT

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

DATE: (Seller)

DATE: (Buyer)

DATE: (Seller)

DATE: (Buyer)

Address for Service

Address for Service

Tel. No.

Tel. No.

Seller's Lawyer

Buyer's Lawyer

Address

Address

Email

Email

Tel. No.

FAX No.

Tel. No.

FAX No.

FOR OFFICE USE ONLY

COMMISSION TRUST AGREEMENT

To: Co-operating Brokerage shown on the foregoing Agreement of Purchase and Sale:

In consideration for the Co-operating Brokerage procuring the foregoing Agreement of Purchase and Sale, I hereby declare that all moneys received or receivable by me in connection with the Transaction as contemplated in the MLS® Rules and Regulations of my Real Estate Board shall be receivable and held in trust. This agreement shall constitute a Commission Trust Agreement as defined in the MLS® Rules and shall be subject to and governed by the MLS® Rules pertaining to Commission Trust.

DATED as of the date and time of the acceptance of the foregoing Agreement of Purchase and Sale.

Acknowledged by:

(Authorized to bind the Listing Brokerage)

(Authorized to bind the Co-operating Brokerage)

INITIALS OF BUYER(S): [Signature]

INITIALS OF SELLER(S): [Signature]

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Schedule A
Agreement of Purchase and Sale - Commercial

This Schedule is attached to and forms part of the Agreement of Purchase and Sale between:

BUYER, Ahmed Syed, and

SELLER, GOLDEN DRAGON HO 11 INC.

for the purchase and sale of **345 CLARENCE ST OTTAWA ON K1N5R5**

dated the **10** day of **September**, **2017**

Buyer agrees to pay the balance as follows:

BALANCE AT CLOSING: The Buyer agrees to pay the balance of the purchase price, subject to adjustments, to the Seller on completion of this transaction, with funds drawn on a lawyer's trust account in the form of a bank draft, certified cheque or wire transfer using the Large Value Transfer System.

POWER OF SALE: Buyer acknowledge that the property is under power of sale.

MORTGAGE ASSUMPTION: a) The Buyer agrees to assume the existing 2 Mortgages held by First National and 2 Forgivable Loans. The approximately amount for the first and second mortgage with First National is SIX MILLION DOLLARS (\$6,000,000), bearing interest at the rate of 5.35 % per annum, maturing in 17 years with a payment of about \$42,000 and \$7,000 respectively b) The approximately amount for the 2 forgivable mortgages with the City of Ottawa and the Province of Ontario is about TWO MILLIONS DOLLARS (\$2,000,000) with an estimated monthly payment of \$7,000 and will mature in about 22 years.

VENDOR'S TAKE BACK: The Seller agrees to take back a Charge/Mortgage in the amount of ~~25%~~ **ONE MILLION DOLLARS (\$1,000,000)** percent of the selling price, bearing interest at the rate of 10% per annum, calculated semi-annually not in advance, repayable in blended monthly payments interest only, and to run for a term of 1 year from the date of completion of this transaction.

AS-IS: Buyer acknowledges and agrees that the premises shall be sold and Buyer shall accept possession of the premises on the closing date, AS-IS WHERE IS with all faults.

SECOND DEPOSIT: The Buyer agrees to pay a further sum of TWO HUNDRED SEVENTY THOUSAND DOLLARS (\$270,000), to Century 21 Explorer Realty in Trust., by negotiable cheque, not later than 5:00p.m. THREE (3) business days from waiving all conditions, as a supplementary deposit to be held in trust in the same manner as the initial deposit pending completion or other termination of this Agreement. This amount is to be credited towards the purchase price on completion of this transaction.

This form must be initialed by all parties to the Agreement of Purchase and Sale.

INITIALS OF BUYER(S):

INITIALS OF SELLER(S):

TIME RECEIVED	CALLER ID	DURATION	PAGES	STATUS
November 17, 2017 at 11:48:56 AM ES	6138378015	62	1 /2	Received

From: SICOTTE GUILBAULT To: 914165935437 11/17/2017 11:47 #270 P.001/002



4275 CHEMIN INNES ROAD,
OTTAWA (ONTARIO) K1C 1T1
tel./tél.: (613) 837-7408
fax/télec.: (613) 837-8015

Date: November 17 2017

Attention: Blaney McMurtry LLP
Eric Golden

Fax / Téléc.: 1-416-593-5437

From/De: Lucien Brisebois
Matter/Dossier:

Number of pages, Including
Cover: 2
Nombre de pages, incluant
page couverture:

Fax subject :

Lucien Brisebois

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SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made as of the ^{Oct-27-2017} ~~1st~~ day of ~~November~~, 2017 (the "Effective Date")

BETWEEN:

The Chi Ho Family Trust
(Herein called the "Vendor")

-and-

Ahmed. Ali. Syed
(Herein called the "Purchaser")

-and-

Golden Dragon Ho 11 Inc.
(Herein called the "Corporation")

WHEREAS the Vendor owns 100 Shares (the "Purchased Shares") in the capital of the Corporation, being all of the issued and outstanding shares in the capital of the Corporation;

AND WHEREAS the Vendor has agreed to sell and the Purchaser has agreed to buy the Purchase Shares for ~~50,000~~ (the "Purchase Price")

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein provided for, the parties hereto covenant and agree as follows:

PURCHASE AND SALE

1. Subject to all provisions of this agreement, the Purchaser hereby agrees to buy the Purchased Shares from the Vendor and the Vendor hereby agrees to sell, transfer and deliver the Purchased Shares with the effect as of the Effective Date, free and clear of any mortgage, pledge, charge, lien, security interest, encumbrance or adverse claim, for the Purchase Price.

PAYMENT OF PURCHASE PRICE

2. The Purchase Price shall be satisfied on the Effective Date by the Purchaser's delivery to the Vendor of a promissory note, in form and substance acceptable to the Vendor in its sole and unfettered discretion, for the Purchase Price.

