

**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 RECORD

May 13, 2019

CONWAY BAXTER WILSON LLP

400 - 411 Roosevelt Avenue
Ottawa, ON K2A 3X9

Colin S. Baxter LSO #33574P

Email: cbaxter@conway.pro

Kevin Caron LSO# 71894C

Email: kcaron@conway.pro

Tel: (613) 780-2013

Fax: (613) 688-0271

Lawyers for Liahona Mortgage Investment
Corp.

ONTARIO
SUPERIOR COURT OF JUSTICE

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I N D E X

TAB	DESCRIPTION
1.	Notice of Motion
2.	Affidavit of Aaron Rumley
A.	Copy of the registered charge against the title to 345 Barber in the amount of \$2,900,000.00
B.	Copy of the Default Judgment dated June 6, 2017
C.	Copy of the Mortgage Statement for Discharge Purposes dated May 13, 2019
D.	Copy of email from Martin Diegel to Eric Golden dated January 29, 2019

Tab 1

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

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R.S.C. 1985, C. B-3, as amended

NOTICE OF MOTION

Liahona Mortgage Investment Corporation ("**Liahona**"), in its capacity as an interested party in this application, will make a motion to the Honourable Justice Hackland at 2:00pm on Tuesday, May 21, 2019 at the Courthouse at 171 Elgin Street, Ottawa, Ontario.

PROPOSED METHOD OF HEARING: the Motion is to be heard

in writing under subrule 37.12.1(1) because it is;

in writing as an opposed motion under subrule 37.12.1(4);

orally.

THIS MOTION IS FOR:

1. an Order abridging the time for service and filing of this Notice of Motion and Liahona's Motion Record such that the Motion is properly returnable on May 21, 2019 and dispensing with further service thereof;
2. an Order expanding Deloitte Restructuring Inc.'s ("**the Receiver's**") mandate in its capacity as interim receiver of the lands and premises known municipally as 345 Barber Street, Ottawa, Ontario ("**345 Barber**") and 347 Barber Street, Ottawa, Ontario ("**347 Barber**") (collectively "**the Property**") to authorize it to conduct a marketing and sale process to realize on the Property;
3. an Order authorizing the Receiver to enter a listing agreement with CBRE Group Inc. ("**CBRE**") with respect to the Property;
4. an Order approving the Receiver's marketing and sale process as set out in the Receiver's Sixth Report; and
5. such further and other relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE:

1. The Property is comprised of two adjoining multi-unit apartment buildings that consist of 110 units in total. The buildings operate as one complex and are connected on every floor except the basement.
2. Liahona holds a second mortgage over 345 Barber in the amount of \$2.9 million.

3. On June 15, 2017, Liahona obtained default judgment against the Respondent, Golden Dragon Ho 11 Inc. (“**GDH11**”), in the amount of \$3.033 million, together with judgment for possession of 345 Barber. Liahona may exercise power of sale proceedings pursuant to this judgment.
4. The Receiver was appointed by an Order of this Honourable Court dated September 22, 2017. The Receiver’s mandate included repairing and stabilizing the Property.
5. The Receiver has repaired and stabilized the Property. Occupancy levels have returned to normal or near maximum levels. As of April 1, 2019, the Property is 96% occupied and generating monthly income of approximately \$87,964.00.
6. Notwithstanding, Liahona has not received any payment pursuant to its second mortgage registered against the title 345 Barber. The Respondent remains in default of Liahona’s mortgage and the principal sum of \$2.9 million remains outstanding.
7. There is no prospect that Liahona will receive any payment from the Receiver against its loan. As such, Liahona will be unable to realize on its security unless the Property is marketed and sold.
8. The Receiver agrees that the Property should be marketed and sold.
9. The Applicant, First National Financial GP Corporation (“**FN**”), holds a first mortgage over the Property. FN does not oppose the sale of the Property, subject to certain conditions. Liahona agrees with FN’s conditions.

10. The Respondents have indicated that they do not oppose the marketing and sale of the Property in principle.
11. The Receiver has developed a plan to market and sell the Property, which includes retaining CBRE as a real estate broker. Liahona agrees and supports the Receiver's plan.
12. Rules 1.04, 2.01, 3.02, 37, 41.02, 41.03 and 41.05 of the *Rules of Civil Procedure*, section 101 of the *Courts of Justice Act* and section 47 of the *Bankruptcy and Insolvency Act*.
13. Such further 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 affidavit of Aaron Rumley, sworn May 13, 2019.
2. Such further and other materials as counsel may advise and this Honourable Court may permit.

