

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

BETWEEN

THE LAW SOCIETY OF ONTARIO

Applicant

- and -

DEREK SORRENTI AND SORRENTI LAW PROFESSIONAL CORPORATION

Respondents

**APPLICATION UNDER
SECTION 49.47 OF THE *LAW SOCIETY ACT*, R.S.O. 1990. C. L.8
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43**

THIRD REPORT OF THE TRUSTEE

(COMPREHENSIVE UPDATE)

APRIL 23, 2021



FAAN Mortgage Administrators Inc.
Court-Appointed Trustee of the
Respondents in respect of the Syndicated
Mortgage Loan Administration Business

TABLE OF CONTENTS

INTRODUCTION..... 2

PURPOSE OF THE THIRD REPORT 5

SCOPE AND TERMS OF REFERENCE 6

GENERAL UPDATE 7

REALIZED PROPERTY 12

PROJECT SPECIFIC UPDATES..... 13

**RECEIPTS AND DISBURSEMENTS, CASH FLOW PROJECTION AND FUNDING
OF THESE PROCEEDINGS..... 24**

REALIZED PROPERTY AND ADMINISTRATIVE HOLDBACK..... 29

REPRESENTATIVE COUNSEL..... 30

ACTIVITIES OF THE TRUSTEE..... 30

FEEES OF THE TRUSTEE..... 37

FEEES OF THE TRUSTEE’S COUNSEL 37

CONCLUSION..... 38

INDEX OF APPENDICES

Appendix 1	Appointment Order dated September 30, 2019
Appendix 2	Trustee's Second Report to Court dated March 6, 2020 (without appendices)
Appendix 3	Omnibus Order dated May 5, 2020
Appendix 4	Sorrenti SML Project Analysis Summary as of April 23, 2021
Appendix 5	Law Society Tribunal Order dated September 8, 2020
Appendix 6	Notice to Victoria Park Syndicated Mortgage Loan Investors dated June 25, 2020
Appendix 7	Cash flow variance analysis
Appendix 8	Cash Flow Projection to October 31, 2021
Appendix 9	Tax Opinions Order dated October 15, 2020
Appendix 10	Manzoor Affidavit
Appendix 11	De Lellis Affidavit

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INTRODUCTION

1. On September 30, 2019, pursuant to an order ("**Appointment Order**") of the Honourable Mr. Justice Hailey of the Ontario Superior Court of Justice (Commercial List) ("**Court**"), FAAN Mortgage Administrators Inc. ("**FAAN Mortgage**") was appointed as trustee ("**Trustee**") over all of the assets, undertakings and properties in the possession, power or control of Derek Sorrenti or Sorrenti Law Professional Corporation (collectively, "**Sorrenti**") relating to Sorrenti's trusteeship and administration of syndicated mortgage loans ("**Sorrenti SMLs**") in projects affiliated with Fortress Real Developments Inc. ("**FRDI**") and all of its direct or indirect affiliates, and any entity under common control with

FRDI (collectively, “**Fortress**”) (“**SML Administration Business**”), including, without limitation, all of the assets in the possession or under the control of Sorrenti, its counsel (if any), agents and/or assignees relating to the SML Administration Business but held on behalf of any other party, including, but not limited to, lenders under any Sorrenti SML (“**Investors**”), brokers, or borrowers, in each case whether or not such property is held in trust or is required to be held in trust (collectively referred to as “**Property**”). The Trustee’s appointment resulted from an application made by the Law Society of Ontario (“**LSO**”) under Section 49.47 of the *Law Society Act*, R.S.O. 1990. c. L.8, as amended (“**Law Society Act**”), and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C. 43, as amended. Mr. Sorrenti consented to the Trustee’s appointment. A copy of the Appointment Order is attached hereto as **Appendix “1”**.

2. In addition to appointing the Trustee over the SML Administration Business, the Appointment Order, among other things:

(a) appointed Chaitons LLP as representative counsel (“**Representative Counsel**”) to represent the common interests of the Investors under the Sorrenti SMLs; and

(b) established certain interim stabilization measures that required the Trustee to:

(i) hold, until further Order of the Court, in a separate account all: (1) funds from the SML Administration Business that were in Sorrenti’s possession, or that may come into Sorrenti’s or the Trustee’s possession, in each case as a result of a repayment (in whole or in part) of principal on any Sorrenti SML, whether or not (i) secured by any real property charges, (ii) received before or after the date of the Appointment Order, or (iii) paid or payable in trust, plus (2) all interest paid or payable to Sorrenti or the Trustee in connection with the SML Administration Business at the time such repayment (in whole or in part) of principal is made (collectively, “**Realized Property**”) and report to the Court with a recommendation regarding next steps with respect to the Realized Property; and

(ii) hold in a separate account all funds (other than Realized Property) that were in Sorrenti’s possession on or prior to the date of the Appointment Order as well as any amounts (other than Realized Property) paid or payable to Sorrenti or the Trustee after the date of the Appointment Order,

including in respect of interest where principal is not repaid, fees, expenses or other amounts, (collectively, “**Estate Property**”) and use such Estate Property as set out in the Appointment Order, including to pay operating and professional costs associated with the SML Administration Business. (Realized Property and Estate Property are both included within the definition of “Property” as set out in the Appointment Order).

3. On January 30, 2020, the Court granted an order approving a settlement transaction that the Trustee negotiated with Bel-Ottawa Inc. (“**Gotham Borrower**”), the borrower under a Sorrenti SML relating to a condominium tower in Ottawa, Ontario (“**Gotham SML**”). As more particularly described below and in the Trustee’s first report to Court in these proceedings dated January 22, 2020, the settlement transaction negotiated by the Trustee secured a recovery for Gotham Investors (as defined below) in an amount that exceeds the principal amount advanced to the Gotham Borrower.
4. On March 6, 2020, the Trustee submitted its second report to Court in these proceedings (“**Second Report**”), which provided, among other things, background information concerning the SML Administration Business, a comprehensive update on the Trustee’s activities since its appointment, a status update for each project, recommendations regarding the use of Realized Property and distributions to Investors and further support for the relief proposed to be granted in the First Omnibus Order (described below).
5. As set out in the Second Report, the Court previously granted an order commencing trusteeship proceedings in respect of Building & Development Mortgages Canada Inc. (“**BDMC**”) in Court File Number CV-18-596204-00CL (the “**BDMC Proceedings**”). BDMC was the principal mortgage broker used in more recent years by Fortress to raise initial financing from the investing public through syndicated mortgage loans (“**SMLs**”) for early-stage real estate developments. In their earliest form, the Trustee understands that certain SMLs involving Fortress utilized BDMC as the mortgage broker and Sorrenti as the mortgage administrator. Sorrenti operated as a mortgage administrator pursuant to a licensing exemption available for lawyers in the *Mortgage Brokerage Lenders and Administrators Act, 2006*.
6. On April 13, 2020, in response to correspondence received by the Trustee from FRDI following service of the Second Report wherein FRDI asserted a priority claim to certain amounts that the Trustee intended to distribute to HVS Investors (as defined below) (the

“Fortress Claim”), the Trustee submitted a supplement to the Second Report to Court (**“Supplemental Report”**) that provided additional information regarding the HVS Project (as defined below) and set out the Trustee’s position that the Fortress Claim lacked merit.

7. On May 5, 2020, the Court issued an Order (**“First Omnibus Order”**) that, among other things:
 - (a) required the Trustee to distribute 50% of the Realized Property to the applicable Investors, including, without limitation, authorizing and directing the Trustee to effect a distribution equal to 50% of the Bayview, Gotham, and HVS Realized Property; and
 - (b) authorized the Trustee to use the retained Realized Property to aid the Trustee in complying with the Appointment Order and in carrying out its mandate, including to pay operating and professional costs associated with the SML Administration Business (**“Administrative Holdback”**).
8. A copy of the Second Report (without appendices) and the First Omnibus Order are attached as **Appendices “2” and “3”**, respectively.
9. This report (**“Third Report”**) provides a comprehensive update on the Trustee’s activities undertaken since the date of the Second Report. Capitalized terms not otherwise defined in this Third Report have the meanings ascribed to them in the Appointment Order and the Second Report, as applicable.
10. Materials filed with the Court with respect to these proceedings, including application records, motion materials, Court reports and the various Court orders, are accessible in a section dedicated to these Sorrenti proceedings on the Trustee’s website at: www.faanmortgageadmin.com (**“Trustee’s Website”**). The Trustee intends to maintain the Trustee’s Website for the duration of these proceedings and will be updating it as appropriate.

PURPOSE OF THE THIRD REPORT

11. In the Second Report, the Trustee advised of its intention to report back to the Court on or before October 31, 2020 with a further comprehensive update regarding these proceedings. As a result of the restrictions in 2020 and 2021 due to the COVID-19 pandemic, the Trustee determined that it would be appropriate and in the best interests of

the Investors to delay the comprehensive update and to focus on other activities relating to the Sorrenti trusteeship and administration of Sorrenti SMLs, including those matters set out herein.

12. The purpose of this Third Report is to provide the Court and Sorrenti's stakeholders with a detailed update regarding Sorrenti's SML Administration Business and information regarding the Trustee's activities since the date of the Second Report. In addition to the project updates and other information provided to the Court and other stakeholders, this Third Report is being delivered in support of the Trustee's request for an Order ("**Second Omnibus Order**") approving the Third Report, as well as the Trustee's activities described herein, and the Trustee's fees and disbursements, including the fees and disbursements of its counsel, for the period from February 1, 2020 to February 28, 2021 as more fully described herein and in the fee affidavits attached hereto.
13. Barring any issues and/or restrictions caused by the COVID-19 pandemic or other unforeseen events, the Trustee intends to report to the Court approximately every six months with a further comprehensive update regarding these proceedings. However, the Trustee also anticipates that it will likely be necessary to attend before the Court during the next six-month period to seek relief or advice and directions from the Court regarding project-specific developments, which may include, among other things, the approval of further settlement, assignment or distribution arrangements for certain Sorrenti SMLs, actions that the Trustee proposes to take with respect to certain Sorrenti SMLs, or other general file administration matters.

SCOPE AND TERMS OF REFERENCE

14. In preparing this Third Report, the Trustee has relied upon unaudited financial and other information provided by, *inter alia*, Sorrenti, BDMC, Fortress, certain Investors and certain of the borrowers who have borrowed funds under the Sorrenti SMLs. However, the Trustee notes that it cannot be certain that it is in receipt of all applicable and relevant information with respect to the projects described herein and the SML Administration Business. While the Trustee reviewed various documents provided to it (including, among other things, unaudited internal information, appraisals and financial projections), the Trustee's review does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Assurance Standards ("**GAAS**"), Generally Accepted Accounting Principles ("**GAAP**"), or International Financial

Reporting Standards (“IFRS”). Accordingly, the Trustee expresses no opinion or other form of assurance pursuant to GAAS, GAAP or IFRS, or any other guidelines, with respect to such information.

15. Some of the information used and relied upon in preparing this Third Report consists of financial projections and other information received from various third parties, including appraisals and project cost information. The Trustee cautions that the projections and other information used and relied upon are generally based upon assumptions and estimates about future events and/or market conditions that are not ascertainable or that could change. As such, the information presented in this Third Report may vary from the projections and information used to prepare this Third Report and the actual results may differ both from the results projected therein and herein. Even if the assumptions relied upon therein or herein materialize, the variations from the projections could be significant. The Trustee’s review of the future oriented information used to prepare this Third Report did not constitute an audit or review of such information under GAAS, GAAP or IFRS or any other guidelines.
16. This Third Report has been prepared for the use of the Court and Sorrenti’s stakeholders as general information relating to the SML Administration Business and to assist the Court with respect to the relief sought by the Trustee. Accordingly, the reader is cautioned that this Third Report may not be appropriate for any other purpose and the Trustee will not assume responsibility for losses incurred by the reader as a result of circulation, publication, reproduction or use of this Third Report contrary to the provisions of this paragraph.
17. All references to dollars are in Canadian currency.

GENERAL UPDATE

Sorrenti SMLs

18. As at the date of the Appointment Order, Sorrenti was administering approximately \$95 million of SMLs, which funds were advanced by approximately 2,900 individual Investors. These funds were advanced in connection with ten different real estate projects that were in various stages of development.

19. As at the date of this Third Report, there are eight projects for which Sorrenti administered loans on behalf of Investors that continue to be administered by the Trustee, as two of the projects have been exited since the date of the Second Report.
20. Since the date of the Second Report, the Trustee has continued to take actions, where possible, to maximize recoveries for the Investors by actively engaging with borrowers, priority mortgagees, potential purchasers and potential assignees of indebtedness held by Sorrenti, to monitor the development status of the projects and to protect the Investors' loan and security positions. The Trustee also provides partial discharges and negotiates postponement agreements in respect of Sorrenti's security where such actions are necessary and/or in the best interests of the Investors, including where such actions are required pursuant to Sorrenti's contractual obligations with borrowers and priority lenders to the projects. The Trustee has, in certain cases, successfully negotiated the payment of discharge fees in connection with such requests.
21. While the Trustee actively encourages discussions concerning potential mutually beneficial transactions with Sorrenti's borrowers and priority lenders, it has also been required to remain vigilant in aggressively defending the interests of the Investors from positions being taken by other parties that could further crystallize catastrophic Investor losses. While the Trustee does not control the real estate projects underlying the Sorrenti SMLs (which are in the control of the various borrowers and, in the case of two of the projects, receivers), the Trustee has and continues to attempt to develop creative strategies to work with the relevant stakeholders in furtherance of its mandate.
22. The Trustee has encountered complex, difficult and changing circumstances in connection with certain of the Sorrenti real estate development projects. The Sorrenti SMLs were often secured by second, third or fourth ranking charges subordinate to millions of dollars of priority financing. While the outstanding Sorrenti SMLs have all matured, certain Sorrenti SMLs are subject to standstill agreements with senior lenders that prevent the Trustee from taking independent enforcement action without the consent of the senior lenders. On certain projects, there are competing claims to entitlements and other challenges that could reduce, delay receipt of, or eliminate the availability of amounts that may otherwise have been used to repay the Sorrenti SMLs.
23. As discussed herein, the Trustee has identified four projects where it anticipates that there will be minimal or no recovery for Investors due to a variety of reasons, including but not

limited to, losses experienced by the borrowers of the projects, the current state of completion of the projects, the quantum of the remaining prior ranking secured debt and/or the failure of the relevant real estate development projects. Despite these challenges, the Trustee continues to attempt to maximize recoveries to the extent possible. In circumstances where recoveries may not be possible, the Trustee continues to monitor the projects and to seek information necessary to provide Investors with clarity, certainty and closure regarding their investments that have been outstanding for much longer than originally anticipated.

24. To assist Investors in understanding the status of their particular Sorrenti SML and the applicable real estate development project associated with it, the Trustee has created, and continues to periodically update, a chart that provides, to the best of the Trustee's knowledge, the capital structure and development status of each project and other project-specific information ("**Project Analysis Summary**"). A copy of the updated Project Analysis Summary dated as of April 23, 2021 is attached hereto as **Appendix "4"** and will also be posted to the Trustee's website.
25. While the Project Analysis Summary contains particularized information with respect to each project, the Trustee cautions that it is only intended to summarize certain aspects of the Trustee's analysis and understanding with respect to each project as of a specific date. The Trustee continues to refine its analysis as required based on new developments and information, which can at times have a significant impact on the Trustee's review and related recommendations. The Trustee notes that certain confidential information, the disclosure of which could be detrimental to the Investors' interests, has been excluded from the Project Analysis Summary.

Law Society Tribunal Hearing Concerning Sorrenti

26. As noted in the Second Report, on February 19, 2020, the Law Society Tribunal – Hearing Division ("**Tribunal**") issued an order against Sorrenti which provides that, on an interim interlocutory basis:
 - (a) Sorrenti shall not engage in the practice of mortgage administration in syndicated mortgage loans/investments or act as trustee in respect of syndicated mortgage loans/investments; and

- (b) Sorrenti shall not engage, directly or indirectly, including by instructing another lawyer or non-lawyer or by providing legal services or advice or by registering instruments, in the practice of law in relation to major development proposals known as syndicated mortgage investments (collectively, the “**Interim First Interlocutory Tribunal Order**”).

A copy of the Interim First Interlocutory Tribunal Order was attached to the Second Report.

- 27. The next Tribunal hearing was originally scheduled for April 2020 but was postponed to September 8, 2020. At that hearing, the Tribunal further ordered (“**Second Interlocutory Tribunal Order**”), on an interlocutory basis, that Sorrenti shall not practise law except in accordance with following restrictions related to syndicated mortgage transactions:

- (a) Sorrenti shall not engage in the practice of mortgage administration in syndicated mortgage loans/investments or act as trustee in respect of syndicated mortgage loans/investments; and

- (b) Sorrenti shall not engage, directly or indirectly, including by instructing another lawyer or non-lawyer or by providing legal services or advice or by registering instruments, in the practice of law in relation to syndicated mortgage transactions unless the following conditions apply:

- (i) the number of lenders on the mortgage total no more than 7;

- (ii) Sorrenti provides only independent legal representation;

- (iii) the mortgage secures a debt obligation on a property that is neither under construction nor in development and is used for residential purposes; and

- (iv) the total debt obligation (including all other debt secured by mortgages on the property that have priority over, or the same priority as, the syndicated mortgage) does not exceed 90 percent of the fair market value of the property, assessed at the time the syndicated mortgage is arranged.

- 28. A copy of the Second Interlocutory Tribunal Order issued on September 8, 2020 is attached as **Appendix “5”**.