COVENANTS, REPRESENTATIONS AND WARRANTIES OF THE VENDOR

3. The Vendor covenants, represents and warrants as follows and acknowledges that the Purchaser is relying upon such covenants, representations and warranties in connection with the completion of the transactions contemplated by this Agreement:
- (a) The Corporation has been duly incorporated organized and is validly subsisting and in good standing under the laws of the Province of Ontario.
 - (b) The Vendor is the beneficial and registered owner of the Purchased Shares with good and marketable title thereto, free and clear of any pledge, lien, charge, encumbrance, adverse claim or security interest of any kind and of any portion or other right thereto; and has the power and authority and right to sell the Purchased Shares in accordance with the terms of this Agreement.
 - (c) The entering into of this Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any indenture or other agreement, written or oral, to which the Vendor or the Corporation may be a party.
 - (d) The Vendor is not a non-resident within the meaning of the Income Tax Act (Canada).
 - (e) No third party has an agreement or option or right capable of becoming an agreement or option for the purchase or acquisition of any of the Purchased Shares.
 - (f) The Vendor will cause the Corporation to approve the transactions contemplated in this Agreement and take and do all such other actions as necessary to transfer the Purchased Shares to the Purchaser.
 - (g) This Agreement has been duly executed and delivered by the Vendor and constitutes a valid and binding obligation of the Vendor enforceable against it in accordance with its terms.
 - (h) There is not now any order, statute, regulation or other instrument binding upon the Vendor that will be violated by the execution and delivery of this Agreement or will prevent the performance or satisfaction by the Vendor of any term or condition of this Agreement.

COVENANTS, REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

4. The Purchaser covenants, represents and warrants as follows and acknowledges that the Vendor is relying upon such covenants, representations and warranties in connection with the completion of the transactions contemplated by this Agreement:
- (a) The entering into of this Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of any contract or other agreement, written or oral, to which the Purchase may be a party.

CLOSING

5. Subject to the provisions hereof being complied with, the sale and purchase of the Purchased Shares shall be closed on the applicable Effective Date, or on such other day as may be mutually agreed upon, at which date the Purchase Price in respect of the Purchased Shares transferred on such date shall be satisfied in accordance with section 2 hereof upon all deeds, conveyances, bills of sale, assurances, transfers, assignments and consents (in form satisfactory to the Purchaser) necessary to vest the shares with good and marketable title thereto, free and clear of all mortgages, pledges, charges, liens, security interests, encumbrances or adverse claims of any nature or kind being delivered to the Purchaser.

DUE ISSUANCE

6. The Corporation hereby represents and warrants to, and covenants with, the Purchaser that the Purchased Shares have been validly issued as fully-paid and non-assessable to the Vendor.

SURVIVAL

7. The representations, warranties and covenants of the parties contained in this agreement shall survive the closing and shall continue in full force and effect after the final Effective Date for a period of 2 years.

FURTHER AMENDMENTS

8. If at any time during the continuation of this agreement the parties shall deem it necessary to make any alteration or addition to this agreement they may do so by means of written agreement between them which shall be supplemental to and form part of this agreement.

FURTHER ACTIONS

9. The parties hereto agree that each shall with reasonable diligence proceed to take all action, to do all things and provide such reasonable assurances as may be required to consummate the transactions contemplated herein, and both parties hereto agree to provide such further

documents or instructions required by the other party as may be necessary to effect the purchase of this agreement, and carry out its provisions.

APPLICABLE LAW

- 10. This agreement will be governed by and construed under the laws having applications in the Province of Ontario.


SUCCESSORS AND ASSIGNS

- 11. This agreement shall ensure to the benefit of and be binding upon the parties hereto, their respective successors and assigns.


INDEPENDENT LEGAL ADVICE

- 12. The Vendor and the Purchaser each acknowledges having been advised to obtain independent legal advice in connection with its entering into this Agreement and the completion of the transactions contemplated hereby and that (Golden Dragon Ho II Inc.) represents the Corporation and that if there is a dispute regarding this Agreement or the transaction herein contemplated he will only represent the Corporation and not the Vendor or the Purchaser and he shall not be obligated to treat any information received by either the Vendor or the Purchaser as confidential from the other party.

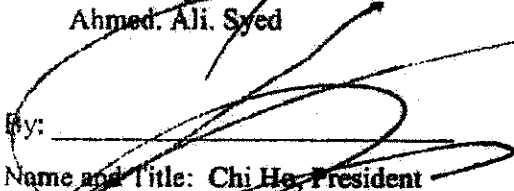
IN WITNESS WHEREOF the parties hereto have executed this agreement with the intended effect as of the Effective Date first above written.



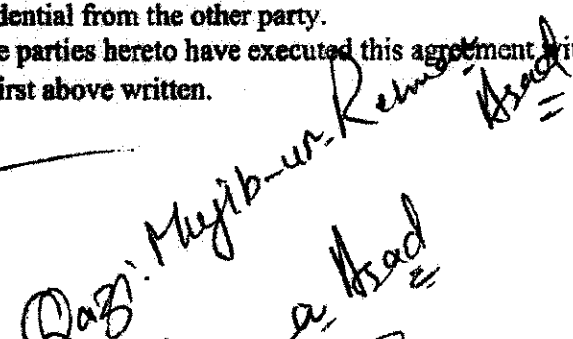
 Chi Van Ho, Trustee




 Ahmed. Ali. Syed

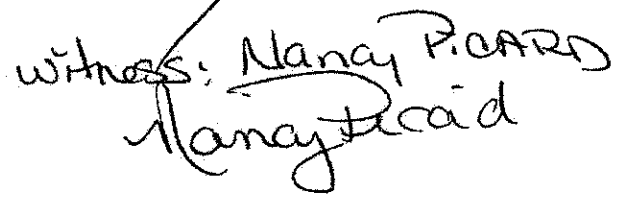
By: 

 Name and Title: Chi Ho, President
 I have authority to bind the corporation.


 Qazi Mujib-ur-Rehman

 Witness:

 Name: 

witness: 
 Nancy P. CARD

NATASHA WAMBOLT
 N. Wambolt
 Witness.

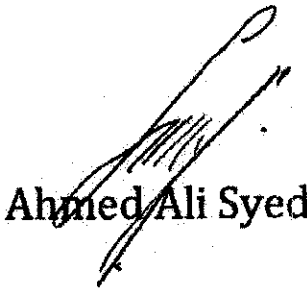
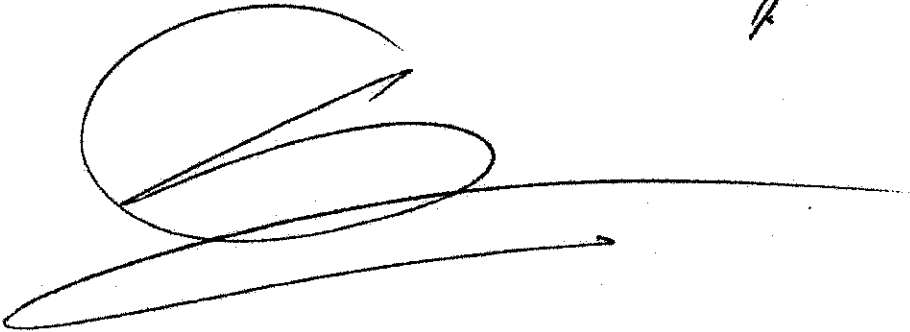
October 27, 2017

Please note that Mr. Chi Ho is selling the shares of the company and not the property. If there is any issue with the commission then Mr. Chi Ho will be responsible for it. Mr. Ahmed Ali Syed is not responsible for any commission in any way or shape.