May 13, 2019

CONWAY BAXTER WILSON LLP
400 - 411 Roosevelt Avenue
Ottawa, ON K2A 3X9

Thomas G. Conway LSO#: 29214C
tconway@conway.pro
Colin S. Baxter LSO#: 33574P
cbaxter@conway.pro
Tel: (613) 288-0149
Fax: (613) 688-0271

Lawyers for Liahona Mortgage Investment
Corp.

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

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

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

Lawyers for the Applicant and the Interim Receiver

AND TO: DICKINSON WRIGHT LLP
Barristers & Solicitors
199 Bay Street
Suite 2200, P. O. Box 447
Commerce Court Postal Station
Toronto, Ontario, M5L 1G4

DAVID P. PREGER (36870L)
Email: dpreger@dickinsonwright.com
Tel: (416) 646-4606

SAHAR CADILI (58847O)
Email: scadili@dickinsonwright.com
Tel: (416) 646-6875

Fax: (844) 670-6009

Lawyers for the Interim Receiver, Deloitte Restructuring Inc.

AND TO: **GOLDEN DRAGON HO 10 INC.**
384 Bank Street, Unit 300A
Ottawa, ON K2P 1Y4

Email: service@chisuites.com
Email: lynn.jaffray@chisuites.com
Email : chi.ho@chisuites.com
Email : lisa.bilow@chisuites.com

AND TO: **GOLDEN DRAGON HO 11 INC.**
384 Bank Street, Unit 300A
Ottawa, ON K2P 1Y4

Email: service@chisuites.com
Email: lynn.jaffray@chisuites.com
Email : chi.ho@chisuites.com
Email : lisa.bilow@chisuites.com

AND TO: **CHI VAN HO**
532 Montreal Road, Suite 110
Ottawa, ON K1K 4R4
Email: chi.ho@chisuites.com

AND TO: **MINISTRY OF HOUSING**
Housing Programs Branch
777 Bay Street, 2nd Floor
Toronto, ON M5G 2E6

Attention: Jason Cooke
(416) 585-4280 (Tel)
Email: Jason.Cooke@ontario.ca

Attention: Brent Whitty
(416) 585-7172 (Tel)
Email: Brent.Whitty@ontario.ca

AND TO: **CITY OF OTTAWA**
Social and Affordable Housing Department
100 Constellation Drive
8th Floor – East
Ottawa, ON K2G 6J8

Attention: Lisa Goodfellow
(613) 580-2424 ext. 43240 (Tel)
Email: Lisa.Goodfellow@ottawa.ca

AND TO: **SOLOWAY WRIGHT LLP**
700 – 427 Laurier West
Ottawa, ON K1R 7Y2

Attention: Ryan Garrett
(613) 782-3227 (Tel)
(613) 238-8507 (Fax)
Email: garrettr@solowaywright.com

Lawyers for Quex Property Corporation, Raymond Stern and Natalie Stern

AND TO: **TELUS COMMUNICATIONS INC.**
200 Consilium Place, Suite 1600
Scarborough, ON M1H 3J3

Attention: Kevin Hickman
(647) 837-8976 (Tel)
(416-279-2995 (Fax)
Email: kevin.hickman@telus.com

Lawyers for TM Mobile Inc.

AND TO: **MARTIN DIEGEL**
Barrister & Solicitor
342 McLaren Street
Ottawa, ON K2P 0M6

Attention: Martin Diegel
(613) 567-0235 (Tel)
(613) 440-0900 (Fax)
Email: martin@martindiegel.com

Lawyer for the Respondents

AND TO: **DEPARTMENT OF JUSTICE**
The Exchange Tower
130 King Street West, Suite 3400
Toronto, ON M5X 1K6

Attention: Diane Winters
(416) 973-3172 (Tel)
(416) 973-0810 (Fax)
Email: diane.winters@justice.gc.ca

AND TO: **HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE
OF ONTARIO AS REPRESENTED BY THE MINISTER OF FINANCE**
Legal Services Branch
777 Bay Street, 11th Floor
Toronto, ON M5G 2C8

Attention: Kevin J. Ohara
(416) 327-8463 (Tel)
(416) 325-1460 (Fax)
Email: kevin.ohara@ontario.ca