Class Action Proceedings

29. Sorrenti is a named defendant in five proposed class actions commenced in 2016 and 2017 relating to the following real estate development projects that are known as: (i) Harmony Simcoe/Kemp; (ii) Collier Centre; (iii) Orchard; (iv) Progress; and (v) Sutton (collectively, the “**Class Actions**”). The Trustee notes that the first three projects noted above are projects subject to the BDMC Proceedings and that the SMLs with respect to the Progress and Sutton Projects (as each is defined below) are being administered by the Trustee as part of these Sorrenti proceedings.
30. The Trustee and its counsel have been required to spend considerable time in respect of the Class Actions, including interacting with Class Action counsel, the relevant borrowers’ counsel and Sorrenti’s class action counsel. The Trustee has reviewed materials filed in the Class Actions and correspondence received from the parties to the Class Actions.
31. The plaintiffs in the Class Actions sought to partially lift the stay of proceedings imposed by the Appointment Order with respect to Sorrenti, solely to allow the actions to continue to recover any proceeds that may be available under insurance policies issued in favour of Sorrenti. The Trustee provided its consent to partially lift the stay solely to allow access to any insurance policies in accordance with the terms of draft orders negotiated with the parties, which also provide, among other things, that nothing in the Orders shall: (i) require the Trustee to defend or otherwise participate in the action; (ii) permit or otherwise entitle the plaintiffs to recover any amounts held by the Trustee pursuant to the Appointment Order, or (iii) affect any person’s rights or entitlements relating to any insurance policies issued in favour of Sorrenti.
32. Counsel for the Trustee participated in a case conference with respect to the Class Actions on March 30, 2021 before the Honourable Mr. Justice Perell who has carriage of the Class Actions. In advance of the case conference, the Trustee sent an email to the service list in these proceedings to advise of the Trustee’s consent to partially lift the stay. On April 22, 2021, a partial lift stay order was granted in each of the Class Actions. A further case conference was held on April 23, 2021 and the next case conference has yet to be scheduled.

REALIZED PROPERTY

33. To date, the Trustee has obtained Realized Property on behalf of Investors in respect of four Sorrenti SMLs in the cumulative amount of approximately \$7.1 million. While the settlement transaction in respect of the Gotham Project provided recoveries in excess of 100% of the principal amount owing to Investors, as discussed herein, the other realizations have resulted in recoveries well below 100% of the principal amounts owing. In these instances, such transactions or repayments represented the best possible negotiated outcomes and recoveries for the applicable Investors in the circumstances, and the Trustee worked closely with Representative Counsel on these transactions.
34. A summary of the Realized Property generated in these proceedings to date is provided in the following table:

Project	Type of Transaction	Realized Property to Date (\$)
Gotham	Court-Approved Settlement	1,420,590
Harmony Village Sheppard	Receivership Distribution	1,136,300
Bayview	Project Completion	4,210,085
Victoria Park	Assignment of Debt and Security	300,000
Various inactive SMLs	Various	79,906
Total		<u>\$7,146,881</u>

35. The Trustee also seeks to improve Investor recoveries whenever possible by way of professional fee reimbursements from borrowers or other parties and to date has recovered \$21,500 on account of such fee reimbursements.
36. Since the date of the Second Report and as directed by the Court pursuant to the First Omnibus Order, the Trustee made distributions of Realized Property in respect of the Gotham, Harmony Village Sheppard, and Bayview projects, as well as in respect of the inactive projects for which Sorrenti held Realized Property as at the date of the Appointment Order. As discussed later in this Third Report, a distribution is pending in respect of the Realized Property generated from the Victoria Park SML (as defined below).

PROJECT SPECIFIC UPDATES

37. As noted above, to assist Investors in understanding the status of their particular Sorrenti SML, the Trustee has updated the Project Analysis Summary and will be posting the updated Project Analysis Summary on the Trustee's Website (see **Appendix "4"**). Additional details regarding each of the projects related to the Sorrenti SMLs are provided below.

Projects with Currently Anticipated Realizations

38. Sutton/The Link Project: Sorrenti administered two SMLs ("**Sutton SMLs**") in connection with four low rise condominiums with approximately 13,300 square feet of ground floor commercial space located in Burlington, Ontario ("**Sutton Project**"). Approximately \$11.6 million in principal advanced is secured by a first ranking charge on title to the Sutton Project and approximately \$8 million in principal advanced is secured by a second ranking charge on title to the Sutton Project. Adi Development Group Inc. ("**Sutton Guarantor**"), an entity related to the borrower ("**Sutton Borrower**"), has provided certain guarantees in connection with the Sutton SMLs ("**Sutton Guarantees**").
39. Shortly after the Trustee's appointment, the Sutton Borrower requested that the Trustee provide partial discharges in connection with the sale of six condominium units to third party purchasers. The Trustee agreed to provide the requested discharges on the condition that the Sutton Borrower's legal counsel hold the net closing proceeds in trust pending the consent of the Trustee to the release of same. Since the date of the Second Report, the Trustee has consented to the disbursement of certain necessary project costs from these proceeds and understands that approximately \$2.5 million remains held in trust.
40. The Trustee understands that other than 2 parking and 4 locker units, all residential units have been sold and closed, and all 12 commercial units remain unsold ("**Remaining Sutton Assets**"). The Trustee further understands from the Sutton Borrower that a significant portion of the commercial space has now been leased.
41. The Trustee has been advised by the Sutton Borrower that there will be insufficient proceeds to repay the Sutton SMLs in full based upon the estimated market value of the Remaining Sutton Assets combined with the above-noted funds being held in trust by the Sutton Borrower's legal counsel. Given the anticipated shortfall, the Trustee has engaged

in discussions with the Sutton Borrower and the Sutton Guarantor concerning these matters and the Sutton Guarantor's obligations under the Sutton Guarantees.

42. Unionvillas Project: Sorrenti administered a SML ("**Unionvillas SML**") in connection with a 52-unit townhouse development in Markham, Ontario ("**Unionvillas Project**"), which consists of approximately \$8 million in principal advanced, secured by a third ranking charge on title to the Unionvillas Project.
43. In addition to the registered charge in favour of the Unionvillas SML, there are also first and second ranking charges registered on title to the Unionvillas Project in favour of Kingsett Mortgage Corporation ("**Kingsett**"), which relate to the construction financing for the project. The Trustee understands that as of March 31, 2021 there was approximately \$2.4 million in principal owing to Kingsett in respect of its construction loans and approximately \$820,000 in respect of its loan securing certain letters of credit, discussed below.
44. Construction on the Unionvillas Project is now complete and there are 7 residential units remaining to be sold, all of which appear to be subject to executed purchase and sale agreements.
45. Following the date of the Second Report, the borrower under the Unionvillas SML ("**Unionvillas Borrower**") requested that the Trustee execute partial discharges of the Unionvillas SML in connection with the closing of various units. Upon receipt of such requests, the Trustee requested various information related to each sale transaction, which requests typically included copies of the agreements of purchase and sale, the closing statements of adjustments, and the proposed use of proceeds from the respective sale transactions. Pursuant to Sorrenti's interlender agreement with Kingsett, on the basis that, among other things, the net closing proceeds of sale would be paid to Kingsett, the Trustee granted the requested discharges (other than with respect to the remaining unsold units).
46. Since October 2019, the Unionvillas Borrower has continuously advised the Trustee that the Investors in the Unionvillas SML ("**Unionvillas Investors**") would likely recover, at a minimum, all of their principal advances to the Unionvillas Borrower. However, on March 10, 2021, the Unionvillas Borrower requested a meeting with the Trustee, at which time a recovery analysis ("**March 2021 Analysis**") was provided by the Unionvillas Borrower,

which indicated for the first time that not only would the Unionvillas Investors not be repaid in full, but that they are projected to suffer a significant shortfall on their principal advances.

47. Upon being provided with the March 2021 Analysis, which contained significantly different information compared to the information previously provided by the Unionvillas Borrower, the Trustee took immediate steps with respect to the Unionvillas Borrower. On March 11, 2021, the Trustee sent an email to the Unionvillas Borrower, followed up by a letter from the Trustee's legal counsel to legal counsel to the Unionvillas Borrower on March 14, 2021, which among other things, required the Unionvillas Borrower to not complete any of the remaining unit closings without the consent of the Trustee and requested various project related information, including, but not limited to the general ledger, documents related to all of the lot sales completed to date, priority mortgagee loan statements and specific information related to the letters of credit held by the City of Markham and Tarion Warranty Corporation ("**Tarion**").
48. Although the Trustee was provided with some of the requested information, the general ledger, being an important document, was not provided, nor were, among other things, specific information concerning the status of the remaining residential units, cheque copies and additional documentation required to provide clarity regarding the outstanding amounts being held by the City of Markham and Tarion, and a full accounting of each of the letters of credit.
49. Given the March 2021 Analysis and based on the recent information provided by the Unionvillas Borrower, the Trustee is very concerned about the status of the Unionvillas SML and is actively engaging with the Unionvillas Borrower and considering its next steps in order to obtain as much Realized Property as possible in the circumstances in respect of the Unionvillas Project. The Trustee has reserved all of its rights against the Unionvillas Borrower and/or with respect to the Unionvillas SML.
50. Ten88/Progress Project: Sorrenti administered a SML ("**Progress SML**") in connection with a real estate development in Toronto, Ontario ("**Progress Project**") with approximately \$17.3 million in principal outstanding. The Progress SML is secured by a second ranking charge registered on title to phase two of the Progress Project ("**Progress Phase 2**"). As previously reported, the Trustee understands that the first phase of the Progress Project ("**Progress Phase 1**"), which is comprised of 105 stacked townhomes, has been completed and all townhomes have been sold and closed. The Trustee

understands that prior to the commencement of these proceedings, Sorrenti discharged its charge securing the Progress SML from the real property comprising Progress Phase 1, and that there were no proceeds paid to the Investors in the Progress SML as it appears that the proceeds from Progress Phase 1 were used in part to repay prior ranking loans. The Trustee has requested from the borrower under the Progress SML (“**Progress Borrower**”) the details of where the net proceeds from the Progress Phase 1 sales were distributed. To date, the Progress Borrower has failed to provide adequate information concerning Progress Phase 1 to the Trustee.

51. On July 15, 2020, the Trustee learned from counsel to the Progress Borrower that it was holding approximately \$1.16 million in trust in respect of Progress Phase 1. The Trustee also learned that three parking spaces remain unsold. The Trustee was later advised by the Progress Borrower’s counsel that approximately \$311,000 has been utilized to pay remaining residual costs for Progress Phase 1 and approximately \$762,000 was paid to the senior secured creditor registered on title for only Progress Phase 2. The Trustee continues to be in discussions with the Progress Borrower regarding this matter.
52. The Progress Borrower’s counsel subsequently advised that it holds \$250,000 as security for a bond issued in respect of Progress Phase 1 by Aviva Insurance Company of Canada (“**Aviva**”) to Tarion on behalf of the Progress Borrower and that, as the Tarion bond was recently returned, these additional funds are available for release. The Trustee’s counsel has advised counsel to the Progress Borrower that the Trustee has an interest in these funds and the parties continue to discuss this matter.
53. Progress Phase 2 is zoned for two residential towers and ground floor retail space and has a first priority mortgage registered on title in the principal amount of \$7 million. The Trustee understands that the full principal amount of this mortgage remains outstanding.
54. As set out in the Second Report, the Trustee understands that the Progress Borrower is considering a sale of the real estate underlying Progress Phase 2 (“**Progress Phase 2 Lands**”) to the Everest Group of Companies. The Trustee further understands that the Progress Borrower has not yet formally listed the Progress Phase 2 Lands for sale. Accordingly, the Trustee continues to be in discussion with the Progress Borrower with respect to next steps regarding the Progress Project.

Projects with Realized Property

55. Gotham Project: As previously reported, the Trustee was successful in negotiating and executing a settlement agreement (“**Gotham Settlement Agreement**”) with the Gotham Borrower. The Gotham Settlement Agreement resulted in a payment to the Trustee, on behalf of the Investors under the Gotham SML (“**Gotham Investors**”), representing an average recovery for Gotham Investors of 141% of the total principal amount advanced to the Gotham Borrower when previously paid principal and interest are taken into account.
56. The Court issued an Order approving the Gotham Settlement Agreement on January 30, 2020 and the transaction closed the next day. As set out above, the Trustee has since made a distribution to the Gotham Investors in accordance with the First Omnibus Order.
57. Victoria Park Project: Sorrenti administered a SML (“**Victoria Park SML**”) made in connection with a real estate development project in Toronto, Ontario (“**Victoria Park Project**”) with approximately \$12.6 million in principal advanced that was secured by a third-ranking charge on title to the Victoria Park Project.
58. The Victoria Park Project was subject to a notice of sale under mortgage proceeding commenced by Findev Inc. (“**Findev**”), the second priority mortgagee, as well as a Notice of Intention to Enforce Security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act*. The borrower under the Victoria Park SML (“**Victoria Park Borrower**”) was unable to meet the deadline to pay its outstanding debt, and, as a result, Findev commenced a process to sell the property and appointed RSM Canada Limited as a private receiver of the Victoria Park Project (“**Victoria Park Receiver**”). In addition to the amount owing to Findev, the Victoria Park Borrower owed approximately \$7.5 million to the lender with the first-ranking charge registered on title to the Victoria Park Project.
59. The Victoria Park Receiver listed the property for sale with a commercial real estate broker and established a bid deadline of April 3, 2020, which was extended to April 20, 2020. At the conclusion of the Victoria Park Receiver’s sale process, the Victoria Park Receiver entered into an agreement of purchase and sale with Plazacorp Investments Limited¹ (“**Victoria Park Purchaser**”). On June 11, 2020, an order authorizing the sale to the Victoria Park Purchaser was granted by the Court (“**Victoria Park Order**”). The Victoria

¹ The Victoria Park Receiver’s report to Court noted that the Victoria Park Purchaser and Findev are related entities.

Park Order enabled the Victoria Park Purchaser to obtain title to the Victoria Park Project free and clear of any existing security and related registrations, including the charge in favour of Sorrenti securing the Victoria Park SML.

60. On June 25, 2020, the Trustee issued a notice to the Investors in the Victoria Park SML (“**Victoria Park Investors**”) regarding the issuance of the Victoria Park Order. A copy of the Victoria Park Notice is attached as **Appendix “6”**. The Victoria Park Notice advised Victoria Park Investors that the proceeds from the sale of the Victoria Park Project property would be insufficient to repay Findev, as second mortgagee, in full, and that there would be no proceeds available to repay the Victoria Park SML.
61. In July 2020, subsequent to the issuance of the Victoria Park Order, but prior to the closing of the sale transaction authorized therein, the Victoria Park Purchaser contacted the Trustee and Representative Counsel to offer to take an assignment of Sorrenti’s debt for cash consideration, which would enable the Victoria Park Purchaser to, among other things, continue the Victoria Park Project in the existing corporate structure. Accordingly, the Trustee and Representative Counsel engaged in discussions with the Victoria Park Purchaser.
62. As noted in the Second Report, the Trustee is aware that the Victoria Park Borrower made significant payments and loans to parties related to the Victoria Park Borrower (“**Victoria Park Related Party Transactions**”) and, to date and notwithstanding numerous requests, the Victoria Park Borrower has been unable to provide satisfactory explanations and documentation to support the foregoing payments and loans. The Trustee was concerned that the proposed assignment transaction may have precluded any ability for the Trustee to further investigate the Victoria Park Related Party Transactions.
63. In order to address these concerns, the Victoria Park Assignment Agreement (as defined below) that the Trustee ultimately agreed to enter into involves the Trustee retaining all rights and claims of Sorrenti against the Victoria Park Borrower that are collectible from third parties including but not limited to the right to pursue certain Related Parties in respect of management fees paid and/or loans made to those parties by the Victoria Park Borrower (the “**Excluded Claims**”).
64. Accordingly, in September 2020, the Trustee entered into an assignment agreement (“**Victoria Park Assignment Agreement**”) with Yonge-Abell Mortgage Partners Limited

("Assignee"), an affiliate of the Victoria Park Purchaser, which, among other things, assigned Sorrenti's claims against the Victoria Park Borrower (other than the Excluded Claims) to the Assignee for consideration of \$300,000 ("**Victoria Park Realized Property**").

65. The Trustee is presently considering its options in respect of the Excluded Claims and has been in communication with the Related Parties regarding such claims.
66. Pursuant to the First Omnibus Order, the Trustee is required to distribute 50% of the Victoria Park Realized Property. The Trustee intends to effect the distribution as soon as is practicable following the hearing to consider the relief sought in connection with this Third Report.
67. Harmony Village Sheppard Project: Sorrenti administered a SML made in connection with a real estate development property in Toronto, Ontario ("**HVS Project**") with approximately \$28.8 million ("**HVS SML**") in principal advanced, which was secured by a charge registered on title to the HVS Project. The HVS Project was subject to a receivership proceeding in which Rosen Goldberg Inc. was appointed by the Court as receiver ("**HVS Receiver**"). Additional details regarding the HVS SML are set out in the Second Report and the Supplemental Report and are summarized below:
 - (a) in 2017, the HVS Receiver sold the real estate underlying the HVS Project pursuant to a Court-approved sale process. The obligations that were registered on title to the property in priority to the HVS SML were repaid and approximately \$19.5 million was paid to Sorrenti on behalf of Investors in the HVS Project ("**HVS Investors**"); and
 - (b) On October 16, 2019, the HVS Receiver made a distribution to the Trustee of \$1.06 million, which represents a return of a development deposit previously held by the City of Toronto ("**Original HVS Realized Property**").
68. In accordance with the First Omnibus Order, the Trustee distributed 50% of the Original HVS Realized Property (\$530,000) to the HVS Investors and retained the remaining 50% on account of the Administrative Holdback.
69. On December 8, 2020, the HVS Receiver paid \$76,299.74 to the Trustee as a final distribution from the Receivership estate ("**Final HVS Realized Property**") and 50% of this amount has been distributed by the Trustee to the HVS Investors.

70. The HVS Receiver has recovered and paid to Sorrenti and the Trustee, on behalf of the HVS Investors, approximately 71% of the original principal amount advanced under the HVS SML. Including previously paid interest, approximately 89% of the original principal advanced under the HVS SML has been recovered from the HVS Borrower and the HVS Receiver.
71. Bayview Project: There were 504 Investors that advanced funds to the Bayview Project (“**Bayview Investors**”) in the total principal amount of approximately \$19.8 million (“**Bayview SML**”) with respect to a completed 234-unit condominium development project located in Toronto, Ontario. Registration for the condominium occurred in 2018.
72. According to Sorrenti’s records, Sorrenti received approximately \$18 million on June 25, 2019 (“**Bayview Funds**”) as a partial repayment of the Bayview SML.
73. As of the date of the Trustee’s appointment, the remaining outstanding principal amount of \$1.8 million has remained unpaid and, accordingly, the Trustee has continued to communicate with the borrower under the Bayview SML and its counsel regarding any potential additional realizations from the Bayview Project, including from an outstanding Tarion bond.
74. Based on the Trustee’s review of Sorrenti’s records, it appears that Sorrenti began to distribute the Bayview Funds in August 2019, net of \$111,700 withheld for administration costs (which was a subject of the Sorrenti Fee Motion, discussed below). As at the date of the Appointment Order, 409 of 504 Bayview Investors had received their pro rata distribution of the Bayview Funds. Mr. Sorrenti advised the Trustee that due to his inability to confirm contact information for the remaining 95 Bayview Investors (“**Bayview Individual Investors**”), he was unable to issue the remaining approximately \$4.2 million of the Bayview Funds (“**Bayview Realized Property**”).
75. In accordance with the First Omnibus Order, the Trustee distributed 50% (\$2,105,043) of the Bayview Realized Property to the Bayview Individual Investors. The remaining 50%, being the Administrative Holdback, and the status of the Bayview Individual Investors, is discussed later in this Third Report.