Mr. Chi Ho knew Mr. Ahmed Ali Syed through an ex-employee who worked for Mr. Chi Ho before.

Chi Ho

Ahmed Ali Syed



Q. M. Asad

Witness

Qazi Mujib-ur-Rehman Asad

www.icanadatus.com www.icanadatus.com www.icanadatus.com www.icanadatus.com

AMER SIED

002

215 MONTREAL ROAD

MARKER VIL ECS

DATE 2014-10-27

PAY TO THE ORDER OF - Chi Van Ho \$ 50,000.00

100 DOLLARS

Canada Trust

400 BIDEAU ST. OTTAWA, ON K1N 6Z1

MEMO purchase 100's Shares of Cordus Oregon Yth II Inc.

⑆002⑆ ⑆33245⑆004⑆ 0280⑆6503524⑆

MF

345
 Request ID: 016945849
 Demande n°:
 Transaction ID: 061064285
 Transaction n°:
 Category ID: CT
 Catégorie:

Province of Ontario
 Province de l'Ontario
 Ministry of Government Services
 Ministère des Services gouvernementaux

Date Report Produced: 2016/05/11
 Document produit le:
 Time Report Produced: 15:39:30
 Imprimé à:

Certificate of Incorporation Certificat de constitution

This is to certify that

Ceci certifie que

GOLDEN DRAGON HO 11 INC.

Ontario Corporation No.

Numéro matricule de la personne morale en
 Ontario

002517884

is a corporation incorporated,
 under the laws of the Province of Ontario.

est une société constituée aux termes
 des lois de la province de l'Ontario.

These articles of incorporation
 are effective on

Les présents statuts constitutifs
 entrent en vigueur le

MAY 11 MAI, 2016



Director/Directeur

Business Corporations Act/Loi sur les sociétés par actions

345-Barber
 (Clarence)

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18945849Ontario Corporation Number
Numéro de la compagnie en Ontario
2517884

FORM 1

FORMULE NUMÉRO 1

BUSINESS CORPORATIONS ACT

LOI SUR LES SOCIÉTÉS PAR ACTIONS

ARTICLES OF INCORPORATION
STATUTS CONSTITUTIFS

1. The name of the corporation is: *Dénomination sociale de la compagnie:*
GOLDEN DRAGON RO 11 INC.
2. The address of the registered office is: *Adresse du siège social:*
532 MONTREAL ROAD Suite 110
(Street & Number, or R.R. Number & if Multi-Office Building give Room No.)
(Rue et numéro, ou numéro de la R.R. et, s'il s'agit d'édifice à bureau, numéro du bureau)
OTTAWA ONTARIO
CANADA K1K 4R4
(Name of Municipality or Post Office) *(Postal Code/Code postal)*
(Nom de la municipalité ou du bureau de poste)
3. Number (or minimum and maximum number) of directors is: *Nombre (ou nombres minimal et maximal) d'administrateurs:*
Minimum 1 Maximum 5
4. The first director(s) is/are: *Premier(s) administrateur(s):*
First name, initials and surname *Resident Canadian State Yes or No*
Prénoms, initiales et nom de famille Résident Canadien Oui/Non
Address for service, giving Street & No. *Domicile élu, y compris la rue et le*
or R.R. No., Municipality and Postal Code *numéro, le numéro de la R.R., ou le nom*
de la municipalité et le code postal
- * CHI YES
NO
532 MONTREAL ROAD Suite 110
OTTAWA ONTARIO
CANADA K1K 4R4

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5. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.
Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la compagnie.

None

6. The classes and any maximum number of shares that the corporation is authorized to issue:
Catégories et nombre maximal, s'il y a lieu, d'actions que la compagnie est autorisée à émettre:

The corporation is authorized to issue an unlimited number of Common shares and an unlimited number of Preference shares.

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:

1. The rights, privileges, restrictions and conditions attaching to the Common shares shall be as follows:

a) Voting

Entitled to receive notice of and vote at all meetings of shareholders except meetings at which only holders of a specified class of shares are entitled to vote;

b) Dissolution, liquidation or winding-up

Entitled to receive the remaining property of the corporation upon dissolution, liquidation or winding-up of the corporation, whether voluntary or involuntary; and

c) Dividends

Entitled, subject to the rights and privileges attaching to the Preference shares, to receive dividends as and when declared by the board of directors of the corporation.

2. The rights, privileges, restrictions and conditions attaching to the Preference shares shall be as follows:

a) Voting

Subject to the provisions of the Ontario Business Corporations Act or as otherwise expressly provided herein, the holders of Preference shares shall not be entitled to receive notice of, nor to attend or vote at meetings of the shareholders of the corporation;

b) Dissolution, liquidation or winding-up

Entitled to receive from the property of the corporation a sum equivalent to the aggregate Redemption Amount of all of the Preference shares held by them respectively before any amount shall be paid or any property of the corporation distributed to the holders of the Common shares. The holders of the Preference shares shall not be entitled to share in any further distribution of the property of the corporation. The holders of Common shares shall be entitled to receive the remaining property of the corporation.

c) Dividends

Entitled to receive dividends from time to time and in the absolute discretion of the directors, but always in preference and priority to any

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relative à chaque catégorie d'actions que peut être émise en série:

payment of dividends on the Common shares;

d) Redemption by Corporation

The Preference shares are redeemable as follows:

- 1) The corporation may, at any time and from time to time, and in the absolute discretion of the directors, redeem in whole or any part of the then outstanding Preference shares (such share or shares are referred to as the "Redeemed Share" or "Redeemed Shares");
- 2) The directors shall determine a reasonable procedure for such redemption, including the giving of notice, if any;
- 3) The Preference shares may be redeemed on a pro-rata basis or otherwise;
- 4) The redemption price shall be an amount per Redeemed Share equal to:
 - 1) the amount recorded in the stated capital account maintained in respect of the Preference shares at the particular time divided by the aggregate number of Preference shares outstanding at the particular time; and
 - ii) all declared and unpaid non-cumulative cash dividends on such share;

The aggregate redemption price is referred to, in the case of each registered holder, as the "Redemption Amount";

- 5) On or after the date specified for redemption (the "Redemption Date") the registered holders of the Redeemed Shares shall be entitled to payment of the Redemption Amount on presentation and surrender at the corporation's registered office or other place designated by the directors in the notice of redemption, of certificates for the Redeemed Shares, endorsed for transfer to the corporation;
- 6) If less than all of the Preference shares represented by any certificate are redeemed, the registered holder shall be entitled to receive a new certificate for the number of shares represented by the original certificate which are not redeemed;
- 7) From and after the Redemption Date, the holders of the Redeemed Shares shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of shareholders in respect of the Redeemed Shares unless the corporation has defaulted on payment of the Redemption Amount.