AND TO: **DELOITTE RESTRUCTURING INC.**
22 Adelaide Street, Suite 200
Toronto, ON M5H 0A9

Hartley Bricks
(416) 775-7326 (Tel)
(416) 601-6690 (Fax)
Email: hbricks@deloitte.ca

Interim Receiver

AND TO: **DELOITTE RESTRUCTURING INC.**
1600 – 100 Queen Street
Ottawa, ON K1P 5T8

John Saunders
(613) 751-5303 (Tel)
(613) 714-9660 (Fax)
Email: jsaunders@deloitte.ca

Interim Receiver

FIRST NATIONAL FINANCIAL GP and GOLDEN DRAGON HO 10 INC., et al.
CORPORATION
Applicant Respondents

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at OTTAWA

NOTICE OF MOTION

Conway Baxter Wilson LLP/s.r.l.
400-411 Roosevelt Avenue
Ottawa ON K2A 3X9

Thomas G. Conway LSO#: 29214C
tconway@conway.pro
Colin S. Baxter LSO#: 33574P
cbaxter@conway.pro
Tel: (613) 288-0149
Fax: (613) 688-0271

Lawyers for Liahona Mortgage Investment Corp.

Box 97

Tab 2

Court File No. 17-73967

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Applicant

and

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AFFIDAVIT OF AARON RUMLEY

I, Aaron Rumley, of the City of Barrie, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a director and principal Liahona Mortgage Investment Corporation (“**Liahona**”), an interested party in this application, and, as such, have knowledge of the matters contained in this affidavit.

Liahona’s Default Judgment

2. The Respondents own the lands and premises known municipally as 345 Barber Street, Ottawa, Ontario (“**345 Barber**”) and 347 Barber Street, Ottawa, Ontario (“**347 Barber**”) (collectively “**the Property**”). Specifically, Golden Dragon Ho 10 Inc. (“**GDH10**”) owns 347 Barber while Golden Dragon Ho 11 Inc. (“**GDH11**”) owns 345 Barber.

3. The Property is comprised of two adjoining multi-unit apartment buildings that consist of 110 units in total. The buildings operate as one complex and are connected on every floor except the basement. The buildings share a lobby, elevator, parking, mail room and laundry facility.
4. On August 19, 2016, Liahona registered a charge against the title to 345 Barber in the amount of \$2,900,000.00 pursuant to a mortgage agreement with GDH11 ("**the Mortgage**"). A copy of Liahona's charge is attached as **Exhibit A**.
5. Liahona is the second mortgagee on title to 345 Barber. The first mortgagee is the Applicant, First National Capital Financial GP Corporation ("**FN**"). FN holds a charge over the title to both 347 Barber and 345 Barber.
6. GDH11 defaulted under the Mortgage.
7. On June 15, 2017, Liahona obtained default judgment against GDH11 in the amount of \$3,033,988.24, together with judgment for possession of 345 Barber. Liahona may exercise power of sale proceedings pursuant to this judgment at any time. A copy of the default judgment is attached as **Exhibit B**.

Appointment of Receiver

8. On September 22, 2017, Deloitte Restructuring Inc. ("**the Receiver**") was appointed as interim receiver of the Property. The Receiver's mandate included repairing and stabilizing the Property.

9. The Receiver has repaired and stabilized the Property. As noted in the Receiver's Sixth Report, Occupancy levels have returned to normal or near maximum levels. As of April 1, 2019, the Property is 96% occupied and generating monthly income of approximately \$87,964.00.

10. Despite the Receiver's efforts, Liahona has not received any payment from the Receiver or GDH11 to cure the default of the Mortgage. Even though the Property is rented at near 100% capacity, the Receiver has advised that there is simply not enough free cash flow generated from rental income to make any payments to Liahona. I have been advised by the Receiver, and I verily believe, that Liahona will not receive any payment owing to it unless the Property is sold.

11. Given the above, GDH11 remains in default of the Mortgage and the sum of \$3,735,447.76 is currently payable to Liahona. A copy of Liahona's mortgage discharge statement is attached as **Exhibit C**.

Expansion of the Receiver's Powers

12. Since there is no prospect that Liahona will realize on its security unless the Property is sold, Liahona wants the Receiver to take steps to market and sell the Property as soon as possible. Liahona believes that this is the most efficient way of proceeding and that this will maximize returns for the Respondents and its creditors. Liahona supports the enhancement of the Receiver's mandate in this regard, as set forth below.