Projects for Which Realizations Are Uncertain or Unlikely

76. The Mark and Mount Joy/Wismer/Eldin Project: Sorrenti administered two SMLs with approximately \$3.8 million and \$2.8 million of principal advanced, respectively (“**Wismer**

SMLs”), which were secured by charges registered on title in third and fourth position, respectively, in connection with a real estate development project in Markham, Ontario that consists of one 220-unit condominium tower (“**The Mark**”) and 44 townhomes (“**Mount Joy**”) (jointly, the “**Wismer Project**”).

77. The Trustee understands that (i) there is a first ranking charge registered on title to the Wismer Project in favour of MarshallZehr Inc. (“**MarshallZehr**”), which relates to the construction financing for the project, (ii) as of February 2021 there was approximately \$14 million owing to MarshallZehr in respect of its construction loans, and (iii) Aviva also holds a charge registered on title to the Wismer Project that is subordinate only to the charge in favour of MarshallZehr.
78. The Trustee further understands from 1839314 Ontario Inc. (name changed to Pace Developments (The Mark) Ltd.) (“**Wismer Borrower**”) that its only remaining assets are two unsold commercial units in The Mark (“**Remaining Wismer Assets**”).
79. Since the date of the Second Report, as contractually required pursuant to agreements entered into by Sorrenti prior to the appointment of the Trustee, the Trustee has provided partial discharges in conjunction with Wismer Project unit sales. The Trustee has provided these discharges on the basis that the net proceeds only be used to reduce the debt owing to MarshallZehr, as the priority lender. As set out in the Second Report, MarshallZehr anticipates that after the Remaining Wismer Assets are sold, it will incur a significant shortfall. Accordingly, the Trustee’s current understanding remains that there is unlikely to be any recovery for Investors in connection with the Wismer SMLs.
80. In addition, as was advised in the Second Report, the Trustee is aware that there is ongoing litigation with the respect to the Wismer Project among the shareholders and that one of the shareholders in the Wismer Project applied for and obtained an Order from the Court appointing the Fuller Landau Group Inc. as an inspector of the Wismer Borrower. The Trustee understands that the Inspector’s mandate is to investigate the affairs of the Wismer Borrower and to report to the Court on its findings. The Trustee continues to monitor these proceedings though notes that, to its knowledge, there have been no material developments since the date of the Second Report that have or are anticipated to impact Investor recoveries in connection with the Wismer SMLs.

81. Mapleview Commons/Julien Court Project: Sorrenti administered two SMLs with approximately \$6 million and \$2.1 million of principal advanced (the “**Maple SMLs**”), respectively, which are secured by charges registered on title in second and third positions, respectively, in connection with a 16-unit low rise residential development in Maple, Ontario (“**Maple Project**”). Construction is substantially complete and the borrower commenced marketing of the units for sale in mid-2020. There are two unsold units (“**Remaining Maple Assets**”).
82. There is one charge registered on title to the Maple Project in priority to the Maple SMLs’ charges, and the Trustee understands that the outstanding obligations secured by such charge totals approximately \$4.5 million as of April 7, 2021. As contractually required pursuant to agreements entered into by Sorrenti prior to the appointment of the Trustee, the Trustee has provided partial discharges in connection with Maple Project unit sales. The Trustee has provided the discharges on the basis that the net proceeds only be used to reduce the debt owing to the priority lender.
83. Based on the list prices for the Remaining Maple Assets, the sale prices realized on the other residential units to date, and the quantum of the priority debt, the Trustee believes that there will be limited, if any, Realized Property available for Investors in the Maple Project.
84. Soba Project: As at the date of the Appointment Order, Sorrenti administered one SML (“**Soba SML**”)² with approximately \$10.3 million of principal advanced, which is secured by a charge registered on title of a 209-unit condominium development in Ottawa, Ontario (“**Soba Project**”).
85. Construction of the Soba Project is now complete, and the condominium was registered in August 2020. Contemporaneously with the registration of the condominium, the Soba Borrower (as defined below) refinanced its construction loan with its senior secured lender, MCAP Financial Corporation (“**MCAP**”), and obtained from MCAP an inventory loan in respect of the unsold units in the maximum amount of \$12.05 million (“**Inventory Loan**”). The Soba Borrower required that the Trustee postpone Sorrenti’s charge to the charge

² Based upon the Trustee’s review of Sorrenti’s records, there was an additional SML for approximately \$6.9 million advanced to the Soba Borrower that was administered by Sorrenti, which was repaid in 2015. The Trustee understands that this SML ranked in priority to the Soba SML.

registered by MCAP, which was a condition imposed by MCAP in respect of the Inventory Loan. The Trustee granted the postponement on the basis that the proceeds of the Inventory Loan only be used to repay the third-party priority financing that ranked ahead of the Soba SMLs and certain project-related trade liabilities. In connection with the postponement, MCAP, the Trustee, and the Soba Borrower entered into an Interlender Agreement pursuant to which the Soba Borrower agreed, among other things, that (i) no proceeds of the Inventory Loan or any proceeds from unit dispositions would be paid to B JL (as described and defined below), (ii) the Trustee would be paid \$20,000 for its fees and costs related to the Interlender Agreement, and (iii) the Trustee would be paid a discharge fee as a pre-condition to the granting of any future partial discharges.

86. In accordance with Sorrenti's contractual obligations pursuant to agreements entered into by Sorrenti prior to the appointment of the Trustee, the Trustee has discharged Sorrenti's charge in connection with various unit sales that closed following the registration on the basis that the net proceeds of such sales were paid to MCAP and certain trade creditors. To date and to the Trustee's knowledge, B JL has not received any of the proceeds generated from unit closings.
87. The Trustee understands that 23 condominium units, certain parking and storage units, and certain commercial units remain unsold.
88. Based upon the Trustee's review of Sorrenti's records and a title search of the subject property, in November 2018, Sorrenti postponed its charge securing the Soba SML to a charge in the principal amount of \$10.9 million in favour of B JL Properties Inc. ("**B JL**"), an entity related to the borrower under the Soba SML ("**Soba Borrower**") and controlled by Mr. Brad Lamb. The Trustee understands from the Soba Borrower that, at the time of the postponement, it required additional funding to continue construction of the Soba Project and to service priority debt obligations. The Soba Borrower advised it was unable to source such funding from third parties and, in order to prevent the failure of the project, B JL advanced certain funds to the Soba Borrower (the "**Initial B JL Advances**"). The Soba Borrower advised that additional funding continued to be required after the Initial B JL Advances and the Trustee understands that B JL was only prepared to provide such additional funding on the basis that Sorrenti postpone the Soba SML to the Initial B JL Advances and all future advances by B JL (collectively, the "**B JL Advances**"). Should the

BJL Advances be repaid in accordance with the postponement noted above, the Trustee understands that there will be insufficient proceeds to repay any of the Soba SML.

89. The Trustee and its counsel, along with Representative Counsel, continue to review the postponement, the B JL Advances purported to have been made by B JL, and the impact of these advances on the Soba Project and the interests of the Investors under the Soba SML, and to engage with the Soba Borrower and B JL with respect to these matters.

RECEIPTS AND DISBURSEMENTS, CASH FLOW PROJECTION AND FUNDING OF THESE PROCEEDINGS

General

90. In accordance with the Appointment Order, the Trustee continues to engage in the activities described in this Third Report in order to carry out its Court-ordered mandate to protect the interests of the Investors. These activities are complicated, time-consuming, and are being carried out in circumstances where the SML Administration Business is functionally insolvent and has no revenue.
91. Pursuant to the First Omnibus Order, 50% of all Realized Property continues to be held by the Trustee and used to fund the administration of the estate. The Trustee's continued use of Estate Property, including the Administrative Holdback, is essential to fund these proceedings and to continue to carry out the Trustee's mandate in accordance with the Orders of the Court.
92. As discussed below, portions of the Estate Property, which include the Administrative Holdback, have been disbursed to pay the SML Administration Business' operating expenses and professional fees.

Cash receipts and disbursements for the Projection Period

93. In the Second Report, the Trustee provided a forecast for the projected receipts and disbursements related to the administration of this estate for the period March 1, 2020 to October 31, 2020 ("**Projection Period**").

94. As noted earlier in this Third Report, the Trustee delayed its semi-annual comprehensive reporting to the Court due to the COVID-19 pandemic. As a result, the Projection Period does not cover the full period since the Trustee last reported its receipts and disbursements. Accordingly, the following table reflects the variance analysis for the Projection Period only:

	(\$000s)		
	Projected	Actual	Variance
Receipts			
Collections and other receipts	-	91	91
Administrative Holdback	-	3,535	3,535
Total receipts	-	3,626	3,626
Disbursements			
Operating costs	123	41	82
Appraisals	41	6	35
Professional fees	2,456	1,529	927
Total disbursements	2,620	1,576	1,044
Net cash flow	(2,620)	2,050	4,670

The detailed variance analysis for the Projection Period is attached as **Appendix “7”**.

95. The significant variances during the Projection Period are explained as follows:

Collections and other receipts: Relates to interest earned on bank account balances and fees successfully recovered by the Trustee from the Soba Borrower primarily in connection with the Trustee’s execution of a postponement required the Projection Period.

Administrative Holdback: Relates to amounts withheld in respect of the Victoria Park Realized Property, Bayview Realized Property, Gotham Realized Property, HVS Realized Property, and the inactive projects for which Sorrenti held Realized Property as at the date of the Appointment Order.

Professional Fees: The positive variance is due to a timing difference and lower than projected professional fees having been incurred in the Projection Period.

96. In addition, the actual receipts and disbursements for the period following the Projection Period (being November 1, 2020 to March 31, 2021) are summarized below:

	<u>(\$000s)</u>
Receipts	
Collections and other receipts	201
Administrative Holdback	<u>56</u>
Total receipts	<u>257</u>
Disbursements	
Operating costs	23
Professional fees	<u>515</u>
Total disbursements	<u>538</u>
Net cash flow	<u>(281)</u>

97. The Trustee notes the following with respect to the above chart:

Collections and other receipts: Relates to interest earned on account balances, fees successfully recovered by the Trustee from the Soba Borrower in relation to the provision of partial discharges, and amounts that were previously held by the Trustee pending determination as to the appropriate classification of those amounts as Estate or Realized Property, which have now been determined to be Estate Property (these amounts are discussed in more detail below).

Administrative Holdback: Relates to (i) amounts withheld in respect of the Final HVS Realized Property, and (ii) an amount withheld from a repayment to a prospective Investor whose funds were supposed to have been advanced as part of a SML but which remained in Sorrenti's bank account at the time of the Trustee's appointment. Additional details related to this amount are provided in paragraph 102 below.

Professional Fees: Relates to fees accrued in the Projection Period that were paid between November 2020 and March 2021, and a portion of the fees incurred between November 2020 and March 2021.

Funds in the Trustee's Possession

98. A summary of the funds in the Trustee's possession is provided in the table below.

<u>Type</u>	<u>Primary Purpose</u>	(\$000s)	
		<u>As at Feb 29, 2020</u>	<u>As at Mar 31, 2021</u>
Estate	Used to fund the cost of the trusteeship proceedings, including remaining funds from the Administrative Holdback	991	2,760
Realized	Held pending Investor distributions	6,771	150
Potential Trust Funds	Funds that may have been held in trust for certain individuals or corporations	316	316
Transferred Projects	Held pending determination as Estate or Realized Property	229	-
Total		<u>8,307</u>	<u>3,226</u>

99. Estate Property: As noted previously, since the issuance of the First Omnibus Order, the Estate Property has been used to fund Sorrenti's operating costs and to enable the Trustee and Representative Counsel to fulfill their mandate in these proceedings. Funds held by the Trustee in respect of the Administrative Holdback are also maintained in these accounts.
100. Realized Property: The funds held as at March 31, 2021 represent 50% of the Victoria Park Realized Property, which the Trustee intends to distribute following the hearing to consider the relief sought in connection with this Third Report.
101. Potential Trust Funds: Based on the information currently available to the Trustee, it appears that there are certain funds that may have been held by Sorrenti for certain individuals or companies, though the purpose and terms thereof remain unknown. The Trustee continues to review Sorrenti's records in respect of these amounts. Mr. Sorrenti has been in contact with the Trustee regarding these funds, which is discussed in further detail later in this Third Report.
102. Transferred Projects: At the time of the Trustee's appointment, Sorrenti held approximately \$229,000 in respect of certain projects for which the administration responsibility was transferred to BDMC prior to the appointment of the Trustee ("**Transferred Projects**"). This is discussed in greater detail in the Second Report. The

Trustee has reviewed information contained in Sorrenti’s records related to these funds and has determined that \$199,282 of such funds are Estate Property as those funds originated from interest and fees related to the Transferred Projects. The remaining \$30,000 of these funds were advanced to Sorrenti by one prospective Investor for investment in a SML; however, those funds were not ultimately advanced to the intended project. As such funds are the principal amount of the Investor’s investment, the Trustee has determined that these funds are Realized Property and has paid this amount to the Investor, net of the Administrative Holdback.

Projected receipts and disbursements for the period ending October 31, 2021

103. The Trustee prepared a monthly cash flow projection (“**Cash Flow Projection**”) for the period April 1, 2021 to October 31, 2021 (“**Cash Flow Period**”). The Cash Flow Projection is attached as **Appendix “8”**.

104. A summary of the Cash Flow Projection is provided in the following table:

	<u>(\$000s)</u>
Receipts	5
Disbursements	
Independent contractors	74
Office, IT and other	<u>23</u>
Total operating disbursements	97
Appraisal fees	12
Professional fees	1,211
Total disbursements	<u>1,320</u>
Net cash flow	<u>(1,315)</u>
Opening Cash – Estate Property	2,760
Net cash flow	<u>(1,315)</u>
Projected Closing Cash – Estate Property	<u>1,445</u>

105. The primary assumptions underlying the Cash Flow Projection are as follows:

Projected Receipts: As was the case in the cash flow projection provided in the Second Report, there are no cash receipts from the SML Administration Business projected during the Cash Flow Period since there remains uncertainty regarding the timing and outcome of potential transactions related to the remaining projects administered by Sorrenti. Progress has been made with respect to potential transactions related to certain projects

and the Trustee may receive additional Realized Property during the Cash Flow Period, a portion of which will be used to offset the projected disbursements. Due to the confidential nature of the ongoing negotiations, as in previous cash flow projections, the Trustee has not included a forecast for these receipts during the Cash Flow Period.

Projected Disbursements: These amounts relate primarily to operating costs and professional fee disbursements. The majority of the operating costs are related to independent contractors retained by the Trustee to assist with the administration of the Sorrenti estate and IT services. Further, it is contemplated that the professional fees of the Trustee, its counsel, and Representative Counsel will be paid during the Cash Flow Period, including the fees that were accrued and unpaid as at March 31, 2021.

REALIZED PROPERTY AND ADMINISTRATIVE HOLDBACK

106. The Trustee continues to receive numerous communications from Investors detailing hardships that they are experiencing as a result of their investments in the Sorrenti SMLs due to, delayed repayments, returns on investment below expectations and/or partial or total losses. The Trustee has also been advised by Representative Counsel that it also continues to receive similar communications. The communications have included inquiries about when the Administrative Holdback may be reduced and communications from Bayview Individual Investors as to whether the Administrative Holdback may be reduced for that subset of Investors.
107. Pursuant to the First Omnibus Order, the Trustee is authorized to distribute 50% of all Realized Property and to retain the remaining 50% to fund the administration of these proceedings.
108. The timing and extent of a future reduction of the Administrative Holdback is dependent on additional Realized Property being obtained by the Trustee from realizations from the Sorrenti SMLs. Upon receipt of such realizations, it is possible that, at a future date, the Trustee may seek a further Order from the Court, authorizing it to distribute a higher percentage of Realized Property to Investors. However, as set out in this Third Report, there may only be a limited number of projects that could give rise to recoveries. Accordingly, given the existing uncertainty as to the quantum and timing of any future recoveries, at this time, the Trustee must continue to retain the Administrative Holdback to fund its efforts to maximize the future recovery of additional Realized Property.

109. As set out in the Second Report, the Trustee acknowledges that these proceedings may have a disproportionate impact on Investors. Accordingly, the Trustee intends to develop an allocation formula at the appropriate time to fairly and equitably allocate the cost of the administration of these proceedings among the Investors. The Trustee is particularly cognizant of the situation facing the Bayview Individual Investors, which will be a significant factor when determining the manner in which the costs of these proceedings will be shared among the Investors.

REPRESENTATIVE COUNSEL

110. Pursuant to the Appointment Order, Chaitons LLP was appointed Representative Counsel to represent the common interests of the Investors who participate in Sorrenti SMLs, including the common interests of Investors in any particular Sorrenti SML.
111. The Trustee understands that Representative Counsel continues to receive regular calls and written correspondence and has been responding in a timely manner to such communications to the extent that the inquiries pertain to legal issues covered by Representative Counsel's mandate.
112. The Trustee also understands that Representative Counsel has been dealing with numerous inquiries from Investors regarding their rights and remedies and potential causes of action against third parties, including potential sources of recovery from other than the borrowers under the various Sorrenti SMLs. Representative Counsel was also actively involved in the negotiation and finalization of the Tax Opinions Order (as defined below), which is intended to assist Investors in understanding their legal rights.
113. The Trustee also continues to consult with Representative Counsel when appropriate, and the Trustee and its counsel are in regular contact with Representative Counsel, in particular with respect to all significant decisions that would likely have a material impact on Investor recoveries.