e) Retraction (Redemption by Holder)

The Preference shares are retractable as follows:

- 1) The holders of Preference shares shall be entitled to require the corporation to redeem, at any time and from time to time, all or any of the Preference shares registered in the name of such holder (such share or shares are referred to as the "Retracted Share" or "Retracted Shares");
- 2) A Certificate or Certificates for the Retracted Shares, endorsed for

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7. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series: *Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions que peut être émise en série:*

transfer to the corporation, shall be tendered to the corporation at the registered office of the corporation together with a notice in writing specifying

1) that the registered holder desires to have the Preference shares represented by such certificate(s) redeemed, or the number of shares which the holder desires to have redeemed if such number is less than the total number of shares represented by the certificate(s), and

ii) the business day ("Retraction Date") on which the holder desires to have the corporation redeem such shares;

3) The Retraction Date shall not, without the consent in writing of the corporation, be less than 30 days after the day on which the notice in writing is given to the corporation.

4) The corporation shall redeem the Retracted Shares on the Retraction Date;

5) The retraction price shall be the Redemption Amount;

6) If less than all of the Preference shares represented by any certificate are redeemed, the registered holder shall be entitled to receive a new certificate for the number of shares represented by the original certificate which are not redeemed;

7) From and after the Retraction Date, the holders of the Retracted Shares shall cease to be entitled to dividends and shall not be entitled to exercise any of the rights of shareholders in respect of the Retracted Shares unless the corporation has defaulted on payment of the Redemption Amount.

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8. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:
L'émission, le transfert ou la propriété d'actions est/n'est pas restreinte. Les restrictions, s'il y a lieu, sont les suivantes:

The right to transfer shares of the corporation shall be restricted in that no shareholder shall be entitled to transfer any share or shares of the corporation without either:

- a) the directors of the corporation expressed by resolution passed by the votes cast by a majority of the directors of the corporation at a meeting of the board of directors or signed by all of the directors of the corporation; or
- b) the shareholders of the corporation expressed by resolution passed by the votes cast by a majority of the shareholders who voted in respect of the resolution or signed by all shareholders entitled to vote on that resolution.

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9. Other provisions, (if any, are):

Autres dispositions, s'il y a lieu:

a) The corporation's securities, other than nonconvertible debt securities, shall not be transferred without either:

- i) the sanction of a majority of the directors of the corporation; or
- ii) the sanction of a majority of the shareholders of the corporation, or alternatively
- iii) if applicable, the restriction contained in security holders' agreements.

b) If authorized by by-law which is duly adopted by the directors and confirmed by ordinary resolution of the shareholders, the directors of the corporation may from time to time:

- i) borrow money upon the credit of the corporation;
- ii) issue, reissue, sell, pledge or hypothecate debt obligations of the corporation;
- iii) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the corporation, owned or subsequently acquired to secure any debt obligation of the corporation;
- iv) subject to the Act, give a guarantee on behalf of the corporation to secure performance of an obligation of any person; and
- v) by resolution, delegate to one or more of the directors of the corporation all or any of the foregoing powers.

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- 1). The names and addresses of the incorporators are
Nom et adresse des fondateurs

First name, initials and last name
or corporate name

Prénoms, initiales et nom de
famille ou désignation sociale

Full address for service or address of registered office or of principal place of business
giving street & No. or R.R. No., municipality and postal code
Domicile élu, adresse du siège social ou adresse de l'établissement principal, y compris
la rue et le numéro, le numéro de la R.R., le nom de la municipalité et le code postal

CHI HC

532 MONTREAL ROAD Suite 110

OTTAWA ONTARIO
CANADA K1K 4R4

TIME RECEIVED	CALLER ID	DURATION	PAGES	STATUS
December 19, 2017 at 4:27:43 PM EST	6132250921	164	1 / 4	Received
From:Clermont Clausi Gardiner & ASS	To:14165935437	12/19/2017 16:29		#986 P.001/004

Clermont Clausi Gardiner & Associates

Lawyers & Notaries Public
Associates-at-Law

Christopher E. Clermont, B.A. LL.B.
Alan J. Clausi, B.A. (Hons.) LL.B.
David M. Gardiner, B.A. LL.B.
Sean Giovannetti, B.A. (Hons.) LL.B.

1447 Woodroffe Avenue
Ottawa, Ontario K2G 1W1
Telephone: (613) 225-0037
Facsimile: (613) 225-0921
E-Mail: angie@ccglaw.ca

December 15, 2017

By Fax No. 416 593-5437

Blaney McMurtry LLP
Barristers & Solicitors
1500-2 Queen Street East
Toronto, Ontario
M5C 3G5

Attention: Eric Golden

Dear Sir or Madam:

Re: Zaroo's Developer's Ltd. (Syed) purchase from Golden Dragon Ho. 10 Inc.
347 Barber Street (formerly 86 Beausoleil Drive), Ottawa
Closing Date: December 20, 2017
My File No.: 17-220

I am acting on behalf of the purchaser in the above transaction and I understand that you are acting for Deloitte and First National mortgagees.

I understand an Agreement of Purchase and Sale is being negotiated at this time. I have not been provided with a copy but would appreciate receiving same at your earliest opportunity. I have left messages for the parties representing the various lenders, but have not received any return calls. May you please advise to the status of this sale?

Without prejudice to the rights of my client under the anticipated Agreement of Purchase and Sale, and reserving the right to submit such further and other requisitions as may be deemed necessary from time to time as well as the right to waive any or all of them, I wish to raise the following requisitions:

1. REQUIRED: Draft Deed/Transfer of Land (please forward to Angela Lynn Milne).

TIME RECEIVED	CALLER ID	DURATION	PAGES	STATUS
December 19, 2017 at 4:27:43 PM EST	6132250921	164	2 /4	Received
From:Clement Clausi Gardine& ASS	To:14165935437	12/19/2017 16:30		#986 P.002/004