13. I have discussed this with the Receiver's representatives. The Receiver's representatives agree that the most efficient course of action is to allow it to market and sell the Property.

14. I have also discussed the prospect of the Receiver marketing and selling the Property with FN's representatives. FN's representatives do not oppose our request, subject to certain conditions. These conditions are:

- a) FN would reserve the right to oppose any sale if it deems the sale price for the Property, either collectively and/or by way of allocation of purchase price between the two buildings, to be insufficient;
- b) the fees and costs of the Receiver and its counsel with respect to the sale will be in priority to Liahona's mortgage over 345 Barber; and
- c) the fees and costs relating to the sale will be allocated on 70/30 percentage split between 345 Barber (70%) and 347 Barber (30%), subject to their being sufficient proceeds allocated to 347 Barber to pay out FN's mortgages in full, failing which, if FN does not oppose the sale, all fees and costs relating to the sale of both properties are to be allocated to 345 Barber with the priority set out in subparagraph (b) above.

15. Liahona agrees to FN's terms and conditions outlined above.

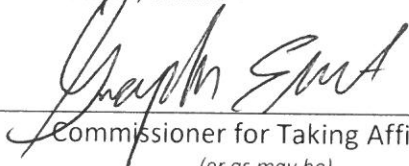
16. I understand that the Respondents' representative, Chi Ho, also wants to sell the Property. However, Mr. Ho is simply opposed to the notion of the Receiver being appointed to do so. A copy of Martin Diegel's email dated January 29, 2019 confirming same is attached as **Exhibit D**.

17. The Receiver has developed a detailed plan to market and sell the Property which includes retaining CBRE Group Inc. to act as a real estate broker. The Receiver's plan is listed at paragraphs 39 to 44 of the Receiver's Sixth Report.

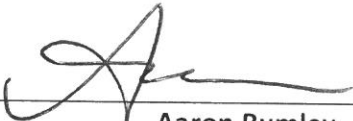
18. Liahona agrees with the Receiver’s plan as set out at paragraphs 39 to 44 of the Receiver’s Sixth Report and supports proceeding as such to market and sell the Property.

19. Based on my experience, I believe bringing the Property to market in the spring or early summer will maximize returns for all concerned parties, including the Respondents, because occupancy rates tend to be at a high point during this time of year. Indeed, as discussed, the Property is currently 96% occupied. As such, it would be ideal to market the Property now while nearly all the units are rented.

SWORN BEFORE ME at the City of Barrie, in
the Province of Ontario on ...13th day
...01 May, 2019



Commissioner for Taking Affidavits
(or as may be)

} 

Aaron Rumley

This is **Exhibit "A"**
to the affidavit of
Aaron Rumley
sworn before me this
13 day of May, 2019



A Commissioner for Taking Affidavits

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 6

Properties

PIN 04213 - 0303 LT *Interest/Estate* Fee Simple

Description 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 INOC699531. 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 4R21669 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.

Address 345 CLARENCE STREET
OTTAWA

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name GOLDEN DRAGON HO 11 INC.

Address for Service 110-532 Montreal Road, Ottawa,
Ontario, K1K 4R4

I, Chi Ho (President), have the authority to bind the corporation.
This document is not authorized under Power of Attorney by this party.

Chargee(s)*Capacity**Share*

Name LIAHONA MORTGAGE INVESTMENT CORP.

Address for Service 301 Bryne Drive, Unit 9, Barrie, Ontario, L4N 8V4

Provisions

Principal \$2,900,000.00 *Currency* CDN

Calculation Period monthly, not in advance

Balance Due Date 2017/08/19

Interest Rate 10.0% per annum

Payments \$24,166.67

Interest Adjustment Date 2016 08 19

Payment Date 19th day of each month

First Payment Date 2016 09 19

Last Payment Date 2017 08 19

Standard Charge Terms 200033

Insurance Amount Full insurable value

Guarantor Chi Ho

Additional Provisions

See Schedules

Signed By

Nicola Jane McKinnon 100A-27 Clapperton Street acting for Chargor Signed 2016 08 19
Barrie (s)
L4M 3E6

Tel 705-725-8171
Fax 705-725-9373

I have the authority to sign and register the document on behalf of the Chargor(s).