ACTIVITIES OF THE TRUSTEE

Sorrenti Fee Motion

114. On March 27, 2020, Sorrenti served the Trustee with a notice of motion and affidavit sworn by Mr. Sorrenti in support of a motion (the "**Sorrenti Fee Motion**") seeking an order, among other things: (i) authorizing and directing the Trustee to release to Sorrenti, in trust,

\$120,979.89 from Estate Property (as defined in the Appointment Order), which Sorrenti claimed represented funds held in trust by Sorrenti for third parties; (ii) amending the definition of Estate Property in the Appointment Order to limit the definition to funds in Sorrenti's trust account at the time of the Trustee's appointment relating to the Sorrenti SMLs over which the Trustee is appointed and excluding any amounts paid to Sorrenti on account of services rendered; and (iii) further and in the alternative, authorizing and directing the Trustee to release \$376,581 from Estate Property to Sorrenti, which Sorrenti claimed represented fees earned by Sorrenti in connection with certain Sorrenti SMLs.

115. Paragraph 55 of the Appointment Order provides that the Order was made "without prejudice to [Sorrenti's] ability to apply to [the] Court for a determination in respect of his administration fees or other monies to which [Sorrenti] claims an entitlement up until the date of this Order."

116. As set out in the Second Report, the Trustee understands from Sorrenti that, as at the date of the Appointment Order, Sorrenti maintained one trust bank account at the Royal Bank of Canada ("**Bank**") for administering the Sorrenti SMLs ("**Sorrenti SML Account**"). As set out in the Second Report:

(a) upon issuance of the Appointment Order, the Trustee secured control of the Sorrenti SML Account;

(b) the Trustee noted that on September 30, 2019 (the date of the Appointment Order), four cheques (dated September 27, 2019) payable to Sorrenti Law Professional Corporation had cleared the Sorrenti SML Account ("**Reversed Cheques**"), which are summarized below:

Cheque Number	Project	Amount (\$)
21723	Sutton/Link	250,000
21721	Masonry	12,381
21722	King Charlotte	12,500
21720	Bayview	111,700
Total		386,581

(c) Upon inquiry from the Trustee, Mr. Sorrenti advised that on September 27, 2019, Sorrenti issued the Reversed Cheques from the Sorrenti SML Account and that he deposited them into his general account on September 30, 2019. By September

27, 2019, Sorrenti was aware of the LSO's pending application for the Appointment Order;

- (d) The Trustee immediately contacted the Bank regarding the Reversed Cheques and the amounts subject to the Reversed Cheques were returned to the Sorrenti SML Account; and
 - (e) On October 4, 2019, Mr. Sorrenti emailed the Trustee to attempt to provide support for fees charged in respect of the Bayview SML and, among other things, requested the return of the funds subject to the Reversed Cheques. On October 10, 2019, the Trustee responded to Mr. Sorrenti's email of October 4, 2019, denying his request and advising of the stay of proceedings and the interim stabilization measures imposed by the Appointment Order.
117. The Trustee engaged in discussions with Sorrenti's counsel to attempt to resolve the Sorrenti Fee Motion. The Trustee also consulted with the LSO's counsel and Representative Counsel in this regard.
118. The Trustee and Sorrenti have agreed to minutes of settlement ("**Minutes of Settlement**") that resolve all claims of Sorrenti made or that could have been made in the Sorrenti Fee Motion and that Sorrenti may have under Paragraph 55 of the Appointment Order and was executed by all parties on or about April 20, 2021. The Minutes of Settlement include the following provisions:
- (a) The Sorrenti Fee Motion is withdrawn with prejudice and each party will bear its own costs of the motion;
 - (b) The Trustee shall return to Sorrenti \$15,000 from the funds that the Trustee took possession of pursuant to the Appointment Order (the "**Reconciliation Amount**") after: (i) Sorrenti has served a notice of abandonment for the Sorrenti Fee Motion; and (ii) the Court has granted the proposed Second Omnibus Order;
 - (c) The Reconciliation Amount constitutes a reconciliation of a portion of certain amounts in Sorrenti's bank accounts as at the date of the Appointment Order that relate to SMLs administered by Sorrenti in respect of the Masonry and King Charlotte projects: (i) whose administration were completed before the granting of the Appointment Order; (ii) where, according to Sorrenti's records, investors in the applicable Sorrenti SML received full recovery of all principal and interest owing to

them; and (iii) that are not part of the group of real estate development projects that are currently the subject of active loans being administered by the Trustee, on behalf of Sorrenti, pursuant to the Appointment Order;

- (d) Effective upon receipt of the Reconciliation Amount by Sorrenti, Sorrenti releases and discharges the Trustee from any claims relating to or that could have been raised in the Sorrenti Fee Motion, in connection with paragraph 55 of the Appointment Order, the Trustee's actions relating to the negotiation of and entering into the Minutes of Settlement, and any dealings between the Trustee and Sorrenti until the date of the Minutes of Settlement. For clarity, the receipt by Sorrenti of the Reconciliation Amount shall constitute a full and final settlement and resolution of any and all matters or claims contemplated by paragraph 55 of the Appointment Order and Sorrenti will be forever estopped from bringing any further proceedings under paragraph 55 of the Appointment Order or otherwise relying on paragraph 55 of the Appointment Order;
- (e) Nothing in the Minutes of Settlement, including for greater certainty the settlement of the Motion, the resolution of all matters contemplated by paragraph 55 of the Appointment Order and the return of the Reconciliation Amount, shall in any way affect the ongoing or any future regulatory proceedings commenced by the LSO relating to Sorrenti, including for greater certainty the propriety or collectability of any administrative fees collected by Sorrenti from Investors, including but not limited to the funds constituting the Reconciliation Amount, and in no way constitutes an acknowledgment of Sorrenti's entitlement to the Reconciliation Amount. The Minutes of Settlement are also entirely without prejudice to any position the LSO might take or order the LSO might seek in respect of Sorrenti or the Reconciliation Amount in any current or future proceedings and the Minutes of Settlement cannot be raised, relied on, or used by Sorrenti in any way in response to or during any current or future regulatory proceedings. Similarly, the Minutes of Settlement are entirely without prejudice to any position Sorrenti might take in the ongoing or future regulatory proceedings commenced by the LSO relating to Sorrenti, including but not limited to any position in relation to the funds constituting the Reconciliation Amount, and the Minutes of Settlement in no way constrain Sorrenti from taking the position in any such regulatory proceedings that his entitlement to fees in excess of the Reconciliation Amount was appropriate; and

- (f) Subject to certain exceptions (including permitting the Trustee to describe the Minutes of Settlement in this report), the Trustee and Sorrenti undertake that the Minutes of Settlement shall be treated as confidential and will not disclose any information relating to the terms of the settlement.
119. The Sorrenti Fee Motion also claimed that, as at the Appointment Order, Sorrenti held \$120,979.89 in trust for third parties (“**Trust Claim**”). Such amounts are a subset of the \$316,000 described in paragraph 101 above. As discussed above, the Trustee intends to determine if these funds constitute trust property and appropriate next steps with respect to these funds. The Trustee notes that none of the potential trust claimants identified by Sorrenti have contacted the Trustee in respect of the Trust Claim.

Tax Opinion Order

120. As a result of taking possession of the books and records of BDMC and Sorrenti, the BDMC Trustee and the Trustee are in possession of certain opinion letters (“**Tax Opinions**”) prepared by professional services firms (“**Tax Opinion Providers**”). The Tax Opinions generally address whether certain syndicated mortgage loans and related charges to be registered on title in connection with the development of various real estate development projects were qualified investments for certain trusts under the *Income Tax Act*. The relevant background for and a detailed description of the Tax Opinions Order is set out in the BDMC Trustee’s Twenty-Second Report dated October 7, 2020 (“**BDMC Trustee’s Twenty-Second Report**”).
121. As of October 7, 2020, the BDMC Trustee, the Trustee and Representative Counsel had received over 130 requests from Investors, counsel representing Investors (“**Counsel**”), or other advisors for copies of Tax Opinions. The Trustee understands that Investors were generally requesting copies of the Tax Opinions because they were seeking information about their investments in the various real estate development projects and, in light of realized or forecasted losses on certain of the projects, to assess their legal options for recovery of same.
122. On October 15, 2020, the Court heard a joint motion brought by the BDMC Trustee and Representative Counsel in the BDMC Proceedings and granted an Order (“**Tax Opinions Order**”), which allowed for the orderly dissemination of certain Tax Opinions (defined below) in the possession of the BDMC Trustee and the Trustee, or that otherwise come

into the BDMC Trustee's or the Trustee's possession. A copy of the Tax Opinions Order is attached as **Appendix "9"**. The Tax Opinions Order by its terms also applies in these proceedings and the motion was served on the service list for these proceedings in addition to the service list for the BDMC Proceedings.

123. The Tax Opinions Order sets out clear criteria that any requestor must satisfy to obtain a copy of a Tax Opinion, prohibits the inappropriate use of or dissemination of the Tax Opinions, and provides certain protections for the Trustee, Representative Counsel, and the Tax Opinion Providers. In addition, the Tax Opinions Order provides that the Trustee must notify Olympia and Computershare if it provides a notice naming them and the Tax Opinion Providers if it produces a Tax Opinion prepared by them.
124. Since the Court granted the Tax Opinions Order, the Trustee has disseminated copies of Tax Opinions when requested in accordance with the procedure set out in the Order, along with all required notices in such Order.

General

125. In addition to the activities described above, since the date of the Second Report, the Trustee's activities have also included, among other things:
 - (a) engaging with parties involved in the SML Administration Business, including Investors, Derek Sorrenti and Fortress;
 - (b) engaging with borrowers regarding their particular real estate development project and Sorrenti SML by seeking detailed updates on the progress on the projects and associated financial reporting;
 - (c) engaging with Representative Counsel on behalf of the Investors with respect to all aspects of the SML Administration Business, including attending meetings and conference calls on a regular basis;
 - (d) reviewing updated appraisals commissioned by the Trustee;
 - (e) corresponding with appraisers retained by the Trustee, as appropriate;
 - (f) engaging with a planning consultant in order to obtain information relating to the development status of certain projects;

- (g) engaging with the LSO and its legal counsel, including responding to inquiries made by the LSO in respect of the SML Administration Business, Sorrenti's records related to the SML Administration Business and the Trustee's ongoing activities;
- (h) corresponding and negotiating with Sorrenti and his counsel with respect to the Sorrenti Fee Motion;
- (i) corresponding with class action counsel to certain Investors in two different class action proceedings involving Sorrenti SMLs, and corresponding with certain SML borrowers' counsel in respect of same;
- (j) requesting legal counsel to attend case conferences on March 30, 2021 and April 23, 2021 in respect of certain of the class action proceedings;
- (k) making distributions in accordance with the various Court orders issued in these proceedings to the Investors entitled to those distributions;
- (l) continuing to engage with stakeholders to obtain information related to the projects;
- (m) attending to partial discharges of Sorrenti's security interests to facilitate sales of individual units in the ordinary course, in accordance with Sorrenti's contractual obligations;
- (n) drafting and circulating Investor notices;
- (o) posting court materials on the Trustee's website; and
- (p) in accordance with the provisions of the Appointment Order, obtaining access to certain of Sorrenti's banking, accounting and other records.

126. The Trustee has been engaging with Investors since its appointment and has responded to numerous telephone calls and email correspondence from Investors. Investors contact the Trustee to seek general information about the proceedings, the role of the Trustee and Representative Counsel, as well as specific information regarding the projects that are the subject of their investments or payments that they receive from the Trustee. The Trustee endeavours to respond to all inquiries in a timely manner.

127. Investor communications have been and will remain a critical and time-consuming part of the Trustee's mandate.

FEES OF THE TRUSTEE

128. Pursuant to the terms of the Appointment Order, the Trustee and its legal counsel shall be paid their reasonable fees and disbursements and shall pass their accounts from time to time. The Trustee and its legal counsel are tracking their time by project. For certain tasks that affect all Investors, including general notices and the preparation of general reports to Court and the related Court materials, the time will be charged to a general account that will, at a later date once the totality of realizations are more clear, be allocated to the various projects based on appropriate considerations and in accordance with further Court Orders. The fees of the Trustee and its counsel for the period from the Trustee's appointment to January 31, 2020 were approved by the Court pursuant to the First Omnibus Order.
129. The fees of the Trustee for the period between February 1, 2020 to February 28, 2021 total \$617,808.40, before HST; and HST applicable to such amount totals \$80,315.09, for an aggregate amount of \$698,123.49. Invoices for the fees of the Trustee, including summaries of the activities of the Trustee for the applicable period, are provided in the affidavit of Naveed Manzoor ("**Manzoor Affidavit**"), attached hereto as **Appendix "10"**. The average hourly rate for the Trustee over the referenced billing period was approximately \$448.95/hour.
130. Detailed docket information in respect of the fees and disbursements of the Trustee for this period will be included in the confidential exhibit to the Manzoor Affidavit that is being filed separately with the Court ("**Confidential Manzoor Exhibit**").
131. The Trustee is seeking a sealing order with respect to the Confidential Manzoor Exhibit due to the fact that the information contained in the Trustee's detailed invoices includes privileged and commercially sensitive information regarding the projects and the SML Administration Business generally, and the disclosure of that privileged and/or commercially sensitive information could have a material adverse effect on the recoveries that may ultimately be available to Investors in these proceedings. A similar sealing Order was granted concurrent with the granting of the First Omnibus Order.

FEES OF THE TRUSTEE'S COUNSEL

132. The fees of Osler, Hoskin & Harcourt LLP ("**Osler**") as counsel to the Trustee for the period between February 1, 2020 to February 28, 2021 total \$728,324.20; Osler incurred

\$11,335.02 of reimbursable expenses and disbursements during the period; and HST applicable to such amounts totals \$96,147.29, for an aggregate amount of \$835,806.51. Invoices for the fees, reimbursable expenses, disbursements, and applicable taxes of Osler, including summaries of Osler's activities in relation thereto, are provided in the affidavit of Michael De Lellis ("**De Lellis Affidavit**"), attached hereto as **Appendix "11"**. The average hourly rate for Osler over the referenced billing period was \$764.00/hour (excluding reimbursable expenses, disbursements and HST).

133. Detailed docket information in respect of the fees and disbursements of Osler for this period will be included in the confidential exhibit to the De Lellis Affidavit that is being separately filed with the Court ("**Confidential De Lellis Exhibit**").
134. The Trustee is seeking a sealing order with respect to the Confidential De Lellis Exhibit due to the fact that the information contained in Osler's detailed invoices includes privileged and commercially sensitive information regarding the projects and the SML Administration Business generally, and the disclosure of that privileged and/or commercially sensitive information could have a material adverse effect on the recoveries that may ultimately be available to Investors in these proceedings. As noted above, a similar sealing Order was granted concurrent with the granting of the First Omnibus Order.
135. The Trustee is of the view that the hourly rates charged by Osler are consistent with the rates charged by major law firms practicing in the area of insolvency and restructuring in the Toronto market, and that the fees charged are reasonable in the circumstances.

CONCLUSION

136. The Trustee is working diligently to fulfill its mandate to protect the interests of the Investors and enhance the prospects that the Investors will recover amounts they advanced through the Sorrenti SMLs. Among other things, the Trustee continues to administer the Sorrenti SMLs, refine its analysis in respect of the Sorrenti SMLs and to make decisions, in consultation with Representative Counsel, that, in the circumstances, the Trustee believes are in the best interests of the Investors.

137. In light of the foregoing, the Trustee respectfully recommends that the Court issue the Second Omnibus Order in the form attached to the Trustee's motion record.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 23rd day of April, 2021.

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.,
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
DEREK SORRENTI AND SORRENTI LAW PROFESSIONAL CORPORATION
IN RESPECT OF THE SYNDICATED MORTGAGE LOAN
ADMINISTRATION BUSINESS, AND NOT
IN ITS PERSONAL OR ANY OTHER CAPACITY**

Appendix 1
Appointment Order dated September 30, 2019

THIS IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS STAMPED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT ON FILE IN THIS OFFICE

LA PRÉSENT ATTEST QUE CE DOCUMENT, DONT CHACUNE DES PAGES EST REVÊTUE DU SCEAU DE LA COUR SUPÉRIEURE DE JUSTICE A TORONTO, EST UNE COPIE CONFORME DU DOCUMENT CONSERVÉ DANS CE BUREAU

DATED AT TORONTO THIS 1st DAY OF October 20 19
FAIT A TORONTO LE 1er JOUR DE Octobre 20 19


REGISTRAR C. Irwin GREFIER-Registral

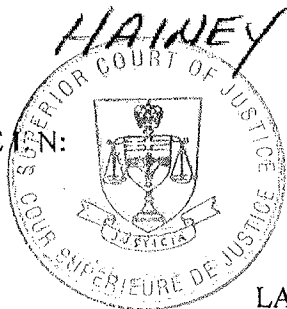
Court File No. CV-19-628258-0002

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)
JUSTICE HAINES)

MONDAY, THE 30th
DAY OF SEPTEMBER, 2019

BETWEEN:
(Court Seal)



LAW SOCIETY OF ONTARIO

Applicant

and

DEREK SORRENTI and
SORRENTI LAW PROFESSIONAL CORPORATION

Respondents

APPLICATION UNDER section 49.47 of the *Law Society Act*, R.S.O. 1990, c. L.8 and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43

ORDER

THIS APPLICATION, made by the Law Society of Ontario (the "Law Society") for an Order pursuant to section 49.47 of the *Law Society Act*, R.S.O. 1990, c. L.8 and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43 appointing FAAN Mortgage Administrators Inc. ("FAAN Mortgage") as trustee (in such capacity, the "Trustee"), without security, of all of the assets, undertakings and properties of Derek Sorrenti or Sorrenti Professional Law Corporation ("Respondents") relating to the Respondents' trusteeship and administration of syndicated

mortgage loans in projects affiliated with Fortress Real Developments Inc. (“**FRDI**”) and all of its direct or indirect affiliates, and any entity under common control with FRDI (collectively, “**Fortress**”), was heard this day at 330 University Avenue, Toronto, Ontario, M5G 1R7.