- 2 -

2. REQUIRED: An up-to-date survey of the subject lands. Please advise immediately if one is not available.
3. REQUIRED: Statement of Adjustments, in duplicate.
4. REQUIRED: On or before closing, satisfactory evidence of compliance with the following legislation:
 - a) The Family Law Act, Ontario;
 - b) Section 116 of the Income Tax Act, Canada;
 - c) The Planning Act, Ontario, including completion of the Planning Act statements in the Deed/Transfer of Land;
 - d) The Construction Lien Act, Ontario.
5. REQUIRED: On or before closing, satisfactory evidence that there are no executions affecting title to the subject property.
6. REQUIRED: On or before closing, production and delivery of evidence that all buildings situate on the lands herein are located entirely within the limits thereof, that possession has been consistent with registered title to the property and that there are no encumbrances, liens, rights of way, easements, encroachments, restrictions, or agreements of any kind affecting the property which are not disclosed by the registered title.
7. REQUIRED: On or before closing, evidence that there are no work orders outstanding and that the lands and premises and all structures erected thereon comply with all by-laws, standards and regulations enacted or passed by the City of Ottawa and any other governmental body or department having jurisdiction thereover.
8. REQUIRED: On or before closing, evidence that:
 - a) there are no arrears of municipal taxes or other municipal charges or assessments, including penalties, and that taxes have been paid in accordance with the Statement of Adjustments;
 - b) payment of water, hydro, and gas are not in arrears and that each shall be paid to the date of closing;
9. REQUIRED: On or before closing, satisfactory evidence that the property has not been insulated with urea-formaldehyde foam insulation.

TIME RECEIVED	CALLER ID	DURATION	PAGES	STATUS
December 19, 2017 at 4:27:43 PM EST	6132250921	164	3 /4	Received
From:Clement Clausi Gardine& ASS	To:14165935437	12/19/2017 16:31		#986 P.003/004

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10. REQUIRED: On or before closing, satisfactory evidence that the fixtures affixed to the lands and buildings, and the chattel property included in the purchase price are the property of the vendor and are not subject to any conditional sales contract, chattel mortgage or lien note and that the vendor is the absolute owner of all such fixtures and chattels, free of any encumbrances.
11. REQUIRED: An opportunity for my client to perform a final inspection of the premises.
12. REQUIRED: On closing, keys and vacant possession of all units on the property.
13. REQUIRED: On or before closing, the vendor shall credit each tenant directly with applicable interest
14. REQUIRED: On or before closing, satisfactory evidence that there are no outstanding rent review procedures current or pending.
15. REQUIRED: On or before closing, the vendor's acknowledgment that it is responsible and liable for all disputes between the vendor and tenants, whether before the Landlord and Tenant Tribunal or otherwise, including but not limited to damages, orders, costs and fees occurring as a result of any proceeding or dispute between the vendor and its tenants.
13. REQUIRED: Insertion of the PIN Number for the property, being 04213-0302, into Box 3 of the Transfer.
14. Instrument No. LT1219325 is a Lease of Chattels registered August 11, 1999 from Quex Property Corporation in favour of The Consumers' Gas Company Ltd. securing the principal sum of \$1,340.00.

REQUIRED: On or before closing, production and registration of the necessary documentation to remove this Notice of Lease, and any associated instruments, from title.
15. Instrument No. OC654524 is a charge registered October 27, 2006 from Quex Property Corporation in favour of City of Ottawa and Her Majesty the Queen in right of Ontario securing the principal sum of \$1,805,004.00. In addition Instrument No. OC654527 is a Notice of Security, Instrument Nos. OC1474005, OC1474006, OC1474007, OC1474008, OC1474009, OC1474010 are Postponements of Interest and OC654525 is an Assignment of Rents

REQUIRED: On or before closing, production and registration of a good and valid discharge of this Mortgage/Assignment of Rents/Notice of Security Interest. If this is the mortgage which our client is to assume, then we will require a current mortgage statement for assumption purposes and your Statement of Adjustments and showing the mortgage to be in current standing.

TIME RECEIVED	CALLER ID	DURATION	PAGES	STATUS
December 19, 2017 at 4:27:43 PM EST	6132250921	164	4 /4	Received
From:Clement Clausi Gardine& ASS	To:14165935437	12/19/2017 16:31		#986 P.004/004

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- 16. Instrument No. OC839857 is a charge registered April 9, 2008 from Quex Property Corporation in favour of First National Financial GP Corporation securing the principal sum of \$1,584,000.00. In addition Instrument No. OC839868 is a Notice of Security Interest and Instrument No. OC839858 is an Assignment of Rents.

REQUIRED: On or before closing, production and registration of a good and valid discharge of this Mortgage/Assignment of Rents/Notice of Security Interest. If this is the mortgage which our client is to assume, then we will require a current mortgage statement for assumption purposes and your Statement of Adjustments and showing the mortgage to be in current standing.

- 20. Instrument No. OC839869 is a charge registered April 9, 2008 from Quex Property Corporation in favour of First National Financial GP Corporation securing the principal sum of \$1,080,000.00. In addition Instrument No. OC839879 is a Notice of Security Interest and Instrument No. OC839870 is an Assignment of Rents.

REQUIRED: On or before closing, production and registration of a good and valid discharge of this Mortgage, Notice of Security Interest and Assignment of Rents.

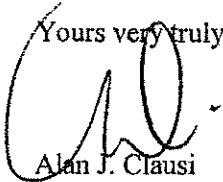
- 21. Instrument No. OC1512213 is a Notice of Lease registered August 27, 2013 from Quex Property Corporation in favour of TM Mobile Inc..

REQUIRED: On or before closing, production and registration of the necessary documentation to remove this Notice of Lease, and any associated instruments, from title.

- 22. Instrument No. OC1939617 is a Court Order registered October 13, 2017 from Ontario Superior Court of Justice in favour of First National Financial GP Corporation.

REQUIRED: On or before closing, production and registration of a good and valid discharge of this Mortgage.

Yours very truly,



Alan J. Clausi

AJC:am

TAB E

APPENDIX “E”

J.S. NAPIORKOWSKI –CONSULTANT
P.O. Box 23120, Fairlawn Plaza PO
Ottawa, Ontario K2A 1H1
Office: (613) 721-0761 Cell: (613) 581-3601
E:Mail: napiorkowski.john@gmail.com WE WORK AND BLEND WITH NEIGHBOURS AND NEIGHBOURHOODS/CITY OF OTTAWA

Deloitte

April 9th, 2018

22 Adelaide Street W.

Suite 200,

Toronto, Ontario M5H 0A9

Attn: Mr. John Saunders

Re: 345 Barber Street

Sir:

I did confirm receiving your cheque, finally, last week. Thank you.

After much consideration and scanning the court order and direction to Deloitte, I prefer not to participate further in the proposal to reinstate the building to it's original state in the manner suggested. It seems procedures are more important than results and after my last discussion with John Tweedie, I will not subordinate myself with a very serious re-build manner, to a property manager, with all due respect.

I have suffered indignity by Chi Van Ho and loss of money together with very serious O.B.C. infractions compromising the building tenant's safety and inconvenience.