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 2 of 6

Submitted By

AIN WHITEHEAD LLP

100A-27 Clapperton Street
Barrie
L4M 3E6

2016 08 19

Tel 705-725-8171

Fax 705-725-9373

Fees/Taxes/Payment

Statutory Registration Fee	\$62.85
Total Paid	\$62.85

File Number

Chargee Client File Number : 16-1174

Provided that the Chargor acknowledges and agrees that any daily management may be replaced immediately at the sole discretion of the Chargee in the event of default and any and all costs associated with the replacement of such daily management shall be at the sole expense of the Chargor. In the event the Chargor fails to pay all costs associated with the daily management replacement, the Chargee may elect to pay such costs on behalf of the Chargor and add such payment to the total Charge herein, and will be entitled to collect interest on such amounts and enforce payment pursuant to the terms of the Charge and the Mortgages Act.



LIAHONA MORTGAGE INVESTMENT
CORP

Schedule A
Additional Schedule of Standard Fees and Charges:

UPON DEFAULT in payment of principal or interest under this Charge or in performance of any of the terms and conditions hereof, the Chargee may enter into and take possession of the land hereby charged free from all manner of conveyance denial of the Chargors or any other person whatsoever.

PROVIDED that the Chargors, when not in default hereunder, shall have the privilege of paying any additional amount or amounts on account of the principal sum hereby secured at any time or times, upon payment of bonus of three (3) months' interest.

PROVIDED FURTHER that the Chargors shall provide the Chargee with a VOID cheque to coincide with the signed Pre-Authorized Debit form at the commencement of the within charge.

The Chargors acknowledge that any enforcement or follow up proceedings initiated by the Chargee will result in administrative effort and expense. The Chargor acknowledges that the Chargee shall charge its reasonable administrative fee in effect from time to time. The Administrative Fees presently charged by the Chargee are as follows: These fees may be changed from time to time by notice in writing to the Chargor.

IN THE EVENT of the Chargors selling, conveying or transferring title to the property that is hereby charged to a purchaser who is not approved by the Chargee, then at the option of the Chargee, all monies secured shall become forthwith due and payable. Administrative Fee in the event of an assumption application, whether or not the prospective purchaser is approved or the purchase is completed:

Default Proceedings: All legal and other fees relating to default proceedings are the responsibility of the borrower.

DEFAULT proceedings: Administrative Fee for each action or proceeding instituted:

Correspondence re Collection	\$250.00
Notice of sale	\$1,000.00

Liahona Mortgage Investment Corp.
9301 Bryna Drive Harris, ON L4N 8V4
Phone 705-725-8252 Fax 705-725-9893


 (Initials) (Initials)



**LIAHONA MORTGAGE INVESTMENT
CORP.**

Possession: for attending to take possession following default: \$750.00

Default: for each action pertaining to default \$500.00

Inspection fee to be paid to Lender or Lenders Agent to inspect the property if default occurs.
\$150.00

Maintenance: for administering maintenance and security of the property in our Possession per day.
\$150.00

IN THE EVENT that the Chargor shall fail to make any payments to the Chargee by way of Pre-Authorized Debit and any such payment is returned NSF to the Chargee unpaid for any reason whatsoever including but not so as to limit the generality of the foregoing, insufficient funds, payment stopped or inaccuracies in the completion of the terms of the said Pre-Authorized Debit, the Chargor shall pay an Administrative Fee in respect of each such returned payment which fee shall be immediately due and payable and shall be a charge upon the lands. This fee will also be added to any payment due but not paid.

\$500.00

An Administrative Fee will be charged for any follow-up required by the Chargee or their representative with regard to expired insurance, nonpayment of taxes, failure to provide tax certificate (or evidence of payment of taxes) or any other situation which may affect the security position of the Chargee. Administrative Fee for each such follow-up:

\$500.00

Administrative Fee (in addition to the Fees Charged by our Solicitor for the preparation of a Discharge of Charge) for the preparation of any Statement for the purposes of Discharge, Assumption, Information or otherwise:

\$500.00

Any Discharge of this Charge shall be prepared by the Chargee's Solicitor and their fees shall be paid by the Chargor. A request for discharge shall be provided a minimum of 7 days prior to the date it is required. Any request for a Discharge

Liahona Mortgage Investment Corp.
9-301 Bryne Drive Barrie, ON L4N 8Y4
Phone 705-725-8252 Fax 705-725-9895

[Signature]
[Name] [Title]



LIAHONA MORTGAGE INVESTMENT
CORP

to be provided in less than 7 days may be refused. If a request for a Discharge in less than 7 days is requested and the Chargee agrees to provide such Discharge, the Chargor shall pay an Expediting Fee of \$25.00 per day for each day under the 7 day requirement (eg. \$25.00 x (7 days minus the number of days between request and discharge date)). The Expediting Fee shall be payable to each of the Chargees and the Chargee's Solicitor.