ON READING the Notice of Application, the Affidavit of Nadia Musclow, the Affidavit of Nadiatou Fagbemi, the Pre-Filing Report of FAAN Mortgage, the consent of FAAN Mortgage to act as Trustee, the consent of the Respondents, and on hearing the submissions of the lawyer(s) for the parties,

SERVICE

1. THIS COURT ORDERS that the time for service and filing of the notice of application and the application record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 49.47 of the *Law Society Act* and section 101 of the *Courts of Justice Act*, FAAN Mortgage is hereby appointed as Trustee, without security, of all of the assets, undertakings and properties in the possession, power or control of the Respondents relating to the Respondents’ professional business (as defined in the *Law Society Act*) of trusteeship and administration of syndicated mortgage loans in Fortress projects (the “**Syndicated Mortgage Loan Administration Business**”), including, without limitation, all of the assets in the possession or under the control of the Respondents, its counsel (if any), agents and/or assignees relating to the Syndicated Mortgage Loan Administration Business but held on behalf of any other party, including, but not limited to, lenders under any syndicate mortgage loans (“**Investors**”), brokers, or

borrowers, in each case whether or not such property is held in trust or is required to be held in trust (collectively referred to as “**Property**”), which Property, for greater certainty, includes any and all real property charges in favour of the Respondents (the “**Real Property Charges**”), including, without limitation, any and all monetary and non-monetary entitlements in respect to the assets and values thereunder, the period of which appointment shall run from 12:01 a.m. on the date hereof until such date that all assets under all syndicated mortgage loans related to the Syndicated Mortgage Loan Administration Business have been realized and all Property has been distributed to those entitled to it.

3. THIS COURT ORDERS that nothing in this Order in any way interferes with or alters the terms of the Appointment Order dated April 20, 2018 granted by this Court in court file number CV-18-596204-00CL (the “**BDMC Proceeding**”), or any other Order made in the BDMC Proceeding.

IDENTIFICATION OF THE PROPERTY

4. THIS COURT ORDERS that in order to protect the privilege and confidentiality of the documents and information pertaining to that portion of the Respondents’ professional business that is unrelated to the Syndicated Mortgage Loan Administration Business, the Law Society is hereby authorized, without bond, to review all of the information and documents in the possession of the Respondents, including client files, corporate records and seals, financial books and records, electronic data, email accounts and any electronic devices containing any client information or client data, trust funds, general accounts, practice related materials and client property of any kind that is in the possession, power or control of the Respondents, for the purpose of identifying the Property and separating it

from all other property of the Respondents, including client files, corporate records and seals, documents, financial books and records, electronic data, email accounts and any electronic devices containing any client information or client data, trust funds, general accounts, law practice related materials and client property of any kind that is in the possession, power or control of the Respondents that does not relate to the Syndicated Mortgage Loan Administration Business (the “**Excluded Property**”), and to take possession of the Excluded Property (the foregoing being referred to herein as the “**Identification**”).

5. THIS COURT ORDERS that the duty to provide access and cooperation as set out in paragraphs 9-13 below shall apply equally to the Law Society in respect of the Identification process.
6. THIS COURT ORDERS that following the Identification, the Law Society shall provide the Property to the Trustee.
7. THIS COURT ORDERS that in the event that the Trustee is provided with any Excluded Property, the Trustee shall inform the Law Society upon becoming aware of its possession of any Excluded Property and return such Excluded Property to it. Such disclosure to the Trustee shall not be interpreted as a waiver of solicitor-client privilege that may exist as between the Respondents and the clients referenced in the Excluded Property.

TRUSTEE’S POWERS

8. THIS COURT ORDERS that the Trustee is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Trustee is hereby expressly empowered and authorized to

do any of the following where the Trustee considers it necessary or desirable with respect to the Property:

- a. subject to paragraphs 4-7 above, to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- b. subject to paragraphs 4-7 above, to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the holding of mortgage security in trust on behalf of Investors, the administering of the mortgages, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- c. to manage, operate, and carry on the Syndicated Mortgage Loan Administration Business, including, without limitation, the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the Syndicated Mortgage Loan Administration Business, or cease to perform any contracts of the Respondents related to the Syndicated Mortgage Loan Administration Business;
- d. to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Trustee's powers and duties, including, without limitation, those conferred by this Order;

- e. to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the Respondents' Syndicated Mortgage Loan Administration Business or any part or parts thereof;
- f. to receive and collect all monies and accounts now owed or hereafter owing to the Respondents in connection with the Syndicated Mortgage Loan Administration Business and to exercise all remedies of the Respondents in collecting such monies, including, without limitation, to enforce any security held by the Respondents, including, without limitation, such security held on behalf of Investors;
- g. to settle, extend or compromise any indebtedness owing to the Respondents in connection with the Syndicated Mortgage Loan Administration Business;
- h. to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Respondents in connection with the Syndicated Mortgage Loan Administration Business, the Property or the Trustee, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- i. to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Trustee in its discretion may deem appropriate;

- j. with the approval of this Court, to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business, and in such case notice under subsection 63(4) of the *Ontario Personal Property Security Act* or section 31 of the *Ontario Mortgages Act*, as the case may be, shall not be required;
- k. to restructure the Property in a manner that the Trustee considers reasonable, including, without limitation, the conversion, in whole or in part, of the Property or any part or parts thereof, out of the ordinary course of business, into an alternative or different interest in the capital structure of the Property or any part or parts thereof, including, without limitation, an ownership interest therein;
- l. to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- m. to report to, meet with and discuss with such affected Persons (as defined below) as the Trustee deems appropriate on all matters relating to the Property and the Trustee's mandate, and to share information, subject to such terms as to confidentiality as the Trustees deems advisable;
- n. to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- o. to apply for any permits, licences, approvals or permissions with respect to the Syndicated Mortgage Loan Administration Business as may be required by any

governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Trustee, in the name of the Respondents;

- p. to enter into agreements with any trustee in bankruptcy appointed in respect of the Respondents, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Respondents;
- q. to exercise any shareholder, partnership, joint venture or other rights which the Respondents may have with respect to the Property or the Syndicated Mortgage Loan Administration Business; and
- r. to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Trustee takes any such actions or steps, it shall be exclusively authorized and empowered to do so to the exclusion of all other Persons (as defined below), including the Respondents, without interference from any other Person and without regard to any arrangement in existence as of the date hereof between the Respondents and Investors as to how and when such actions or steps are to be taken. For greater certainty, the Trustee shall be and is empowered to take such actions or steps without seeking instructions from Investors where the Trustee determines, in its sole discretion, that it is necessary and appropriate to do so (having regard for the interests of Investors), and in all other cases, the Trustee is specifically authorized to continue to comply with the existing arrangements, including any deemed consent provisions contained therein. Nothing in this paragraph is intended to limit the Law Society's ability to carry out the Identification.

DUTY TO PROVIDE ACCESS AND COOPERATION TO THE TRUSTEE

9. THIS COURT ORDERS that, for the purpose of conducting the Identification described in paragraph 4 above, the Respondents shall provide the Law Society with access to their business premises at 310-3300 Highway 7, Vaughan, Ontario, and any other premises or storage facilities maintained by the Respondents in connection with their professional business that contain Property or Excluded Property, during customary business hours at the Law Society's request.

10. THIS COURT ORDERS that (i) the Respondents; (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf; (iii) all other individuals, firms, corporations, governmental bodies or agencies or other entities having notice of this Order, including, without limitation, Fortress, any entity that is a joint venture among a Fortress entity and another entity, and each director, officer, employee and agent of Fortress (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Trustee of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Trustee, and shall deliver all such Property to the Trustee upon the Trustee's request.

11. THIS COURT ORDERS that, pursuant to and without limiting the generality of the foregoing, all Persons shall, unless otherwise instructed by the Trustee (i) deliver to the Trustee (or, in the case of RRSP or other registered funds administered by Olympia Trust Company ("**OTC**"), Computershare Trust Company of Canada ("**Computershare**") or any other person acting for Investors in respect of investments held through RRSPs or other registered accounts or funds (each an "**RRSP Trustee**"), not release to any Person

without further Order of this Court) any and all monies held in trust that are related to the Syndicated Mortgage Loan Administration Business (collectively, the "**Trust Funds**"), which Trust Funds, for greater certainty, include any and all monies in any OTC, Computershare or other RRSP Trustee account that are purported to be held in trust for the Investors in or beneficiaries under any of the Real Property Charges, including, without limitation, all monies held by way of interest reserves to satisfy interest payments to such Investors or beneficiaries, which Trust Funds are to be held or used by the Trustee in accordance with the terms of this Order and any further Order of this Court; and (ii) upon the Trustee's request, provide an accounting of all funds received from or on behalf of the Respondents related to the Syndicated Mortgage Loan Administration Business.

12. THIS COURT ORDERS that all Persons shall forthwith advise the Trustee of the existence of any books, emails, user accounts, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Respondents related to the Syndicated Mortgage Loan Administration Business, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information, including copies of any previously performed electronic back ups (the foregoing, collectively, the "**Records**") in that Person's possession or control, and, subject to paragraph 7 above, shall provide to the Trustee or the Law Society or permit the Trustee or the Law Society to make, retain and take away copies thereof and grant to the Trustee unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 12 or in paragraph 13 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to

the Trustee due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

13. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Trustee for the purpose of allowing the Trustee to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Trustee in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Trustee. Further, for the purposes of this paragraph, all Persons shall provide the Trustee with all such assistance in gaining immediate access to the information in the Records as the Trustee may in its discretion require including providing the Trustee with instructions on the use of any computer or other system and providing the Trustee with any and all access codes, account names and account numbers that may be required to gain access to the information.

INTERIM STABILIZATION MEASURES

14. THIS COURT ORDERS that the Trustee shall:

- a. hold, until further Order of the Court, in a separate account all (1) funds from the Syndicated Mortgage Loan Administration Business that are currently in the Respondents' possession, or that may come into the Respondents' or Trustee's possession, in each case as a result of a repayment (in whole or in part) of principal

on any loan or other indebtedness owing to or administered by the Respondents on behalf of Investors in connection with the Syndicated Mortgage Loan Administration Business, whether or not (i) secured by any Real Property Charges in the name of the Respondents or in the name of OTC, Computershare or any other RRSP Trustee, (ii) received before or after the date of this Order, or (iii) paid or payable in trust, plus (2) all interest paid or payable to the Respondents or the Trustee in connection with the Syndicated Mortgage Loan Administration Business at the time such repayment (in whole or in part) of principal is made (collectively "**Realized Property**") and shall report to the Court with a recommendation regarding next steps with respect to the Realized Property, including any potential distribution of any Realized Property to the Investors; and

- b. hold in a separate account all funds (other than Realized Property) that were in the Respondents' possession on or prior to the date of this Order as well as any amounts (other than Realized Property) paid or payable to the Respondents or the Trustee (in trust or otherwise) after the date of this Order, including in respect of interest where principal is not repaid, fees, expenses or other amounts, (collectively "**Estate Property**") and shall be authorized to use such Estate Property as set out in this Order and as further clarified herein.
- c. For greater certainty, Realized Property and Estate Property shall be included within the definition of "Property" as set out in this Order.

15. THIS COURT ORDERS and confirms that, with the exception of Realized Property, the Trustee is hereby empowered and authorized, but not obligated, to use any Property

(including for greater certainty Estate Property) to aid the Trustee in complying with this Order and carrying out its mandate, as the Trustee, in its sole discretion, considers necessary or desirable for the effective administration of the estate including, without in any way limiting the generality of the foregoing, to do any of the following:

- d. to provide a retainer for and to pay the professional fees, expenses and disbursements of the Trustee, its counsel, and any experts or other advisors retained by the Trustee pursuant to this Order, whether incurred prior to or after the date of this Order;
- e. to pay expenses of the Respondents that the Trustee reasonably believes are necessary to carry out the Syndicated Mortgage Loan Administration Business, including, without limitation, payroll, rent, utilities, taxes and other statutory remittances;
- f. to pay expenses incurred in the administration of any loan or indebtedness administered by the Respondents in connection with the Syndicated Mortgage Loan Administration Business, including, without limitation, in connection with obtaining new appraisals of any property or, if necessary, taking any enforcement action;
- g. to make protective disbursements to or on behalf of a borrower or in respect of a mortgaged project, provided that any such disbursement shall be an advance made to the applicable borrower in respect of such project and the amount of such advance plus any applicable expenses incurred in connection therewith shall be

added to the sum owing by the borrower and shall be added to the Real Property Charge in respect of same; or

h. to pay general expenses of the Respondents or the Trustee, in that capacity, not covered by the foregoing,

in each case without interference from any other Person and without regard to any arrangement in existence as of the date hereof between the Respondents, any borrower, any Investor or any other person.

16. THIS COURT ORDERS that, in using any Property in accordance with this Order, the Trustee shall keep detailed records regarding the source and use for such payments and shall report to the Court from time to time regarding same.

17. THIS COURT ORDERS that the Trustee is authorized, but not required, to apply for any licenses as the Trustee determines are necessary or desirable for it to hold in connection with its mandate.

REPRESENTATIVE COUNSEL

18. THIS COURT ORDERS that Chaitons LLP is hereby appointed as counsel ("**Representative Counsel**") for all Investors in respect of these proceedings (including, without limitation, all those persons who are Investors as a result of having investments held through registered retirement savings plans ("**RRSPs**") or other registered accounts or funds with RRSP Trustees regarding their common interests in the loans and other indebtedness administered by the Respondents in their Syndicated Mortgage Loan Administration Business, including the common interests of Investors in any particular

loan or other indebtedness administered by the Respondents, unless and until written notice is provided by a particular Investor to Representative Counsel that such Investor does not wish to be represented by Representative Counsel.

19. THIS COURT ORDERS that, in fulfilling its mandate under Paragraph 18, Representative Counsel shall act in the best interests of the Investors and shall take such necessary and appropriate steps or actions as Representative Counsel deems fit from time to time, including, where appropriate, to give such consents on behalf of Investors that may be necessary or desirable in the circumstances, provided however that Representative Counsel shall not be obligated to take any step or action where Representative Counsel determines (in consultation with the Trustee) that the best interests of Investors would not be served by any such step or action.

20. THIS COURT ORDERS that Representative Counsel shall have no obligation to consult with, follow the instructions of, or provide an opinion to, any individual Investor in connection with the discharge of its duties under this Order.

21. THIS COURT ORDERS that, subject to paragraphs 4-7 above, the Law Society or the Trustee shall provide to Representative Counsel, without charge to the Investors, the following information, documents and data (including personal information), to the extent such information, documents or data is in the Law Society and/or Trustee's possession or control in respect of these proceedings (the "**Information**");

- a. the names, last known addresses and last known email addresses (if any) of the Investors (the "**Investor Contact Information**"); and

- b. such additional information, documents and data (including personal information) as may be reasonably requested in writing by Representative Counsel and which is (i) relevant to the Investors' participation in these proceedings and (ii) reasonably necessary for Representative Counsel to fulfill its mandate in these proceedings, or as ordered by the Court,

provided that the Law Society and its counsel or the Trustee and its counsel may recover their time and expenses for so doing at their standard rates. This Order shall be sufficient legal authority for the Law Society or the Trustee to disclose the Information to Representative Counsel under the *Personal Information Protection and Electronic Documents Act* (Canada), other applicable privacy legislation, or any other applicable law without the knowledge or consent of the individual Investors or any other person, the Law Society and/or Trustee are not required to obtain any consent from any Investor or any other person to authorize disclosure of the Information to Representative Counsel, and the Law Society and Trustee shall have no liability whatsoever for making such disclosures in accordance with the terms hereof.

22. THIS COURT ORDERS that notice of the granting of this Order shall be sent by Representative Counsel (or by the Law Society or Trustee on behalf of Representative Counsel) to each Investor by electronic or regular mail at the address for such Investor provided within seven business days of the date of receipt by Representative Counsel of the Investor Contact Information, and that the notice shall also be posted on the Trustee's website at www.faanmortgageadmin.com.

23. THIS COURT ORDERS that any Investor who does not wish to be represented by Representative Counsel in these proceedings shall notify the Trustee and Representative

Counsel, in writing, that he, she or it is opting out of representation by delivering a notice by electronic or regular mail and such Investor shall thereafter not be bound by the actions of Representative Counsel and shall represent himself, herself or itself or be represented by any counsel that he, she or it may retain exclusively at his, her or its own expense.

24. THIS COURT ORDERS that Representative Counsel may communicate with any Investor who has not opted out pursuant to Paragraph 23 hereof by electronic or regular mail at the addresses provided pursuant to Paragraph 21(a) or such other addresses provided by the applicable Investor to Representative Counsel.

25. THIS COURT ORDERS that Representative Counsel shall have no liability as a result of its appointment or the performance of its duties or in carrying out the provisions of this Order and any subsequent Orders in these proceedings, save and except for any gross negligence or willful misconduct on its part.

26. THIS COURT ORDERS that, subject to prior approval by the Trustee or further Order of the Court, Representative Counsel shall be paid its reasonable fees and disbursements, at its standard rates and charges, and shall be entitled to and is hereby granted a charge (the "**Representative Counsel Charge**") on the Property as security for its fees and disbursements in respect of these proceedings, both before and after the making of this Order, and that the Representative Counsel Charge shall form a charge on the Property ranking immediately subordinate in priority to the Trustee's Charge (as defined below) but ranking in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person.

27. THIS COURT ORDERS that, subject to prior approval by the Trustee or further Order of the Court, Representative Counsel is entitled to be paid its fees and disbursements from any distributions to be made to the Investors in these proceedings.
28. THIS COURT ORDERS that all reasonable professional fees and disbursements that may be incurred by Representative Counsel, whether incurred prior to or after the date of this Order, will form part of the indebtedness owing to the Investors.
29. THIS COURT ORDERS that Representative Counsel shall be given notice of all motions in these proceedings, and that the giving of notice to Representative Counsel shall constitute service on all of the Investors who have not opted out pursuant to Paragraph 23 hereof.
30. THIS COURT ORDERS that Representative Counsel shall be at liberty and is authorized at any time to apply to this Court for advice and directions in the performance or variation of its powers and duties.