My offer was sincere to complete the mess Chi Van Ho created, with total dedication and industry, respecting all applicable building codes, Ontario and all authorities in jurisdiction engaging professionals in all disciplines with chosen individuals and contractors, in a timely manner.

If you choose to please the COURT and its ambiguous instructions/direction. I'll prefer no part in it.

I ATTEND PRE-PURCHASE DUE DILIGENCE AND PROPERTY CONDITION ASSESSMENT USING ASTM GUIDE FOR PROPERTY CONDITION REPORTING (E218-08) - DESIGN AND CONSTRUCTION SERVICES – PROPERTY MANAGEMENT – PHYSICAL PLANT – IMPLEMENTATION.

Page 2.

Also, I have been made aware, by hearsay, that Chi Van Ho sold the entire ownership of the building holding company for some \$50,000 to an Ottawa businessman. This makes me nervous of future complications. I don't want to spend the little money I could make here on lawyers, for a number of reasons.

By that, and with respect, I decline to be further engaged, together with my selected group of contractors and professionals.

Regards,

J.S. Napiorkowski ----- Consultant

TAB F

APPENDIX “F”

From: Mario Grandinetti
To: Saunders, John (CA - Ottawa)
Cc: "John Tweedie"; Bricks, Hartley (CA - Toronto); Haghiri, Julie (CA - Toronto); Koroneos, Anna (CA - Toronto)
Subject: RE: First National and 345 and 347 Clarence, Ottawa re Interim Receivership Application returnable Sep 22
Date: Tuesday, October 10, 2017 1:47:05 PM

Hi John,

This is correct. I will call you shortly.

Regards,

Mario Grandinetti



"Committed to Excellence...Committed to You."

Tel: 613 822-1840 ex.324

Cell: 613 223-7521

Fax: 613 822-7436

mario@eastwoodconstruction.ca

www.eastwoodconstruction.ca

From: Saunders, John (CA - Ottawa) [mailto:jsaunders@deloitte.ca]
Sent: Tuesday, October 10, 2017 1:33 PM
To: Mario Grandinetti <mario@eastwoodconstruction.ca>
Cc: John Tweedie <john.tweedie@clvgroup.com>; Bricks, Hartley (CA - Toronto) <hbricks@deloitte.ca>; Haghiri, Julie (CA - Toronto) <jhaghiri@deloitte.ca>; Koroneos, Anna (CA - Toronto) <akoroneos@deloitte.ca>
Subject: RE: First National and 345 and 347 Clarence, Ottawa re Interim Receivership Application returnable Sep 22

Hi Mario,

Further to our recent call and your e-mail below, I wish to confirm that Deloitte Restructuring Inc. was appointed Interim Receiver (the "Receiver") of the above noted properties owned by Golden Dragon Ho 10 Inc. and Golden Dragon Ho 11 Inc., pursuant to an Order of the Superior Court of Justice. A copy of this Order was previously provided to Mr. Carlo Grandinetti of your office.

Further to our discussion, I confirm that the tiling work you propose to complete today has been prepaid in full (including labour and materials), and that no charges will be billed to CLV Group Inc. or the Receiver for any such work. If this is incorrect, please contact us immediately and do not proceed with the tiling work.

With respect to the incomplete work described below, please do not proceed with any such work without the prior written consent of CLV Group Inc. or the Receiver.

If you have any questions, please contact me.

Thank you.

John

John Saunders, CPA, CA, CIRP

Licensed Insolvency Trustee
Senior Vice-President | Deloitte Restructuring Inc.
1600-100 Queen Street, Ottawa, Ontario, K1P 5T8
D: (613) 751-5303 | F: (613) 714-9660
jsaunders@deloitte.ca | deloitte.ca

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of the Canadian Olympic team

Please consider the environment before printing.

From: Mario Grandinetti [<mailto:mario@eastwoodconstruction.ca>]
Sent: Tuesday, October 10, 2017 12:44 PM
To: Saunders, John (CA - Ottawa) <jsaunders@deloitte.ca>
Subject: FW: First National and 345 and 347 Clarence, Ottawa re Interim Receivership Application returnable Sep 22

Hello John

As per our conversation please be advised that we have completed the following work and have been paid in full

Work Completed at Lobby

Backing before drywall

Drywall and plaster

Floor levelling

Install ceramic tile at walls, floors and steps

Electrical rough in only

Payment to Dragona Tile regarding back order

HST Included

Total

\$38,386.75

Incomplete work

Glass enclosures

Light fixturing

Soffit at front to building

Final coat of painting

Please contact me if you should have any further questions.

Best Regards,

Mario Grandinetti



"Committed to Excellence...Committed to You."

Tel: 613 822-1840 ex.324

Cell: 613 223-7521

Fax: 613 822-7436

mario@eastwoodconstruction.ca

www.eastwoodconstruction.ca

From: Chi Ho [<mailto:chi.ho@chisuites.com>]

Sent: Friday, October 6, 2017 11:01 PM

To: Mario Grandinetti <mario@eastwoodconstruction.ca>; Paul Gibson <accesscapitalone@yahoo.ca>

Subject: Fwd: First National and 345 and 347 Clarence, Ottawa re Interim Receivership Application returnable Sep 22

FYI. Chi Ho

Sent from my iPhone

Begin forwarded message:

From: "pascale@gate.net" <pascale@gate.net>

Date: September 26, 2017 at 10:18:36 AM EDT

To: Chi Ho <chi.ho@chisuites.com>

Subject: Re: First National and 345 and 347 Clarence, Ottawa re Interim Receivership Application returnable Sep 22

Chi to help with financing at clarence the buyer wants to rent the remaining units. 40% vacancy reduce financing capacity. To do so i will need to prepare a lease agreement between his company and yours. Will u b reachable today as this agreement needs to b signed today as tenants will move in today.

Sent from my LG Mobile

----- Original message-----

From: Chi Ho

Date: Tue, Sep 26, 2017 7:19 AM

To: pascale;

TAB G

APPENDIX “G”

From: Dave Hayward <dave.hayward@clvgroup.com>
Sent: Wednesday, June 27, 2018 9:40 AM
To: Saunders, John (CA - Ottawa) <jsaunders@deloitte.ca>; John Tweedie <john.tweedie@clvgroup.com>
Subject: RE: First National and Deloitte; 345 and 347 Clarence, Ottawa re Motion Record returnable June 11, 2018 [Court file #CV-17-73967]

Morning,
I heard nothing from Bob regarding this. But this is not surprising.

