

Clerk's Stamp

COURT FILE/ESTATE NUMBER 25-2218907

COURT COURT OF QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY

JUDICIAL CENTRE CALGARY

**IN THE MATTER OF THE BANKRUPTCY OF SUN  
COUNTRY MORTGAGE INVESTMENT  
CORPORATION**

DOCUMENT **FIRST REPORT OF THE TRUSTEE**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT

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File No.: 34004-2005

## APPENDICES

### **Appendix A**

Land title document for 2231-44 Street SE, Calgary, AB

### **Appendix B**

Redacted copy of the Minutes of the Sixth Meeting of Inspectors  
approving the sale of 2231-44 Street SE, Calgary, AB to Reddy/Chetty

## INTRODUCTION AND BACKGROUND

1. Sun Country Mortgage Investment Corporation (“Sun Country” or the “Bankrupt”) was assigned into bankruptcy pursuant to a Resolution of the sole director, Mr. Gerry Macdonald, authorizing Axxess Capital Advisors Inc. (the Bankrupt corporation’s Investment Fund Manager) to complete the assignment and execute the statement of affairs, on February 15, 2017, naming MNP Ltd. as Trustee in Bankruptcy (the “Trustee”). A certificate of Appointment was issued by the Office of the Superintendent of Bankruptcy on February 16, 2017, which was amended on March 1, 2017.
2. Sun Country was a mortgage investment corporation. Sun Country would use investor funds to purchase residential mortgages in Alberta.
3. Various investment properties had been foreclosed on by Sun Country and at the date of bankruptcy, the Bankrupt was a titled owner or co-owner of eight residential real estate properties.
4. In preparing the First Report and making comments herein, the Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of the Bankrupt, books and records of the Bankrupt, and information from other third-party sources (collectively, the “Information”). The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or other standards established by the Chartered Professional Accountants of Canada.
5. Copies of the relevant documents relating to these proceedings will be available on the Trustee’s website at [www.mnpdebt.ca/suncountry](http://www.mnpdebt.ca/suncountry).

## PURPOSE OF THE REPORT

6. The Trustee is seeking Court approval to:
  - a. complete the sale of 2231–44 St. SE, Calgary, AB (the “44 St Property”) to Ravinesh Reddy and Sonam Chetty;
  - b. approval to pay Canadian Western Bank (“CWB”), the secured creditor on title for

the 44 St Property; and

- c. a Sealing Order in relation to the Trustee's First Confidential Report.

#### **2231 – 44 STREET SE PROPERTY**

7. The owners of the 44 St Property are the Bankrupt and Crossroads – DMD Mortgage Investment Corporation (“Crossroads”), who are together referred to as the “Owners”, on a 50/50 basis.
8. A copy of the land title search in respect of the 44 St Property is attached as Appendix “A” and indicates that CWB has a mortgage registered against the 44 St Property.
9. The Estate Inspectors instructed the Trustee to obtain an independent real estate appraisal of the 44 St Property. A copy of the real estate appraisal is attached to the Trustee's First Confidential Report.
10. The Trustee's legal counsel provided a security opinion on CWB's mortgage on the 44 St Property advising that the secured claim is valid and enforceable.
11. The Trustee, upon instruction from the Estate Inspectors and in agreement with Crossroads, agreed to list the property with Troy Weber of RE/MAX First Real Estate (“Weber”). Weber provided a Comparative Market Analysis to the Owners which is attached to the Trustee's First Confidential Report.
12. The property was listed on the Multiple Listing Service on July 25, 2017. Weber advised that there were numerous showings and the Owners received two offers on the 44 St Property on July 28, 2017.
13. The offers to purchase submitted to the Owners are attached to the Trustee's First Confidential Report. The offers were assessed by the Estate Inspectors and Crossroads, and the offer of Ravinesh Reddy and Sonam Chetty (“Reddy and Chetty”) was approved subject to Court approval.
14. The Owners have now approved the offer, subject to Court approval. A redacted copy of the Minutes of the Sixth Meeting of Inspectors approving the sale of the 44 St Property to Reddy and Chetty is attached to this report as Appendix “B”.

15. Reddy and Chetty waived conditions on closing on August 11, 2017 and are prepared to close the purchase within 10 days of Court approval.
16. After normal closing adjustments, there will be sufficient net proceeds from the sale of the 44 St Property to pay out CWB and provide a return to the Owners.

#### **SEALING ORDER APPLICATION**

17. With a view to protecting the integrity of the sales process in the event the transaction contemplated herein does not close, the Trustee respectfully requests and recommends that the Trustee's First Confidential Report be sealed by Order of this Honourable Court (the "Sealing Order") until the closing of transaction involving the sale of the 44 St Property.

#### **RELIEF SOUGHT**

18. Based upon the foregoing, the Trustee seeks the Court's approval of the following:
  - a. Approval of the proposed sale to Reddy and Chetty;
  - b. Approval to pay out the CWB mortgage on the 44 St Property from net proceeds;
  - c. Approval to pay the remaining balance of sale proceeds to the Owners; and
  - d. A Sealing Order in relation to the Trustee's First Confidential Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 14<sup>th</sup> day of August, 2017.