LAND TITLE DOCUMENTS

31. In addition to any other powers granted to the Trustee in this Order, the Trustee is hereby empowered:
- a. to direct the applicable land registry office, registrar, other official or similar government authority under *The Land Titles Act* (Ontario), the *Land Registration Reform Act* (Ontario), or any other comparable legislation in any province ("**Real Property Authority**") to register a copy of this Order and any other Orders in respect of the Property, notwithstanding the requirements of s. 191 of the *Land Titles Act*, RSA

2000, c L-4, or the provisions of any other similar provincial enactment, and notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is, for the purposes of this paragraph 31, expressly waived, and for such purposes the Trustee shall be treated as if it were a receiver appointed pursuant to the *Bankruptcy and Insolvency Act*, RSC, 1985, c B-3 (“**BIA**”); and

b. to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Trustee's name or in the name and on behalf of the Respondents for any purpose pursuant to this Order, including, without limitation, any documents in connection with any registration, discharge, partial discharge, transfer, assignment, postponement, subordination or similar dealings in respect of any mortgage or interest in land (each, a "**Land Title Document**") and, for greater certainty, the applicable Real Property Authority is hereby directed, following (i) registration of this Order or being presented with a certified true copy of this Order and (ii) being presented with such Land Title Document, to register such Land Title Document to register, discharge, partially discharge, transfer, assign, postpone, subordinate or otherwise deal with such mortgage in accordance with such Land Title Document without any obligation to inquire into the propriety of the execution or effect of such Land Title Document.

NO PROCEEDINGS AGAINST THE TRUSTEE

32. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Trustee except with the written consent of the Trustee or with leave of this Court.

NO PROCEEDINGS AGAINST THE RESPONDENTS OR THE PROPERTY

33. THIS COURT ORDERS that, with the exception of any ongoing, pending or future regulatory proceedings by the Law Society under the *Law Society Act*: (i) no Proceeding against or in respect of any of the Respondents in connection with the Syndicated Mortgage Loan Administration Business, or the Property shall be commenced or continued except with the written consent of the Trustee or with leave of this Court; and (ii) any and all Proceedings currently under way against or in respect of any of the Respondents' Syndicated Mortgage Loan Administration Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

34. THIS COURT ORDERS that all rights and remedies against the Respondents in connection with the Syndicated Mortgage Loan Administration Business, the Trustee, or affecting the Property (including, without limitation, pursuant to any arrangement in existence as of the date hereof between the Respondents and any other Person in relation to the Syndicated Mortgage Loan Administration Business and Investors), are hereby stayed and suspended except with the written consent of the Trustee or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall: (i) empower the Trustee or the Respondents to carry on any business which the Respondents are not lawfully entitled to carry on; (ii) exempt the Trustee or the Respondents from compliance with statutory or regulatory provisions relating to health, safety or the environment; (iii) prevent the filing of any registration to preserve or perfect a

security interest; (iv) prevent the registration of a claim for lien; or (v) prevent the filing and service of a statement of claim solely to permit the perfection of a lien, provided that no further proceedings on such statement of claim shall be permitted other than pursuant to paragraph 33.

NO INTERFERENCE WITH THE TRUSTEE

35. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Respondents in respect of the Syndicated Mortgage Loan Administration Business, without written consent of the Trustee or leave of this Court, including, for greater certainty, any authority granted to the Respondents to act as an administrator or trustee of syndicated mortgage loans. Nothing in this paragraph is intended to constrain the ability of the Law Society to complete the Identification as described above.

CONTINUATION OF SERVICES

36. THIS COURT ORDERS that all Persons having oral or written agreements with the Respondents in relation to the Syndicated Mortgage Loan Administration Business, or statutory or regulatory mandates for the supply of goods and/or services, including, without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Respondents that is used (in whole or in part) by the Respondents in connection with the Syndicated Mortgage Loan Administration Business are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or

terminating the supply of such goods or services as may be required by the Trustee, and that the Trustee shall be entitled to the continued use of the Respondents' current telephone numbers, facsimile numbers, internet addresses and domain names, provided that such continued use by the Trustee does not interfere with the operation of that portion of the Respondents' professional business that does not include the Mortgage Administration Business and provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Trustee in accordance with normal payment practices of the Respondents or such other practices as may be agreed upon by the supplier or service provider and the Trustee, or as may be ordered by this Court.

TRUSTEE TO HOLD FUNDS

37. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Trustee from and after the making of this Order from any source whatsoever relating to the Syndicated Mortgage Loan Administration Business, including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more accounts controlled by the Trustee or, if the Trustee determines it is advisable, new accounts to be opened by the Trustee (the "**Post Trusteeship Accounts**") and the monies standing to the credit of such Post Trusteeship Accounts from time to time, net of any disbursements provided for herein, shall be held by the Trustee to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

38. THIS COURT ORDERS that all employees of the Respondents in connection with the Syndicated Mortgage Loan Administration Business shall remain the employees of the Respondents until such time as the Trustee, on the Respondents' behalf, may terminate the employment of such employees. The Trustee shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in subsection 14.06(1.2) of the BIA, other than such amounts as the Trustee may specifically agree in writing to pay, or in respect of its obligations under subsections 81.4(5) and 81.6(3) of the BIA or under the *Wage Earner Protection Program Act* ("WEPP").

PIPEDA

39. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act* and any other applicable privacy legislation, the Trustee shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Trustee, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Respondents, and

shall return all other personal information to the Trustee, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

40. THIS COURT ORDERS that nothing herein contained shall require the Trustee to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Trustee from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Trustee shall not, as a result of this Order or anything done in pursuance of the Trustee's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE TRUSTEE'S LIABILITY

41. THIS COURT ORDERS THAT (a) FAAN Mortgage shall incur no liability or obligation relating to or arising from any activities undertaken by it prior to the date of this Order in respect of the Respondents or the Syndicated Mortgage Loan Administration Business,

including, without limitation, activities undertaken by FAAN Mortgage to assist the Law Society in its application for this Order and to gain a better understanding of the projects currently being administered by the Respondents; and (b) the Trustee shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, in each case, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under subsections 81.4(5) or 81.6(3) of the BIA or under the WEPP. Nothing in this Order shall derogate from the protections afforded the Trustee by section 14.06 of the BIA or by any other applicable legislation.

TRUSTEE'S ACCOUNTS

42. THIS COURT ORDERS that the Trustee and counsel to the Trustee shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, which fees and disbursements shall be added to the indebtedness secured by the Real Property Charges and that the Trustee and counsel to the Trustee shall be entitled to and are hereby granted a charge (the "**Trustee's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Trustee's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to subsections 14.06(7), 81.4(4) and 81.6(2) of the *BIA*.

43. THIS COURT ORDERS that the Trustee and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Trustee and its legal counsel are hereby referred to the Commercial List of the Ontario Superior Court of Justice.

44. THIS COURT ORDERS that prior to the passing of its accounts, the Trustee shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Trustee or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE APPOINTMENT

45. THIS COURT ORDERS that the Trustee be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Trustee by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Trustee’s Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Trustee’s Charge, the Representative Counsel Charge and the charges as set out in subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

46. THIS COURT ORDERS that neither the Trustee’s Borrowings Charge nor any other security granted by the Trustee in connection with its borrowings under this Order shall be enforced without leave of this Court.

47. THIS COURT ORDERS that the Trustee is at liberty and authorized to issue Trustee certificates for any amount borrowed by it pursuant to this Order.

48. THIS COURT ORDERS that the monies from time to time borrowed by the Trustee pursuant to this Order or any further order of this Court and any and all Trustee's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Trustee's Certificates.

SERVICE AND NOTICE

49. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in these proceedings, the service of documents made in accordance with the Protocol shall be valid and effective service. Subject to Rule 17.05 of the *Rules of Civil Procedure* (the "**Rules**"), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules. Subject to Rule 3.01(d) of the Rules and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission.

50. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Trustee is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Respondents' creditors in relation to the Syndicated Mortgage Loan Administration Business or other interested parties at their respective addresses as last shown on the records of the Respondents and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be

received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

51. THIS COURT ORDERS that the Trustee may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
52. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Trustee in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Trustee as may be necessary or desirable to give effect to this Order or to assist in carrying out the terms of this Order.
53. THIS COURT ORDERS that the Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
54. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice, or such shorter period of time as the Court may permit, to the Trustee, and to any other party likely to be affected by the order sought.

55. THIS COURT ORDERS that this Order is without prejudice to the Respondents' ability to apply to this Court for a determination in respect of his administration fees or other monies to which he claims an entitlement up until the date of this Order, further to the notice requirements set out in paragraph 54.


Signature

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

SEP 30 2019

PER / PAR: 

LAW SOCIETY OF ONTARIO
Applicant

-and- DEREK SORRENTI et al
Respondents

CV-19-628258-0001
Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

ORDER

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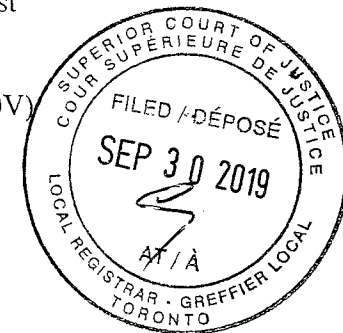
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Lawyers for the Applicant



Appendix 2

Trustee's Second Report to Court dated March 6, 2020 (without appendices)

Court File No. CV-19-628258-00CL

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

BETWEEN

THE LAW SOCIETY OF ONTARIO

Applicant

- and -

DEREK SORRENTI AND SORRENTI LAW PROFESSIONAL CORPORATION

Respondents

**APPLICATION UNDER
SECTION 49.47 OF THE *LAW SOCIETY ACT*, R.S.O. 1990, C. L.8
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43**

SECOND REPORT OF THE TRUSTEE

(COMPREHENSIVE UPDATE)

March 6, 2020



FAAN Mortgage Administrators Inc.
Court-Appointed Trustee of the
Respondents in respect of the Syndicated
Mortgage Loan Administration Business

TABLE OF CONTENTS

INTRODUCTION 2

PURPOSE OF THE SECOND REPORT 6

SCOPE AND TERMS OF REFERENCE 8

BACKGROUND 9

ACTIVITIES OF THE TRUSTEE 14

PROJECT SPECIFIC UPDATES 17

SORRENTI SML BANK ACCOUNT AND POST-APPOINTMENT BANKING 31

CASH FLOW PROJECTION AND FUNDING OF THESE PROCEEDINGS 34

RECOMMENDATION REGARDING REALIZED PROPERTY 36

REPRESENTATIVE COUNSEL 38

LAND TITLE OFFICES 39

TRUSTEE FEES 40

FEES OF THE TRUSTEE’S COUNSEL 41

CONCLUSION 42

INDEX OF APPENDICES

Appendix 1	Appointment Order dated September 30, 2019
Appendix 2	Affidavit of Nadia Musclow sworn on September 30, 2019 (without exhibits)
Appendix 3	Pre-filing report of the Proposed Trustee dated September 29, 2019 (without appendices)
Appendix 4	Law Society Tribunal Order dated February 19, 2020
Appendix 5	Sorrenti SML Project Analysis Summary as of March 4, 2020
Appendix 6	Promissory Note Notice
Appendix 7	Trustee's Notice to Investors dated October 4, 2019
Appendix 8	Trustee's Notice to Investors dated December 2, 2019
Appendix 9	Trustee's Notice to Certain Bayview Investors dated December 2, 2019
Appendix 10	Trustee's First Report to Court dated January 22, 2020 (without appendices)
Appendix 11	Order approving the Gotham Settlement on January 30, 2020
Appendix 12	Sorrenti's Notice to Progress Investors dated August 13, 2019
Appendix 13	Cash Flow Projection to October 31, 2020
Appendix 14	Manzoor Affidavit
Appendix 15	De Lellis Affidavit

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN

THE LAW SOCIETY OF ONTARIO

Applicant

- and -

DEREK SORRENTI AND SORRENTI LAW PROFESSIONAL CORPORATION

Respondents

APPLICATION UNDER
SECTION 49.47 OF THE *LAW SOCIETY ACT*, R.S.O. 1990, C. L.8
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43

SECOND REPORT OF THE TRUSTEE

(COMPREHENSIVE UPDATE)

March 6, 2020

INTRODUCTION

1. On September 30, 2019, pursuant to an order ("**Appointment Order**") of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) ("**Court**"), FAAN Mortgage Administrators Inc. ("**FAAN Mortgage**") was appointed as trustee ("**Trustee**") over all of the assets, undertakings and properties in the possession, power or control of Derek Sorrenti or Sorrenti Law Professional Corporation (collectively, "**Sorrenti**") relating to Sorrenti's trusteeship and administration of syndicated mortgage loans ("**Sorrenti SMLs**") in projects affiliated with Fortress Real Developments Inc. ("**FRDI**") and all of its direct or indirect affiliates, and any entity under common control with

FRDI (collectively, “**Fortress**”) (“**SML Administration Business**”), including, without limitation, all of the assets in the possession or under the control of Sorrenti, its counsel (if any), agents and/or assignees relating to the SML Administration Business but held on behalf of any other party, including, but not limited to, lenders under any Sorrenti SML (“**Investors**”), brokers, or borrowers, in each case whether or not such property is held in trust or is required to be held in trust (collectively referred to as “**Property**”). The Trustee’s appointment resulted from an application made by the Law Society of Ontario (“**LSO**”) under Section 49.47 of the *Law Society Act*, R.S.O. 1990. c. L.8, as amended (“**Law Society Act**”), and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C. 43, as amended. Mr. Sorrenti consented to the Trustee’s appointment. A copy of the Appointment Order is attached hereto as **Appendix “1”**.

2. In addition to appointing the Trustee, the Appointment Order, *inter alia*:
 - (a) empowered and authorized the Trustee to, among other things:
 - (i) take possession and control of the Property and all proceeds, receipts and disbursements arising out of or from the Property;
 - (ii) receive, preserve, protect and maintain control of the Property, including but not limited to, the holding of mortgage security in trust and administering of the mortgages;
 - (iii) manage, operate, and carry on the SML Administration Business;
 - (iv) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time to assist with the exercise of the Trustee’s powers and duties;
 - (v) receive and collect all monies and amounts now owed or hereafter owing to Sorrenti in connection with the SML Administration Business and to exercise all remedies of Sorrenti in collecting such monies;
 - (vi) settle, extend or compromise any indebtedness owing to Sorrenti in connection with the SML Administration Business;
 - (vii) market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such

terms and conditions of sale as the Trustee in its discretion may deem appropriate;

- (viii) sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business; and
 - (ix) restructure the Property in a manner that the Trustee consider reasonable;
- (b) appointed Chaitons LLP as representative counsel (“**Representative Counsel**”) to represent the common interests of the Investors under the Sorrenti SMLs;
- (c) established certain interim stabilization measures that require the Trustee to:
- (i) hold, until further Order of the Court, in a separate account all: (1) funds from the SML Administration Business that were in Sorrenti’s possession, or that may come into Sorrenti’s or the Trustee’s possession, in each case as a result of a repayment (in whole or in part) of principal on any Sorrenti SML, whether or not (i) secured by any real property charges, (ii) received before or after the date of the Appointment Order, or (iii) paid or payable in trust, plus (2) all interest paid or payable to Sorrenti or the Trustee in connection with the SML Administration Business at the time such repayment (in whole or in part) of principal is made (collectively, “**Realized Property**”) and report to the Court with a recommendation regarding next steps with respect to the Realized Property; and
 - (ii) hold in a separate account all funds (other than Realized Property) that were in Sorrenti’s possession on or prior to the date of the Appointment Order as well as any amounts (other than Realized Property) paid or payable to Sorrenti or the Trustee after the date of the Appointment Order, including in respect of interest where principal is not repaid, fees, expenses or other amounts, (collectively, “**Estate Property**”) and use such Estate Property as set out in the Appointment Order, including to pay operating and professional costs associated with the SML Administration Business. (Realized Property and Estate Property are both included within the definition of “Property” as set out in the Appointment Order)
- (d) ordered that, with the exception of any ongoing, pending or future regulatory proceedings by the LSO under the Law Society Act: (1) no proceeding against or

in respect of Sorrenti in connection with the SML Administration Business, or the Property shall be commenced or continued except with the written consent of the Trustee or with leave of the Court; and (2) any and all proceedings currently under way against or in respect of any of the SML Administration Business or the Property are stayed and suspended pending further Order of the Court;

(e) provided the Trustee and its counsel with a first ranking charge on the Property (“**Trustee’s Charge**”) to secure their reasonable fees and disbursements in connection with the Trustee’s mandate under the Appointment Order; and

(f) provided Representative Counsel with a charge on the Property ranking immediately subordinate to the Trustee’s Charge to secure its reasonable fees and disbursements in connection with its mandate under the Appointment Order.

3. The affidavit of Nadia Musclow, Manager, Trustee Services of the LSO, sworn on September 30, 2019, was filed in connection with the LSO’s application for the Appointment Order (“**Musclow Affidavit**”). The Musclow Affidavit contains background information regarding Sorrenti and the SML Administration Business. A copy of the Musclow Affidavit is attached hereto as **Appendix “2”** (without exhibits).
4. In its capacity as proposed Trustee, FAAN Mortgage filed a report to Court dated September 29, 2019 (“**Pre-Filing Report**”). A copy of the Pre-Filing Report is attached hereto as **Appendix “3”** (without appendices).
5. On January 22, 2020, the Trustee submitted its first report in these proceedings (“**First Report**”). The First Report provided the Court and stakeholders with the Trustee’s recommendation in favour of a settlement agreement with Bel-Ottawa Inc. (“**Gotham Borrower**”) relating to a 242-unit condominium tower in Ottawa, Ontario (“**Gotham Project**”) that provided for a payout to the Investors under various loan agreements entered into with the Gotham Borrower that were administered by Derek Sorrenti, in trust (as bare trustee) and secured by the Gotham Project (“**Gotham Settlement Agreement**”). The Order approving the Gotham Settlement Agreement was issued on January 30, 2020 (“**Gotham Settlement Approval Order**”). Pursuant to the Gotham Settlement Approval Order, the Gotham Realized Property (as defined below) was deemed to be Realized Property, though no order was made at that time authorizing or directing the Trustee to

distribute such funds. Accordingly, the Gotham Realized Property is currently being held by the Trustee in accordance with the terms of the Appointment Order.

6. Materials filed with the Court with respect to these proceedings (other than confidential materials filed under seal), including the Musclow Affidavit, the LSO's application record, motion materials, Court reports and the Orders and endorsements issued by the Court, are accessible at a section dedicated to these Sorrenti proceedings on the Trustee's website at: www.faanmortgageadmin.com ("**Trustee's Website**").
7. Capitalized terms not otherwise defined in this second report of the Trustee ("**Second Report**") have the meanings ascribed to them in the Appointment Order.