\$500.00

ANY payment due pursuant to the terms of this Charge (whether a regular payment or a payment of the whole amount of principal and interest) shall be due and payable no later than 12:00 noon on the payment date. Any payment received after that time will be considered to be received on the next business day and interest shall be payable until the next business day. In the event the Chargee is late with a monthly Charge payment, the Chargor will be charged a fee of:

\$500.00

The Chargor shall provide proof of payment of each instalment of taxes within 30 days of the due date of each such instalment. If the Chargor has not provided such proof, the Chargee may obtain a Tax Certificate. The Chargor shall pay the cost of such Tax Certificate and an Administrative Fee of:

\$250.00

If the Chargors repay the Charge on the date after the maturity date and the Chargee has not agreed to an extension of the maturity date, the Chargor shall pay a bonus/administrative fee to compensate the Chargees for its administration and legal cost in the amount of:

\$500.00

Should this Charge not be paid in full or renewed within 10 business days of the maturity date, the Charge will be subject to a 3 month interest prepayment bonus on discharge

The Chargor shall not be entitled to require a discharge of this Charge until such payment has been made.

All parties noted below hereby agree to abide by the above noted schedule of fees and charges and the fees and guidelines outlined in the Credit Agreement and any amendments thereto.

Liahona Mortgage Investment Corp.
9-301 Bryne Drive Barrie, ON L4N 8V4
Phone 705-725-8252 Fax 705-725-9895

21


 Initial(s) _____
 Name(s) _____

This is **Exhibit "B"**
to the affidavit of
Aaron Rumley
sworn before me this
13 day of May, 2019

A handwritten signature in cursive script, appearing to read "Gayle E. Smith".

A Commissioner for Taking Affidavits

Court File No. 17-72179

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

(Court Seal)

LIAHONA MORTGAGE INVESTMENT CORP.

Plaintiff

and

GOLDEN DRAGON HO 11 INC. and CHI HO

Defendants

JUDGMENT

On reading the Statement of Claim in this action and the proof of service of the Statement of Claim on the defendant, Golden Dragon Ho 11 Inc., filed, and the defendant, Golden Dragon Ho 11 Inc., having been noted in default,

1. IT IS ORDERED AND ADJUDGED that the defendant, **Golden Dragon Ho 11 inc.**, deliver to the Plaintiff possession of the following land:

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 4R21669 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; City of Ottawa, Regional Municipality of Ottawa-Carlton (no. 4) (PIN #04213-0303 LT) Municipally known as 345 Clarence St., Ottawa, Ont., K1N 5R5.

2. IT IS ORDERED AND ADJUDGED that the defendant, Golden Dragon Ho 11 Inc., pay to the Plaintiff the sum of \$3,033,988.24, being the amount claimed in the Statement of Claim issued with respect to this matter.

3. IT IS ORDERED AND ADJUDGED that the defendant, Golden Dragon Ho 11 Inc., pay to the Plaintiff the sum of \$ 1,287.07 for the costs of this action.

These costs fixed by and payable under this Judgment bears interest at the rate of ten (10.0%) per cent per year from its date.

Date June 6, 2017

Signed by  _____
Local Registrar

Address of court office: 161 Elgin St.
2nd Floor
Ottawa, Ontario
K2P 2K1

**ENTERED AT OTTAWA
INSCRIT A OTTAWA**
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RCP-E 19B (November 1, 2005)

LAHONA MORTGAGE INVESTMENT CORP.
Plaintiff

-and- GOLDEN DRAGON HO 11 INC. and CHI HO
Defendants

Court File No. 17-72179

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT
OTTAWA

JUDGMENT

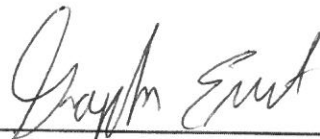
AIN WHITEHEAD LLP
27 Clapperton Street
Suite 100A
Barrie Ont. L4M 3E6

Kathryn Whitehead (LSUC 56452A)
kwhitehead@ainwhitehead.com
Tel: (705) 725-8181
Fax: (888) 599-7010