**MNP Ltd.**

In its capacity as Trustee of the Estate of **Sun Country Mortgage Investment Corporation, a bankrupt**, and not in its personal capacity

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Per: Victor P. Kroeger, CIRP, LIT, CPA, CA, CFE  
Senior Vice President

# APPENDIX A



LAND TITLE CERTIFICATE

B  
LINC                      SHORT LEGAL                      TITLE NUMBER  
0019 955 154       2900W;C;5,6                      091 200 886

LEGAL DESCRIPTION  
PLAN 2900W  
BLOCK C  
LOTS 5 AND 6

ESTATE: FEE SIMPLE  
ATS REFERENCE: 4;29;24;10;NW

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 061 506 777

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REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
091 200 886	14/07/2009	ORDER	\$318,000	FORECLOSURE

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OWNERS

SUN COUNTRY MORTGAGE INVESTMENT CORP.  
OF 200, 136 - 17TH AVENUE N.E.  
CALGARY  
ALBERTA T2E 1L6

AND

CROSSROADS-DMD MORTGAGE INVESTMENT CORPORATION.  
OF 200, 136-17 AVE NE  
CALGARY  
ALBERTA T2E 1L6

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ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
771 147 064	20/10/1977	ZONING REGULATIONS SUBJECT TO CALGARY INTERNATIONAL AIRPORT ZONING REGULATIONS

( CONTINUED )

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2  
# 091 200 886

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
101 301 043	12/10/2010	MORTGAGE MORTGAGEE - CANADIAN WESTERN BANK. 606-4TH STREET SW CALGARY ALBERTA T2P1T1 ORIGINAL PRINCIPAL AMOUNT: \$194,000
101 301 044	12/10/2010	CAVEAT RE : ASSIGNMENT OF RENTS AND LEASES CAVEATOR - CANADIAN WESTERN BANK. 606-4TH STREET SW CALGARY ALBERTA T2P1T1 AGENT - ANNETTE J M LAMBERT
111 136 402	02/06/2011	CAVEAT RE : AGREEMENT FOR SALE CAVEATOR - DAVID MARK CAVEATOR - ELIZABETH MARK BOTH OF: 16, 2439-54 AVE SW CALGARY ALBERTA T3E1M4 AGENT - BRIAN N LESTER
121 183 831	20/07/2012	CAVEAT RE : PURCHASERS INTEREST CAVEATOR - MICHAEL MCCAULEY CAVEATOR - CANDACE NAPESIS BOTH OF: 2231-44TH ST, SE CALGARY ALBERTA T2B1J3
161 079 608	04/04/2016	WRIT CREDITOR - JOSEF MARTINCIC CREDITOR - KATARINA MARTINCIC BOTH OF: C/O 1600,421 7 AVENUE SW CALGARY ALBERTA T2P4K9 DEBTOR - SUN COUNTRY MORTGAGE INVESTMENT CORP. 200, 136 - 17TH AVENUE N.E. CALGARY ALBERTA T2E1L6 AMOUNT: \$2,331,329 AND COSTS IF ANY ACTION NUMBER: 1501-02868 (DATA UPDATED BY: 161197321 ) (DATA UPDATED BY: 161197325 )

( CONTINUED )



ENCUMBRANCES, LIENS & INTERESTS

PAGE 3  
# 091 200 886

REGISTRATION  
NUMBER DATE (D/M/Y) PARTICULARS

161 079 647 04/04/2016 WRIT  
CREDITOR - JOE MARTINCIC  
C/O 1600,421 7 AVENUE SW  
CALGARY  
ALBERTA T2P4K9  
DEBTOR - SUN COUNTRY MORTGAGE INVESTMENT CORP.  
200, 136 - 17TH AVENUE N.E.  
CALGARY  
ALBERTA T2E1L6  
AMOUNT: \$364,618 AND COSTS IF ANY  
ACTION NUMBER: 1501-02869

161 079 659 04/04/2016 WRIT  
CREDITOR - MARK MARTINCIC  
C/O 1600,421 7 AVENUE SW  
CALGARY  
ALBERTA T2P4K9  
DEBTOR - SUN COUNTRY MORTGAGE INVESTMENT CORP.  
200, 136 - 17TH AVENUE N.E.  
CALGARY  
ALBERTA T2E1L6  
AMOUNT: \$151,199 AND COSTS IF ANY  
ACTION NUMBER: 1501-02780

171 051 889 03/03/2017 BANKRUPTCY  
TRUSTEE - MNP LTD.  
1500, 640 - 5 AVENUE SW  
CALGARYN  
ALBERTA T2P3G4  
AGAINST - SUN COUNTRY MORTGAGE INVESTMENT CORP.  
BANKRUPTCY AND INSOLVENCY ACT

TOTAL INSTRUMENTS: 009

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN  
ACCURATE REPRODUCTION OF THE CERTIFICATE OF  
TITLE REPRESENTED HEREIN THIS 6 DAY OF MARCH,  
2017 AT 03:10 P.M.