Dave

DAVE HAYWARD
Property Manager

CLV Group Inc.
485 Bank Street, Suite 200
Ottawa, ON K2P 1Z2
o 613 604-0624
f 613 728-2978
e dave.hayward@clvgroup.com
w www.clvgroup.com

From: Chi Ho [<mailto:chi.ho@chisuites.com>]
Sent: Wednesday, June 27, 2018 9:37 AM
To: Dave Hayward <dave.hayward@clvgroup.com>
Cc: Saunders, John (CA - Ottawa) <jsaunders@deloitte.ca>; John Tweedie <john.tweedie@clvgroup.com>
Subject: Re: First National and Deloitte; 345 and 347 Clarence, Ottawa re Motion Record returnable June 11, 2018 [Court file #CV-17-73967]

We have been there already. We did not hear from you so we took an initiative and arrange with the old superintendent and told him it was ok with you. Thank you very much. Chi Ho

Sent from my iPhone

On Jun 27, 2018, at 8:40 AM, Dave Hayward <dave.hayward@clvgroup.com> wrote:

Good morning Mr. Ho,
Are you still planning on meeting us at the building to walk through the 20 construction units ?
Please advise so we can arrange this for you.

Regards,
Dave

DAVE HAYWARD
Property Manager

CLV Group Inc.
485 Bank Street, Suite 200
Ottawa, ON K2P 1Z2
o 613 604-0624
f 613 728-2978
e dave.hayward@clvgroup.com
w www.clvgroup.com

From: John Tweedie
Sent: Wednesday, June 13, 2018 4:19 PM
To: Chi Ho <chi.ho@chisuites.com>
Cc: Dave Hayward <dave.hayward@clvgroup.com>; Saunders, John (CA - Ottawa) <jsaunders@deloitte.ca>
Subject: RE: First National and Deloitte; 345 and 347 Clarence, Ottawa re Motion Record returnable June 11, 2018 [Court file #CV-17-73967]

Hello Mr. Ho,

We would be available to meet the morning of Friday, June 15, 2018, at 9:00am or later if need be.
Please confirm if this works for you as well.

Regards,

John Tweedie
Regional Property Manager

CLV Group Inc.
485 Bank Street, Suite 200
Ottawa, ON, K2P 1Z2
t 613-604-0611
Ext: 613-722-6004x271
w www.clvgroup.com
e john.tweedie@clvgroup.com
<image003.png>

From: Saunders, John (CA - Ottawa) [<mailto:jsaunders@deloitte.ca>]
Sent: Wednesday, June 13, 2018 4:05 PM
To: Chi Ho <chi.ho@chisuites.com>
Cc: John Tweedie <john.tweedie@clvgroup.com>; Dave Hayward <dave.hayward@clvgroup.com>
Subject: RE: First National and Deloitte; 345 and 347 Clarence, Ottawa re Motion Record returnable June 11, 2018 [Court file #CV-17-73967]

Hi Mr. Ho,

I have asked John Tweedie and/or Dave Hayward of CLV to contact you in order to arrange a time for you and your associates to inspect the 20 vacant units requiring repairs/renovations.

Regards,

John

John Saunders, CPA, CA, CIRP
 Licensed Insolvency Trustee
 Senior Vice-President | Deloitte Restructuring Inc.
 1600-100 Queen Street, Ottawa, Ontario, K1P 5T8
 D: (613) 751-5303 | F: (613) 714-9660
jsaunders@deloitte.ca | deloitte.ca

From: Saunders, John (CA - Ottawa) [<mailto:jsaunders@deloitte.ca>]
Sent: June 13, 2018 3:31 PM
To: John Tweedie; Dave Hayward
Cc: Bricks, Hartley (CA - Toronto); Eric Golden; Chad Kopach
Subject: FW: First National and Deloitte; 345 and 347 Clarence, Ottawa re Motion Record returnable June 11, 2018 [Court file #CV-17-73967]

Hi John and Dave,

See e-mail below. Please make arrangements to allow Chi Ho and his associates to inspect the 20 units at the property requiring repairs/renovations (under your supervision).

Thanks

John

John Saunders, CPA, CA, CIRP
 Licensed Insolvency Trustee
 Senior Vice-President | Deloitte Restructuring Inc.
 1600-100 Queen Street, Ottawa, Ontario, K1P 5T8
 D: (613) 751-5303 | F: (613) 714-9660
jsaunders@deloitte.ca | deloitte.ca

From: Chi Ho <chi.ho@chisuites.com>
Sent: Wednesday, June 13, 2018 1:04 PM
To: Saunders, John (CA - Ottawa) <jsaunders@deloitte.ca>; Martin Diegel <martin@martindiegel.com>
Subject: Fwd: First National and Deloitte; 345 and 347 Clarence, Ottawa re Motion Record returnable June 11, 2018 [Court file #CV-17-73967]

Hi John

As per Judge ordered on Monday July 11/2018. We would like to ask for your permission to allow us or our representative to come into the buildings to assess all the empty repair units to provide the estimate for the renovation. Please advise CLV Group so that we can come back to the building. Thank you very much for your help. Chi Van Ho

Sent from my iPhone

Begin forwarded message:

From: Chiho <chiho_orcc@yahoo.com>
Date: June 13, 2018 at 12:58:08 PM EDT
To: Martin Diegel <martin@martindiegel.com>
Cc: Chi Ho <Chi.ho@chisuites.com>, Ahmed Syed <ahmed.ali.syed@hotmail.com>
Subject: Re: First National and Deloitte; 345 and 347 Clarence, Ottawa re Motion Record returnable June 11, 2018 [Court file #CV-17-73967]

Do you have John Saunders contact phone or email address? Please forward my email to him. Thank you. Chi Ho

Sent from my iPhone

On Jun 13, 2018, at 12:50 PM, Martin Diegel <martin@martindiegel.com> wrote:

Chi contact John Saunders directly to get this done otherwise it will take longer going through the lawyers
 If it is a problem then let me know

Martin Diegel
 Barrister and Solicitor
 342 MacLaren Street
 Ottawa, Ontario, K2P 0M6
 Telephone: 613-567-0235, Ext. 201
 Fax: 613-440-0900

Email: martin@martindiegel.com
 Website: www.martindiegel.com

From: Chiho <chiho_orcc@yahoo.com>
Sent: Wednesday, June 13, 2018 12:32:51 PM
To: Martin Diegel
Cc: Chi Ho; Ahmed Syed
Subject: Re: First National and Deloitte; 345 and 347 Clarence, Ottawa re Motion Record returnable June 11, 2018 [Court file #CV-17-73967]

Hi Martin

We need an approval from the Receiver to allow us to go back to the properties to do all the assessment for these units. Chi Ho