Lawyers for the Plaintiff

RCP-E 4C (July 1, 2007)

This is **Exhibit "C"**
to the affidavit of
Aaron Rumley
sworn before me this
13 day of May, 2019



A Commissioner for Taking Affidavits



MORTGAGE STATEMENT FOR DISCHARGE PURPOSES

**RE: LIAHONA MORTGAGE INVESTMENT CORP.
301 BRYNE DR., UNIT 9
MORTGAGE DISCHARGE: GOLDEN DRAGON HO 11 INC.
PROPERTY: 345 CLARENCE ST., OTTAWA, ON K1K 5R5**

The amounts set out below are required to discharge Instrument No. OC1818749, being the mortgage on the above captioned property.

Payoff Date	13/05/2019
Maturity Date	01/09/2017
Next Payment Due	01/03/2017
Interest Rate	10.000%
Interest Paid-To Date	01/02/2017
Principal Balance	\$2,900,000.00
Unpaid Interest	\$0.00
Accrued Interest From 01/02/2017 To 13/05/2019	\$660,246.58
Unpaid Late Charges	\$2,500.00
Accrued Late Charges	\$0.00
Unpaid Charges *For additional details see itemization attached	\$99,701.17
3 Months Interest	\$72,500.01
Other Fees *For additional details see itemization attached	\$500.00
Less: Reserve Balance	(\$0.00)
Please add \$794.52 after 13/05/2019 and each additional day past	\$
TOTAL	<u>\$3,735,447.76</u>
Certified Cheque payable to Liahona Mortgage Investment Corp.	

DATED at Barrie, this 13 day of May 2019.

LIAHONA MORTGAGE INVESTMENT CORP.

Prepared by: KN

Per:

Aaron Rumley, Secretary
I have the authority to bind the Corporation.



MORTGAGE STATEMENT FOR DISCHARGE PURPOSES

ITEMIZATION OF UNPAID CHARGES					
Date	Description	Interest Rate	Unpaid Balance	Accrued Interest	Total Due
06/30/2017	Notice of Sale	0.000%	\$1,000.00	\$0.00	\$1,000.00
06/30/2017	Legal Fees	0.000%	\$5,232.86	\$0.00	\$5,232.86
06/30/2017	Demand	0.000%	\$500.00	\$0.00	\$500.00
06/30/2017	Statement of Claim	0.000%	\$500.00	\$0.00	\$500.00
06/30/2017	Monthly Interest/FC	0.000%	\$2,400.13	\$0.00	\$2,400.13
06/30/2017	NSF Return Fee	0.000%	\$1,000.00	\$0.00	\$1,000.00
07/01/2017	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
07/31/2017	Monthly Interest/FC	0.000%	\$1,135.28	\$0.00	\$1,135.28
08/01/2017	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
08/31/2017	Monthly Interest /FC	0.000%	\$1,354.42	\$0.00	\$1,354.42
09/01/2017	NSF Fee	0.000%	\$500.00	\$0.00	\$500.00
09/30/2017	Monthly Interest /FC	0.000%	\$1,524.39	\$0.00	\$1,524.39
10/01/2017	NSF Fee	0.000%	\$500.00	\$0.00	\$500.00
10/31/2017	Monthly Interest /FC	0.000%	\$1,797.87	\$0.00	\$1,797.87
11/01/2017	NSF Fee	0.000%	\$500.00	\$0.00	\$500.00
11/30/2017	Monthly Interest /FC	0.000%	\$1,957.17	\$0.00	\$1,957.17
12/01/2017	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
12/31/2017	Monthly Interest /FC	0.000%	\$2,248.76	\$0.00	\$2,248.76
01/01/2018	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
01/31/2018	Monthly Interest /FC	0.000%	\$2,477.35	\$0.00	\$2,477.35
02/01/2018	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
02/28/2018	Monthly Interest /FC	0.000%	\$2,445.18	\$0.00	\$2,445.18
03/01/2018	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
03/31/2018	Monthly Interest /FC	0.000%	\$2,938.16	\$0.00	\$2,938.16
04/01/2018	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
05/01/2018	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
06/01/2018	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
06/29/2018	Legal Fees	0.000%	\$6,107.86	\$0.00	\$6,107.86
07/01/2018	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
08/01/2018	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
08/09/2018	Legal Fees	0.000%	\$4,220.27	\$0.00	\$4,220.27
08/31/2018	Travel Expenses - Property Maintenance/Management	0.000%	\$101.03	\$0.00	\$101.03
09/01/2018	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
09/11/2018	Legal Fees	0.000%	\$6,602.03	\$0.00	\$6,602.03
10/01/2018	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
10/17/2018	Legal Fees	0.000%	\$847.50	\$0.00	\$847.50
11/01/2018	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
11/19/2018	Legal Fees	0.000%	\$1,627.20	\$0.00	\$1,627.20
12/01/2018	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
12/18/2018	Legal Fees	0.000%	\$2,051.86	\$0.00	\$2,051.86
12/31/2018	Legal Fees	0.000%	\$1,306.85	\$0.00	\$1,306.85
01/01/2019	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
02/01/2019	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
03/01/2019	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
04/01/2019	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
05/01/2019	Missed Payment Fee	0.000%	\$500.00	\$0.00	\$500.00
05/13/2019	Administration Fee - 2019	0.000%	\$1,575.00	\$0.00	\$1,575.00
05/13/2019	Consulting Fee	0.000%	\$9,500.00	\$0.00	\$9,500.00
05/13/2019	Administration Fee - 2017	0.000%	\$4,250.00	\$0.00	\$4,250.00
05/13/2019	Administration Fee - 2018	0.000%	\$6,500.00	\$0.00	\$6,500.00
05/13/2019	Legal Fees - Estimated	0.000%	\$15,000.00	\$0.00	\$15,000.00
				Total	\$99,701.17