ORDER NUMBER: 32432286

CUSTOMER FILE NUMBER: Sun Country



\*END OF CERTIFICATE\*

( CONTINUED )

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# APPENDIX B

District of Alberta  
Division No: 02-Calgary  
Court No: 25-2218907

IN THE MATTER OF THE BANKRUPTCY OF  
SUN COUNTRY MORTGAGE INVESTMENT CORPORATION.  
(the "Company")  
MINUTES OF THE SIXTH MEETING OF INSPECTORS

Date: August 9, 2017  
Time: 10:15 AM  
Location: via telephone conference call

Present: Sheena Owens – Inspector and Shirley Grieveson – Inspector (collectively the "Inspectors")  
Victor Kroeger – Trustee, MNP Ltd.  
Rick Anderson – MNP Ltd.

1. Quorum of Inspectors present and meeting called to order.

Further to the CMA of 2231 – 44 St SE, an offer has been received and the Inspectors are being asked to approve the offer. The offer to purchase was for full list price and agreed to by Crossroads – DMD Mortgage Investment Corporation. A Court date has been set for August 22, 2017 to obtain Court approval.

The Inspectors were advised that the Crossroads – DMD Mortgage Investment Corporation appeal period on the disallowed claims expired on August 4, 2017. The Trustee has been advised by counsel for Crossroads that they plan to make an application to the court. An extension to mid September was requested, however, we have advised that we would agree to extend the appeal period to August 11, 2017 only. If an appeal is made to the Court by Crossroads, we will advise the Inspectors immediately. The Inspectors were provided with a sample of the documents proposed to support the Crossroads claim. The Inspectors have outlined concerns that the Trustee will be taking up with Counsel regarding the validity of the financial reporting tied to the validity of the claims being made by Crossroads and their claims presented to the Trustee.

Professional fees and disbursements were presented to the Inspectors for approval to pay

Trustee Fees MNP Ltd

Invoice	Description	Fees	GST	Total
0073392	1-May-17 to 30-Jun-17	\$ 30,996.17	\$ 1,549.81	\$ 32,545.98
0093682	30-Jul-17	\$ 7,071.50	\$ 353.58	\$ 7,425.08
	for approval August 9, 2017 Sixth meeting of Inspectors	\$ 38,067.67	\$ 1,903.39	\$ 39,971.06

Legal fees Torys LLP

Invoice	Description	Fees	GST	Total
1208346	1-May-17	\$ 13,189.50	\$ 658.00	\$ 13,847.50
102763	30-Jun-17	\$ 5,977.00	\$ 298.85	\$ 6,275.85
104878	31-Jul-17	\$ 6,965.00	\$ 348.25	\$ 7,313.25
	for approval August 9, 2017 Sixth meeting of Inspectors	\$ 26,131.50	\$ 1,305.10	\$ 27,436.60

REDACTED

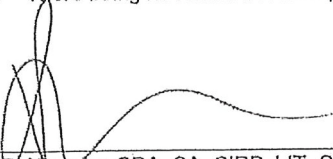
REDACTED

2. The Inspectors have instructed the Trustee to:

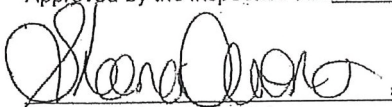
- a. Accept the offer on 2231 – 44 St and proceed to obtain Court approval;
- b. Outline claims being presented with counsel to reconcile original mortgage and unsecured claims to potentially challenge validity of Crossroads amounts; and
- c. Pay the professional fees as presented.

Motions carried.

3. There being no further business, the meeting was terminated at 10:30 AM.

  
\_\_\_\_\_  
Victor E. Kroeger, CPA, CA, CIRP, LIT, CFE

Approved by the Inspectors this 9<sup>th</sup> day of AUGUST, 2017

  
\_\_\_\_\_  
Sheena Owens, Inspector

\_\_\_\_\_  
Shirley Grieveson, Inspector

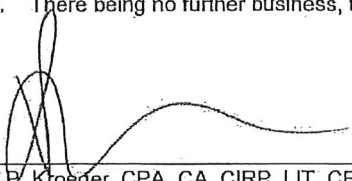
REDACTED

2. The Inspectors have instructed the Trustee to:

- a. Accept the offer on 2231 -- 44 St and proceed to obtain Court approval;
- b. ~~Outline claims being presented with counsel to recover against mortgage and unsecured claims to potentially challenge validity of Crossroads amounts, and~~
- c. ~~Pay the professional fees as presented~~

Motions carried.

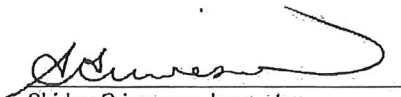
3. There being no further business, the meeting was terminated at 10:30 AM.



Victor E. Kroeger, CPA, CA, CIRP, LIT, CFE

Approved by the Inspectors this \_\_\_\_\_ day of \_\_\_\_\_, 2017

\_\_\_\_\_  
Sheena Owens, Inspector

  
\_\_\_\_\_  
Shirley Grieveson, Inspector