Sent from my iPhone

On Jun 13, 2018, at 5:58 AM, Martin Diegel <martin@martindiegel.com> wrote:

see below and attached

Martin Diegel
 Barrister and Solicitor
 342 MacLaren Street
 Ottawa, Ontario, K2P 0M6

Telephone: 613-567-0235, Ext. 201
 Fax: 613-440-0900
 Email: martin@martindiegel.com
 Website: www.martindiegel.com

From: Chad Kopach <ckopach@blaney.com>
Sent: Tuesday, June 12, 2018 8:25 PM
To: 'Chi.ho@chisuites.com'; 'Lynn Jaffray'; 'service@chisuites.com'; 'lisa.bilow@chisuites.com'; 'diana.lacasse@chisuites.com'; 'kwhitehead@ainwhitehead.com'; 'garrettr@solowaywright.com'; 'Lisa.Goodfellow@ottawa.ca'; 'Jason.Cooke@ontario.ca'; "Whitty, Brent (MHO)" (Brent.Whitty@ontario.ca); 'kevin.hickman@telus.com'; "diane.winters@justice.gc.ca" (diane.winters@justice.gc.ca); "kevin.ohara@ontario.ca" (kevin.ohara@ontario.ca); "Bricks, Hartley (CA - Toronto)" (hbricks@deloitte.ca); 'dpreger@dickinsonwright.com'; 'htanner@piazalaw.com'; 'aferguson@mbclaw.ca'; Martin Diegel
Cc: Eric Golden; Patricia L. Keane; Elaine Persaud
Subject: RE: First National and Deloitte; 345 and 347 Clarence, Ottawa re Motion Record returnable June 11, 2018 [Court file #CV-17-73967]

Good evening.

I attach the issued and entered order of Justice Hackland dated June 11, 2018. His Honour signed the order in the form attached to the Motion Record, with a modification to paragraph 3 to, among other things, delay by two weeks the Interim Receiver's retainer of the contractor to remediate the remaining units at the subject property. His Honour did not make a written endorsement, but the reason for the

modification is to allow Chi Van Ho an opportunity to present the Interim Receiver with an alternative proposal for the remediation work.

Chad Kopach

Partner

ckopach@blaney.com

416-593-2985 | 416-594-5095

TAB H

APPENDIX “H”



June 7, 2018

Re: **Mortgage No. : 509417**
Mortgagor : Golden Dragon Ho 11 Inc.
Property : 345 Clarence Street, Ottawa, ON

The above captioned mortgage is in arrears as follows as at June 11, 2018. Note: 11 payments are past due from July 15, 2017 to May 15, 2018:

Installment Payments	
Principal	\$ 53,642.51
Interest	\$ 213,046.01
Property Tax Component	\$ 188,104.88
Accrued Late Interest as of June 7, 2018	\$ 833.65
Expenses/Fees	
Collection/NSF Fees	\$ 511.35
Forced Placed Insurance	\$ 2,818.44
*Legal Fees – Paid to April 30, 2018	\$ 104,120.55
Building Condition Report - Paid	\$ 1,836.25
Appraisal Report – Billed – Paid	\$ 3,517.12
PM Fees – Attornment - September – Paid	\$ 5,367.50
*Receiver – Advances (covers Deloitte Fees to Oct 20, 2017)	\$ 100,000.00
Total Arrears	\$ 673,798.26

Per Diem late interest @ \$36.25

***Further expenses continue to be incurred.**

NOTE: The next monthly payment of \$40,615.54 (includes P&I, and Tax) is due June 15, 2018. The above amounts will change as of that date.

Note: The tax payments are collected and paid on this loan for both 345/347 Clarence.

Nicola Hume
Analyst, Commercial Default Management
E.& O.E



June 7, 2018

Re: **Mortgage No.** : 509531
Mortgagor : Golden Dragon Ho 10 Inc.
Property : 347 Clarence Street, Ottawa, ON

The above captioned mortgage is in arrears as follows as at June 7, 2018. Note: 10.1 payments are past due from July 15, 2017 (partial) to May 15, 2018:

Installment Payments	
Principal	\$ 8,848.80
Interest	\$ 75,982.06
Reserve Component	\$ 9,618.51
Accrued Late Interest as of June 7, 2018	\$ 273.61
Expenses/Fees	
Collection/NSF Fees	\$ 500.00
Forced Placed Insurance	\$ 310.93
*Legal Fees – Paid to April 30, 2018	\$ 104,120.50
Building Condition Report - Paid	\$ 1,836.25
Appraisal Report – Billed – Paid	\$ 3,517.13
PM Fees – Attornment – September – Paid	\$ 5,367.50
*Receiver – Advances (covers Deloitte Fees to Oct 20, 2017)	\$ 100,000.00
Total Arrears	\$ 310,375.29
Reserve Credit balance	(\$37,967.86)

Per Diem late interest @ \$12.82

***Further expenses continue to be incurred.**

NOTE: The next monthly payment of \$9,265.39 (includes P&I, and Replacement Reserve payment component) is due June 15, 2018.

Yours truly,

Nicola Hume
Analyst, Commercial Default Management
E.& O.E

June 7, 2018

Re: **Mortgage No. : 509532**
Mortgagor : Golden Dragon Ho 10 Inc.
Property : 347 Clarence Street, Ottawa, ON

The above captioned mortgage is in arrears as of June 7, 2018 as follows. Note: 10.1 payments are past due from July 15, 2017 (partial) to May 15, 2018::

Installment Payments	
Principal	\$ 42,302.75
Interest	\$ 34,757.29
Accrued Late Interest as of June 7, 2018	\$ 267.94
Collection/NSF Fees	\$ 500.00
Forced Placed Insurance	\$ 471.54
*Note: All other expenses for 347 Clarence paid on 509531	
Total Arrears	\$ 78,299.52

Per Diem late interest @ \$11.65

NOTE: The next monthly payment of \$7,504.84 (includes P&I only) is due June 15, 2018. The above amounts will change as of that date.

Yours truly,

Nicola Hume
Analyst, Commercial Default Management
E.& O.E

FIRST NATIONAL FINANCIAL GP CORPORATION
Applicant

and

GOLDEN DRAGON HO 10 INC. et al.
Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at **OTTAWA**

**MOTION FOR DIRECTIONS
(RETURNABLE JULY 9 2018)**

BLANEY MCMURTRY LLP
Barristers & Solicitors
2 Queen Street East, Suite 1500
Toronto ON M5C 3G5

Eric Golden (LSUC #38239M)
(416) 593-3927 (Tel)
(416) 596-2049 (Fax)
Email: egolden@blaney.com

Chad Kopach (LSUC #48084G)
(416) 593-2985 (Tel)
(416) 594-5095 (Fax)
Email: ckopach@blaney.com

Lawyers for the the Interim Receiver