PURPOSE OF THE SECOND REPORT

8. This is the Trustee's first comprehensive report to Court since the commencement of the Sorrenti proceedings. The purpose of this Second Report is to provide the Court and Sorrenti's stakeholders with a detailed update on the Trustee's activities since the date of the Appointment Order and to support the Trustee's request for:
 - (a) an Order ("**First Omnibus Order**"), *inter alia*:
 - (i) approving certain amendments to the interim stabilization measures set out in paragraph 14 of the Appointment Order to, *inter alia*,
 - (1) authorize the Trustee to distribute 50% of the Realized Property (as defined in the Appointment Order) to the applicable Investors, including, without limitation, authorizing and directing the Trustee to effect a distribution:
 - (A) to Bayview Individual Investors (defined herein) in an amount equal to 50% of the Bayview Realized Property;
 - (B) to Gotham Investors (defined below) in an amount equal to 50% of the Gotham Realized Property; and

- (C) to the HVS Investors (defined herein) in an amount equal to 50% of the HVS Realized Property;
 - (2) authorize the Trustee to use the retained Realized Property as an administrative holdback to fund the cost of these proceedings, including to pay operating and professional costs associated with the SML Administration Business; and
 - (ii) approving the First Report and this Second Report, as well as the Trustee's activities described therein and herein, and the Trustee's fees and disbursements, including the fees and disbursements of its counsel, for the period from September 30, 2019 to January 31, 2020, as more fully described herein and in the fee affidavits attached hereto;
 - (iii) sealing the Confidential Manzoor Exhibit and the Confidential De Lellis Exhibit (each as defined below); and
 - (b) an Order ("**LRO Direction Order**"), *inter alia*, directing the applicable Land Registry Office to, upon the filing by the Trustee of one or more certificate(s) with the Court, expunge and delete the Appointment Order from title to the property(ies) identified in such certificate(s).
9. In support of the Trustee's request for the above noted relief, this Second Report describes the following matters:
- (a) certain background information concerning the SML Administration Business;
 - (b) the Trustee's activities to date and updates regarding the status of the various real estate development projects associated with the active Sorrenti SMLs;
 - (c) details regarding the funds held in Sorrenti's trust account utilized for the SML Administration Business as of the date of Trustee's appointment, and details regarding funds received by the Trustee following its appointment; and

- (d) the projected cash flows for the SML Administration Business (“**Cash Flow Projection**”) from March 1, 2020 through to October 31, 2020 (“**Cash Flow Period**”).
10. The Trustee intends to report back to the Court on or about October 31, 2020 with a further comprehensive update regarding these proceedings. The report to be filed will give the Court, Investors, borrowers and other stakeholders further information regarding the Sorrenti SMLs and information regarding the Trustee’s activities during that period.
 11. The Trustee anticipates that it will likely be necessary to prepare shorter project specific reports during the intervening period and may be required to attend before the Court to seek relief or advice and directions from the Court regarding such project specific issues.

SCOPE AND TERMS OF REFERENCE

12. In preparing this Second Report, the Trustee has relied upon unaudited financial and other information provided by, *inter alia*, Sorrenti, Building & Development Mortgages Canada Inc. (“**BDMC**”), Fortress, certain Investors and certain of the borrowers who have borrowed funds under the Sorrenti SMLs. However, the Trustee notes that it cannot be certain that it is in receipt of all applicable and relevant information with respect to the projects described herein and the SML Administration Business. While the Trustee reviewed various documents provided to it (including, among other things, unaudited internal information, appraisals and financial projections), the Trustee’s review does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Assurance Standards (“**GAAS**”), Generally Accepted Accounting Principles (“**GAAP**”), or International Financial Reporting Standards (“**IFRS**”). Accordingly, the Trustee expresses no opinion or other form of assurance pursuant to GAAS, GAAP or IFRS, or any other guidelines, with respect to such information.
13. Some of the information used and relied upon in preparing this Second Report consists of financial projections and other information received from various third parties, including appraisals and project cost information. The Trustee cautions that the projections and other information used and relied upon are generally based upon assumptions and estimates about future events and/or market conditions that are not ascertainable or that could change. As such, the information presented in this Second Report may vary from the projections and information used to prepare this Second Report and the actual results

may differ both from the results projected therein and herein. Even if the assumptions relied upon therein or herein materialize, the variations from the projections could be significant. The Trustee's review of the future oriented information used to prepare this Second Report did not constitute an audit or review of such information under GAAS, GAAP or IFRS or any other guidelines.

14. This Second Report has been prepared for the use of the Court and Sorrenti's stakeholders as general information relating to the SML Administration Business and to assist the Court with respect to the relief sought by the Trustee. Accordingly, the reader is cautioned that this Second Report may not be appropriate for any other purpose and the Trustee will not assume responsibility for losses incurred by the reader as a result of circulation, publication, reproduction or use of this Second Report contrary to the provisions of this paragraph.
15. All references to dollars are in Canadian currency.

BACKGROUND

Overview

16. On April 20, 2018, the Superintendent of Financial Services obtained an Order of the Court under section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, S.O. 2006, c. 29 ("**MBLAA**") and section 101 of the *Court of Justice Act*, R.S.O. 1990 c. C.43 appointing FAAN Mortgage as the trustee of BDMC (in such capacity, the "**BDMC Trustee**") in proceedings under Court File Number CV-18-596204-00CL ("**BDMC Proceedings**").
17. BDMC was the principal mortgage broker used in recent years by Fortress to raise initial financing from the investing public through syndicated mortgage loans ("**SMLs**") for early stage real estate developments. FRDI and its affiliates are development consultants or borrowers with respect to various real property development projects. The real property in question often consisted of vacant lands or projects taken over from other developers, including, in some cases, projects that were facing financial difficulties.
18. In their earliest form, the Trustee understands that certain SMLs involving Fortress utilized BDMC as the mortgage broker and Sorrenti as the mortgage administrator. Sorrenti operated as a mortgage administrator pursuant to a licensing exemption available for lawyers in the MBLAA.

19. The Trustee understands that starting in or around 2012, BDMC commenced acting as both mortgage broker and mortgage administrator for new SML's involving Fortress projects. The Trustee further understands that in 2016, a process was commenced to transfer 8¹ of the Sorrenti-administered SMLs to BDMC for administration ("**Transferred SMLs**"). The Transferred SMLs are not part of the Trustee's mandate in the Sorrenti proceedings and are instead subject to the BDMC Proceedings. The Trustee understands that the real estate development projects that are associated with the Sorrenti SMLs that had relatively shorter estimated completion timeframes were not included as part of the Transferred SMLs. Information on the Transferred SMLs has been included in reports filed by the BDMC Trustee in the BDMC Proceedings.
20. As of the date of the Appointment Order, the Trustee understands that Sorrenti was administering approximately \$95 million of SMLs, which funds were advanced by approximately 2,900 individual Investors. These funds were advanced in connection with 10 different real estate projects that are in various stages of development. To the best of the Trustee's knowledge, Sorrenti had previously administered 15 other SMLs that were not active at the time of the Trustee's appointment.
21. The Trustee has been advised by the LSO that on February 19, 2020, the Law Society Tribunal – Hearing Division (the "**Tribunal**") issued an order which provides that, on an interim interlocutory basis:
 - (a) Sorrenti shall not engage in the practice of mortgage administration in syndicated mortgage loans/investments or act as trustee in respect of syndicated mortgage loans/investments; and
 - (b) Sorrenti shall not engage, directly or indirectly, including by instructing another lawyer or non-lawyer or by providing legal services or advice or by registering instruments, in the practice of law in relation to major development proposals known as syndicated mortgage investments (collectively, the "**Tribunal Order**").

¹ The BDMC Trustee previously reported in its seventh report to Court dated May 10, 2019, that there were 10 SMLs that comprise the Transferred SMLs, but upon review of Sorrenti's records, it appears that two of the SMLs that were previously thought to have been transferred to BDMC's administration were never in fact administered by Sorrenti.

22. The Trustee has been in communication with the LSO regarding the Tribunal's proceedings and has provided requested information to the LSO regarding Sorrenti's SML Administration Business. The Trustee understands that the next Tribunal hearing in this matter is scheduled for April 1-2, 2020. A copy of the Tribunal Order is attached as **Appendix "4"**.
23. The following table summarizes the status of the active SMLs that were administered by Sorrenti as at the date of the Appointment Order.

SML/Project Name	Project Status	Remaining SML Principal Outstanding (\$000s)
Progress/Ten88	Pre-construction	17,327
Victoria Park Place	Pre-construction	12,641
Bayview	Exited	1,879
Gotham	Complete (Exited ²)	1,245
Harmony Village Sheppard	Exited	9,424
Wismer/The Mark/Eldin	Complete	6,621
Sutton/Link	Complete	19,591
Soba	Construction	10,316
Mapleview/Julien Court	Construction	8,100
Unionvillas	Construction	8,000
Total		<u>95,144</u>

24. To assist Investors in understanding the status of their particular Sorrenti SML and the applicable real estate development project associated with it, the Trustee has created, and continues to periodically update, a chart that provides, to the best of the Trustee's knowledge, the capital structure and development status of each project and other project-specific information ("**Project Analysis Summary**"). The Project Analysis Summary has been separately posted to the Trustee's Website. A copy of the Project Analysis Summary dated as of March 4, 2020 is attached hereto as **Appendix "5"**.

² As described in paragraph 54, below, the Trustee executed and obtained Court approval of a settlement agreement with respect to the Gotham Project and the settlement transaction contemplated therein has been completed.

Sorrenti Loan Structure

25. The funds loaned by Investors through the Sorrenti SMLs were generally advanced for the stated purpose of providing financing for the early stages of a real estate development project. The use of proceeds from these loans was represented to include repaying vendor take back mortgages and bridge loans, obtaining initial development approvals, funding various consultants involved in conceiving and commencing a real estate development and other “soft costs” associated with the development. These funds were also often used to pay interest on other third-party priority loans made to the applicable borrower in question.
26. According to Sorrenti’s records, significant portions of the sums advanced by Investors through Sorrenti were used to pay “development consultant fees”. The development consultant fees that were paid from the initial advance(s) generally represent an aggregate amount equal to approximately 35% of the principal amount advanced under the applicable Sorrenti SML. The Trustee understands that a portion of this fee (approximately 50%) would be paid to (i) the Investors’ brokers; (ii) BDMC in its capacity as the borrower’s broker; and (iii) Sorrenti. The balance, net of any additional fees, would be paid to Fortress. The amount paid to Sorrenti was typically calculated as \$100 per Investor plus HST, per year of loan term in the applicable SML, and paid in advance as the funds were raised from Investors. Further, the Trustee understands that, as more particularly described below, Sorrenti appears to have charged additional administration fees from time to time on certain SMLs that does not appear to have been specified in any agreement.
27. Although the funds advanced through the Sorrenti SMLs are secured by mortgages held by Sorrenti on the related real property and certain other security, in many cases, the Sorrenti SMLs rank second or lower in priority in respect of the specific real property in issue, and behind the mortgages securing the sums owing to senior lenders, in amounts that are often significant.

Promissory Notes

28. The Trustee understands that starting in approximately 2011, certain Fortress entities (“**Fortress P-Note Lenders**”) began issuing promissory notes (“**Promissory Notes**”) to individual investors (“**Fortress P-Note Investors**”) for investment in real estate

development projects. The Trustee understands that exempt market dealers may have been involved in the issuance of the Promissory Notes to Fortress P-Note Investors.

29. The Trustee further understands that Promissory Notes were utilized by Fortress P-Note Lenders to advance funds to borrowers in connection with real estate development projects that were already being used as collateral to secure SMLs. It appears that one of the reasons for the use of Promissory Notes may have been that the applicable borrowers were unable to borrow additional funds through SMLs at the time. Based upon the information available to the Trustee, Promissory Notes were issued by Fortress P-Note Lenders in respect of the Gotham Project, Wismer Project (defined below) and Soba Project (defined below), in amounts totalling approximately \$7.6 million.
30. Based on a review of the land title registries, it appears that certain of the applicable Fortress P-Note Lenders registered a charge on title to the applicable properties and that such charges were registered on title subsequent to the charges registered by Sorrenti in respect of the Sorrenti SMLs.
31. The Trustee has received inquiries from several Fortress P-Note Investors (including from certain Gotham Fortress P-Note Investors, as described below) regarding the status of their investment and has been advised by certain of those investors that they have not received substantive or timely updates or communications from the applicable Fortress P-Note Lender. The Trustee notes that the Appointment Order provides for an appointment solely with respect to the Sorrenti SMLs and the SML Administration Business.
32. Where appropriate, as a Court Officer, the Trustee has provided certain information to Fortress P-Note Investors that may be of assistance to them in response to the inquiries that it received. However, as part of those responses, the Trustee also advised the applicable Fortress P-Note Investors that the Trustee is not appointed to represent their interests except to the extent that any such investors are also Investors in a Sorrenti SML. To prevent any confusion about the scope of the Trustee's mandate pursuant to the Appointment Order, the Trustee has developed a standard form communication to Fortress P-Note Investors to advise them of the foregoing ("**P-Note Notice**"). The P-Note Notice will be substantially in the form attached hereto as **Appendix "6"**.

33. Going forward, the Trustee intends to send the P-Note Notice to any Fortress P-Note Investor who contacts the Trustee with respect to their investment.³

ACTIVITIES OF THE TRUSTEE

General

34. Since the date of the Appointment Order, the Trustee has familiarized itself with the Sorrenti SMLs and the related real estate development projects and engaged with borrowers and other stakeholders regarding the Investors' interests. The Trustee has conducted a preliminary analysis of each project and the Sorrenti SMLs made in respect of each project in order to, *inter alia*, understand the potential recovery for Investors in each of those SMLs. Among other things, the Trustee's project specific analysis generally consists of an analysis of:
- (a) the status and, if applicable, the milestones for, and progress of, each project;
 - (b) the capital structure, debt obligations and available documents related thereto;
 - (c) the relative priorities of the debt obligations;
 - (d) the potential impact on Investor recoveries of specific terms of the relevant Sorrenti loan documents;
 - (e) the current value of the project (including in some cases, by reviewing and analyzing existing appraisals or commissioning new appraisals); and
 - (f) the alternatives available for Investors in the circumstances.
35. As part of its analysis, the Trustee has sought to obtain an understanding of the material terms of the senior loans secured on each of the projects and the other financing sources relied upon by the applicable borrowers, postponements previously executed by Sorrenti and Sorrenti's relative rights and obligations in respect of the Sorrenti SMLs that were made to finance the projects. The Trustee continues to communicate with and seek

³ Where appropriate, the Trustee may include project specific information in the P-Note Notice.

information from the borrowers, senior lenders and other stakeholders with respect to these matters.

36. The Trustee is working with its legal counsel and other advisors, in consultation with Representative Counsel, to develop strategies in an effort to maximize recoveries for Investors on each project and, where appropriate, communicating with Investors regarding the Sorrenti SMLs. The Trustee is in frequent communication with Representative Counsel with respect to the status of the Sorrenti SMLs.
37. The Trustee has also been working with certain borrowers to discuss opportunities for the Sorrenti SMLs to exit projects where an exit is feasible and, in the Trustee's view, in the best interests of the Investors. As many of the projects involving the Sorrenti SMLs are considerably advanced or complete, it is possible that repayment transactions for certain of the Sorrenti SMLs will occur later in 2020 and into 2021. However, certain of the projects may require a longer timeframe to complete the administration of the applicable Sorrenti SMLs.
38. The Trustee's review of the Sorrenti SMLs is ongoing and its understanding of the projects continues to develop as, among other things, milestones are achieved or missed, additional information is obtained from stakeholders, and other material developments arise. In light of the foregoing, it is not yet appropriate for the Trustee to make final recommendations with respect to a number of the Sorrenti SMLs. The Trustee will continue to monitor the development of the projects and will present recommendations as and when appropriate.

Investor Communications

39. The Trustee has been engaging with Investors since its appointment. The Trustee provided Investors with notice of the Trustee's and Representative Counsel's appointment, notice of significant developments on certain of the projects that are the subject of their investments and has responded to a number of telephone calls and email correspondence from Investors regarding the Trustee's appointment and the status of the Sorrenti SMLs and the related projects. Investor communications have been and will remain a critical and time-consuming part of the Trustee's mandate.

Other Matters

40. In addition to the activities described above, since the Trustee's appointment, the Trustee's activities have included, among other things:
- (a) engaging with parties involved in the SML Administration Business, including Derek Sorrenti and Fortress;
 - (b) engaging with borrowers regarding their particular real estate development project and Sorrenti SML by seeking detailed updates on the progress on the projects and associated financial reporting;
 - (c) commissioning appraisals for certain projects, where appropriate;
 - (d) sending notice of the Trustee's and Representative Counsel's appointment on October 4, 2019 ("**October 2019 Investor Notice**") to all Investors for whom the Trustee had contact information in accordance with the Appointment Order. A copy of the October 2019 Investor Notice is attached hereto as **Appendix "7"**;
 - (e) sending an update notice on December 2, 2019 to all Investors with respect to additional activities undertaken by the Trustee since delivery of the October 2019 Investor Notice ("**December 2019 Investor Notice**"). A copy of the December 2019 Investor Notice is attached hereto as **Appendix "8"**;
 - (f) drafting the First Report and attending at Court in respect of the Gotham Settlement Agreement approval motion;
 - (g) engaging with the LSO and its legal counsel, including responding to inquiries made by the LSO in respect of the SML Administration Business, Sorrenti's records related to the SML Administration Business and the Trustee's ongoing activities;
 - (h) engaging with Sorrenti's bank regarding the Trustee's appointment, and obtaining control of the bank account utilized by Sorrenti to conduct the SML Administration Business, as discussed below;

- (i) establishing post-appointment bank accounts to hold the Estate Property and Realized Property in accordance with the Appointment Order (as described further below); and
- (j) in accordance with the provisions of the Appointment Order, obtaining access to certain of Sorrenti's banking, accounting and other records.

PROJECT SPECIFIC UPDATES

41. As noted above, to assist Investors in understanding the status of their particular Sorrenti SML, the Trustee has prepared a Project Analysis Summary and posted same to the Trustee's Website (see **Appendix "5"**). Additional details regarding each of the projects related to the Sorrenti SMLs are provided below.