This is **Exhibit "D"**
to the affidavit of
Aaron Rumley
sworn before me this
13 day of May, 2019

A handwritten signature in cursive script, appearing to read "Gary Smith".

A Commissioner for Taking Affidavits

From: Eric Golden
To: "Martin Diegel"
Cc: Bricks, Hartley; Saunders, John
Subject: [EXT] RE: Barber
Date: Wednesday, February 20, 2019 4:58:23 PM
Attachments: [image001.png](#)
[image002.png](#)

Hi Martin,

How are you?

I am responding to your emails below – sorry for the delay but between some holidays and court dates, I've been away from the office a lot the last few weeks.

1. FN is not prepared to provide Chi Hi with any role in the marketing and sales process, especially with the outstanding CRA issue. I will send you a letter to CRA for your review. If your client is prepared to direct the Interim Receiver to sell the property, we can discuss a sales and marketing process, and the required Order.
2. I am advised that FN has not received any communications from or on behalf of Abad Haman – who does has Haman say he has been communicating with at FN?
3. I will arrange for a Feb rent roll. Deloitte has not been preparing financial statements for the debtors. It has been including statements of receipts and disbursements that have been included in its motion records. What exactly are you looking for?
4. As for offers, and as per previous, at this stage any such bald representations from Chi Ho come across as the boy who cried wolf.

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

egolden@blaney.com

📞 416-593-3927 | 📠 416-596-2049

From: Martin Diegel [mailto:martin@martindiegel.com]

Sent: Friday, February 1, 2019 1:28 PM

To: Eric Golden <egolden@blaney.com>

Subject: Barber

Eric can you get me an updated rent roll please, as well as a financial statement for the past year

Thanks
Martin

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: Martin Diegel [mailto:martin@martindiegel.com]

Sent: Tuesday, January 29, 2019 4:47 PM

To: Eric Golden <egolden@blaney.com>

Subject: barber

Eric, further to your mails, my client wants to sell. However, he is of the view that inserting the receiver into the sale process is not necessary.

My client is content to have CLV continue to manage and provide reporting to FN and my client.

FN and my client can agree on a sales process.

However, there is a buyer who wants the property at 13.5 M with the assumption of the mortgages (arguably making it worth 16.5 if all the mortgages had to be paid out with penalties etc). In other words on a net basis it seems like a good offer.

He has several mortgages with FN . The principal of the buyer is Abad Haman. I understand he is trying to have FN approve him for assumption purposes. Are you aware of this?

Martin

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

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**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at OTTAWA

AFFIDAVIT OF AARON RUMLEY

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Lawyers for Liahona Mortgage Investment Corp.

Box 97

FIRST NATIONAL FINANCIAL GP and
CORPORATION
Applicant

GOLDEN DRAGON HO 10 INC., et al.
Respondents

Court File No. 17-73967

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at OTTAWA

MOTION RECORD

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