Completed/Exited Projects

42. Bayview Project: Certain Investors ("**Bayview Investors**") participated in a Sorrenti SML in the principal amount of approximately \$19.8 million ("**Bayview SML**") with respect to a completed 234-unit condominium development project located in Toronto, Ontario ("**Bayview Project**"). Registration for the condominium occurred in 2018. As set out in the Pre-Filing Report, on May 23, 2019, the BDMC Trustee appeared before the Court seeking an Order in the BDMC Proceedings that, among other things, authorized the BDMC Trustee to execute a direction authorizing Pine Ridge Building Corp.'s ("**Bayview Borrower**") legal counsel to pay Sorrenti approximately \$18 million ("**Bayview Funds**") representing funds realized from the Bayview Project ("**Direction to Pay**"). As the Bayview Project is not part of the BDMC Proceedings, the Court granted the requested Order, which was limited to authorizing the BDMC Trustee to execute the Direction to Pay in order to assist in facilitating a payment to Sorrenti, in its capacity as administration of the Bayview SML. The BDMC Trustee subsequently executed the Direction to Pay. According to Sorrenti's records, Sorrenti received the Bayview Funds on June 25, 2019.
43. Based on the Trustee's review of Sorrenti's records, it appears that Sorrenti commenced distributing the Bayview Funds in August 2019, net of \$111,700 held back by Sorrenti for administration costs. As at the date of the Appointment Order, 409 of 504 Bayview Investors received a distribution of the Bayview Funds. Mr. Sorrenti advised the Trustee that due to issues he was facing in confirming contact information for the remaining 95 Bayview Investors ("**Bayview Individual Investors**"), as of the date of the Appointment

Order, he was still in the process of distributing a portion of the Bayview Funds to those Investors. Based upon the Trustee's review of Sorrenti's books and records, as of the date of the Appointment Order, approximately \$4.2 million of the Bayview Funds remained ("**Bayview Realized Property**") to be distributed by Sorrenti to the Bayview Individual Investors.

44. As discussed further starting at paragraph 104 below, immediately prior to the issuance of the Appointment Order, Mr. Sorrenti made four payments from the Sorrenti SML Account (defined below) to his general account. The Trustee notes that one of these payments was for \$111,700 of administration costs in respect of the Bayview SML. As discussed below, this amount is currently held in the Sorrenti SML Account and constitutes Estate Property pursuant to the Appointment Order.
45. Following its appointment by the Court, the Trustee has located contact information for the Bayview Individual Investors in Sorrenti's records and cross-checked the Bayview Individual Investors' addresses against the BDMC investor database. On December 2, 2019, the Trustee sent a notice ("**Bayview Notice**") to the Bayview Individual Investors regarding the Trustee's intended next steps, including with respect to making distributions at a future date subject to an administrative holdback in an amount to be approved by the Court. A copy of the Bayview Notice is attached hereto as **Appendix "9"**.
46. As discussed in further detail starting at paragraph 125 below, the Trustee is seeking an Order authorizing and directing the Trustee to make a distribution of the Bayview Realized Property to the Bayview Individual Investors on a *pro rata* basis in an amount equal to 50% of the Bayview Realized Property. The proposed Administrative Holdback (defined below) on distributions of Realized Property generally is discussed later in this Second Report, along with certain of the factors that the Trustee will take into account when determining its recommended allocation of the costs of administering these proceedings among the Investors.
47. There is approximately \$1.9 million of outstanding principal plus associated accrued and accruing interest due under the Bayview SML. Counsel to the Bayview Borrower recently advised the Trustee that: (i) the Bayview Borrower has a \$1 million bond outstanding with Tarion Warranty Corporation, (ii) a technical audit has not yet been completed, and (iii) certain deficiencies have been identified and such deficiencies may be material. The

Trustee continues to communicate with counsel to the Bayview Borrower regarding the outstanding amounts due in respect of the Bayview SML.

48. Gotham Project: The Gotham Borrower was the borrower under a Sorrenti SML (“**Gotham SML**”) with respect to the Gotham Project. The total principal amount advanced by Investors in the Gotham SML (“**Gotham Investors**”) was approximately \$6.6 million (“**Total Principal Amount**”). Construction is complete and the condominium was registered in 2016, at which time approximately \$5.35 million of the Total Principal Amount was repaid (along with accrued interest to that date). At the time of the Trustee’s appointment, the total remaining principal due in respect of the Gotham SML was \$1,245,590 (“**Reduced Principal Amount**”), plus accrued interest.
49. Since its appointment, the Trustee had been in discussions with the Gotham Borrower regarding, among other things, the timing of repayment of the Gotham SML (which had already matured) and the use of funds by the Gotham Borrower in respect of the Gotham Project.
50. As described in the First Report, the Trustee negotiated and ultimately received an irrevocable settlement offer (“**Gotham Offer**”) from the Gotham Borrower that provided for a payment to the Trustee, on behalf of the Gotham Investors, in an amount equal to 100% of the Reduced Principal Amount plus \$175,000 of the outstanding accrued interest for a total payment of \$1,420,590, which would result in the Gotham Investors recovering an average of 141% of the Total Principal Amount when previously paid principal and interest is taken into account (“**Gotham Settlement**”). The Gotham Settlement was conditional upon Court approval and a release of all future obligations of the Gotham Borrower with respect to the Gotham SML.
51. The Trustee presented the Gotham Offer to the Gotham Investors by sending a notice on January 7, 2020 (“**Gotham Feedback Request**”). The Gotham Feedback Request recommended acceptance of the Gotham Offer and requested that the Gotham Investors provide their feedback, whether for or against the acceptance of such offer, and provide any other general feedback. A copy of the Gotham Feedback Request was attached as Appendix “3” to the First Report, which is available on the Trustee’s Website.
52. The Trustee received a response rate of approximately 58% in number and 58% in value of the Gotham SML. Of those responses, 100% in number of those Investors who voted

and 100% in value of the loans held by those Investors who voted, voted in favour of the Trustee accepting the Gotham Offer.

53. Accordingly, the Trustee proceeded to execute the settlement agreement with respect to the Gotham Offer and, on January 22, 2020, the Trustee issued the First Report and served a motion seeking Court approval of the Gotham Settlement. A copy of the First Report is attached hereto as **Appendix “10”** without appendices.
54. The Court issued the Gotham Settlement Approval Order approving the Gotham Settlement on January 30, 2020. A copy of the Gotham Settlement Approval Order is attached hereto as **Appendix “11”**.
55. The Gotham Settlement transaction closed on January 31, 2020, and the Trustee is in receipt of the settlement amount of \$1,420,590 (**“Gotham Realized Property”**).
56. At the time the Gotham Realized Property was received, the Trustee was required to hold it pursuant to the terms of the Appointment Order, pending a recommendation to the Court regarding next steps with respect to Realized Property. As such, subject to the Court’s approval of the Administrative Holdback, the Trustee is seeking an Order allowing it to make a distribution of 50% of the Gotham Realized Property to the Gotham Investors. The proposed Administrative Holdback on distributions of Realized Property is discussed later in this Second Report.
57. As referred to above, the Trustee notes that it has received certain inquiries from Fortress P-Note Investors in relation to the Gotham Project (**“Gotham Fortress P-Note Investors”**) regarding the Gotham Settlement Agreement, the Gotham Settlement Approval Order, and their impact on such Gotham Fortress P-Note Investors’ Promissory Note investment.
58. The Trustee notes that the Gotham Settlement Agreement does not compromise amounts that the applicable Fortress P-Note Lender, Fortress Gotham 2011 Limited (**“Fortress Gotham”**), may be owed by the Gotham Borrower or the priority of any underlying investment made by the Gotham Fortress P-Note Investors. To the best of the Trustee’s knowledge based solely on a review of title to the Gotham Project, the charge registered in favour of Fortress Gotham (on behalf of the Gotham Fortress P-Note Investors) was registered subsequent to the charge in favour of Sorrenti (on behalf of the Gotham Investors) and was postponed by Fortress Gotham in favour of a charge granted to BJL Properties Inc. (**“BJL”**). The Trustee has been advised by BJL that the amount owing to

BJL as at October 10, 2019 was approximately \$6.3 million. As a result of the postponement executed by Fortress Gotham in favour of BJL, it appears that any future proceeds from the Gotham Project may be paid to BJL in priority to the Gotham Fortress P-Note Investors.

59. The Trustee is aware that representatives of Fortress have advised certain Gotham Fortress P-Note Investors that, as a result of the Gotham Settlement Agreement, any proceeds that would have been due to Fortress Gotham will instead be sent by the Gotham Borrower to the Trustee for distribution to the Gotham Investors. The Trustee notes that as a result of the terms of the Gotham Settlement Agreement (as approved in the Gotham Settlement Approval Order), Sorrenti on behalf of the Gotham Investors continues to be entitled to recover in priority to any Fortress-related entity only up to the amount of approximately \$168,000.
60. Harmony Village Sheppard Project: Certain Investors ("**HVS Investors**") participated in a Sorrenti SML ("**HVS SML**") with respect to a real estate development property in Toronto, Ontario ("**HVS Project**"), which is subject to a receivership proceeding that commenced in 2016. HVS Investors advanced approximately \$28.84 million to the borrower of the HVS SML in connection with the HVS Project.
61. On January 20, 2016, Rosen Goldberg Inc. was appointed by the Court as receiver of the HVS Project ("**HVS Receiver**"). At the time of the appointment of the HVS Receiver, construction had not yet commenced on the HVS Project.
62. In the context of the receivership proceedings, the land comprising the HVS Project was sold in 2017 pursuant to a Court-approved sale process and the obligations secured by mortgages on the HVS Project that were registered on title to the property in priority to the HVS Investors' charge were repaid. As part of this transaction, the charge securing the HVS SML was discharged from title. The HVS Receiver subsequently distributed approximately \$19.5 million to Sorrenti on behalf of the HVS Investors, which represents a return of approximately 67% of the original principal advanced under the HVS SML. After this payment, approximately \$9.4 million of principal remained outstanding under the HVS SML. Based upon the Trustee's review of Sorrenti's records, Sorrenti distributed approximately \$19.4 million of the \$19.5 million to the HVS Investors. The Trustee has contacted Sorrenti to request documentation with respect to the amount withheld from the distribution to the HVS Investors.

63. Shortly after the Trustee's appointment, the Trustee contacted the HVS Receiver to understand the status of the receivership and to determine if there would be further funds available for the HVS Investors. The HVS Receiver advised that it intended to make a further distribution to the Trustee of \$1.06 million, which represents the proceeds of a development deposit that was provided by the borrower of the HVS SML to the City of Toronto and recovered by the HVS Receiver. This amount was received by the Trustee on October 16, 2019 ("**HVS Realized Property**").
64. Subject to the Court's approval of the Administrative Holdback, the Trustee is seeking an Order allowing it to make a distribution of 50% of the HVS Realized Property to the HVS Investors.
65. The HVS Receiver has also advised the Trustee that there may be a further nominal and final amount to be distributed by the HVS Receiver to the Trustee in 2020 from certain tax refunds totalling up to \$80,000. The Trustee will advise whether any further monies are received from the HVS Receiver in a subsequent report.
66. The Mark and Mount Joy/Wismer/Eldin Project: Sorrenti administered two separate SMLs in the amounts of approximately \$3.8 million and \$2.8 million ("**Wismer SMLs**") made in connection with a real estate development in Markham, Ontario that consists of one 220-unit condominium tower ("**The Mark**") and 44 townhomes ("**Mount Joy**") (collectively, the "**Wismer Project**").⁴
67. The Trustee understands that the Mount Joy phase of the Wismer Project commenced in 2012 and that sales in respect of all townhouse units closed in 2014. The Trustee further understands that Sorrenti provided discharges as against the Mount Joy portion of the Wismer Project in connection with such sales. There were no amounts paid to Sorrenti from the proceeds of the Mount Joy phase to reduce the amounts owing under the Wismer SMLs.
68. The Trustee understands that The Mark phase of the Wismer Project commenced in 2012, that construction was completed in 2019, and that sales in respect of most residential condominium units also closed in 2019. The Trustee further understands that Sorrenti

⁴ Sorrenti's records with respect to the Wismer SMLs appear to be incomplete. Accordingly, this section of the Second Report represents the Trustee's current understanding of the Wismer Project and the Wismer SMLs and is subject to material change.

provided discharges as against these residential condominium units in connection with such closings. There were no amounts paid to Sorrenti from the proceeds of these residential condominium unit closings available to reduce the amounts owing under the Wismer SMLs.

69. The Trustee understands from 1839314 Ontario Inc. (name changed to Pace Developments (The Mark) Ltd.) ("**Wismer Borrower**") that the only remaining assets are certain units in The Mark that remain unsold ("**Remaining Units**"), which continue to be subject to charges in favour of Sorrenti.
70. Based on a recent search of title to The Mark, MarshallZehr Group Inc. ("**MarshallZehr**") currently has a charge registered against the Remaining Units that is registered on title to such properties in priority to the charge securing the Wismer SMLs. The Trustee understands from MarshallZehr that it provided construction financing for the construction of The Mark. MarshallZehr has further advised that an amount in excess of \$19 million remains owing to it by the Wismer Borrower in respect of such construction financing.
71. MarshallZehr has requested that the Trustee provide partial discharges of the charges securing the Wismer SMLs in conjunction with sales of the Remaining Units, which the Trustee is reviewing. MarshallZehr has advised the Trustee that it anticipates that after the Remaining Units are sold, MarshallZehr will incur a shortfall in respect of its advances made in respect of The Mark. Accordingly, the Trustee's current understanding is that there is unlikely to be any recovery for Investors in connection with the Wismer SML.
72. In addition, the Trustee is aware that:
 - (a) the Wismer Borrower and ECMI GP Inc., the construction manager of The Mark, are involved in litigation that relates to delays and construction quality issues; and
 - (b) 1839392 Ontario Limited, a partner in the Wismer Project, applied for and obtained an Order from the Court dated July 16, 2019 appointing the Fuller Landau Group Inc. as Inspector of the Wismer Borrower pursuant to section 161(2) of the *Business Corporations Act*, R.S.O. 1900, c. B-16, as amended. The Trustee understands that the Inspector's mandate is to investigate the affairs of 1839314 Ontario Inc. and the Wismer Project and to report to the Court on its findings.

73. The Trustee intends to continue to investigate matters relating to the Wismer Project, including the aforementioned proceedings. The Trustee intends to provide further updates regarding these matters in a subsequent report to the Court.
74. Sutton/The Link Project: Sorrenti administered two SMLs ("**Sutton SMLs**") in connection with four low rise condominiums with approximately 13,300 square feet of ground floor commercial space located in Burlington, Ontario ("**Sutton Project**"). The Sutton SMLs consist of approximately \$11.6 million of debt secured by a second ranking charge on title to the Sutton Project and approximately \$8 million secured by a third ranking charge on title to the Sutton Project. The Trustee understands that Adi Development Group Inc., an entity related to the borrower under the Sutton SMLs ("**Sutton Borrower**"), has provided guarantees in connection with each of the Sutton SMLs.
75. The Trustee also understands that (i) the construction lender for the Sutton Project has been repaid in full, and (ii) Aviva Insurance Company of Canada is the only remaining party that holds a charge registered on title to the Sutton Project in priority to charges registered in favour of the Sutton SMLs.
76. The Sutton Borrower requested the Trustee to provide partial discharges of the Sutton SMLs in conjunction with the sale of six condominium units to third party purchasers. The Trustee requested and reviewed information related to the sales including the applicable agreements of purchase and sale, the statement of adjustments and the Sutton Borrower's proposed use of funds. The Trustee agreed to provide the requested discharges on the condition that the Sutton Borrower's legal counsel hold the net closing proceeds (net of HST, commissions and legal costs) in trust pending the consent of the Trustee to release same. Legal counsel to the Sutton Borrower presently holds approximately \$2.75 million in its trust account from the above noted sale proceeds.
77. The Trustee further understands that (i) other than 2 parking and 4 locker units, all residential units have been sold and closed, and (ii) all 12 commercial units remain unsold.
78. The Trustee has requested and has received from the Sutton Borrower, among other things: (i) a pro forma for the projected proceeds from the remaining unsold assets, and (ii) financial records relating to the Sutton Project, including cost consultant reports, in order to understand the uses of funds. In addition, the Trustee has commissioned an appraisal on the commercial units. Furthermore, the Trustee intends to continue to engage

with the Sutton Borrower and other parties to discuss the distribution of the \$2.75 million noted above, the sale of the remaining assets, and the repayment of amounts due under the Sutton SMLs.

Pre-construction Projects

79. Victoria Park Project: Sorrenti administered an SML ("**Victoria Park SML**") made in connection with a 1.9-acre real estate development in Toronto, Ontario ("**Victoria Park Project**"), which consists of approximately \$12.6 million of debt secured by a third-ranking charge on title to the Victoria Park Project. The site is approved for 147 stacked townhomes and is currently in the pre-construction phase.
80. Since its appointment, the Trustee had been in discussions with 1682 Victoria Park Avenue Inc., the borrower under the Victoria Park SML, ("**Victoria Park Borrower**") and representatives of Findev Inc. ("**Findev**"), who holds a second-ranking charge on title to the Victoria Park Project, regarding a potential transaction involving the Victoria Park SML. The Trustee understands that prior to its appointment, Sorrenti had been in discussions with the Victoria Park Borrower and Findev regarding a similar transaction. The most recent form of the transaction discussed with the Trustee would have resulted in the Victoria Park Borrower remaining in control of the Victoria Park Project and an entity related to the Victoria Park Borrower obtaining an absolute assignment of the Victoria Park SML.
81. In connection with a review of the proposed transaction, the Trustee requested from the Victoria Park Borrower, among other things, additional information regarding the uses of amounts advanced to the Victoria Park Borrower, including significant payments and loans made to parties related to the Victoria Park Borrower ("**Victoria Park Related Party Transactions**"). Given that the Victoria Park Borrower was unable to provide satisfactory explanations and documentation to support the foregoing payments and loans, the Trustee had concerns with the proposed transaction that would have precluded any ability for the Trustee to further investigate the Victoria Park Related Party Transactions.
82. On December 3, 2019, Findev issued a demand for repayment to the Victoria Park Borrower and a Notice of Intention to Enforce Security pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* and, on December 23, 2019, Findev issued a Notice of Sale Under Mortgage ("**Notice of Sale**"). The Notice of Sale stated that unless the full

amount of the outstanding debt owing to Findev (stated to total \$5,568,522.71 including interest and fees through December 19, 2019) was paid by the Victoria Park Borrower on or before January 24, 2020, Findev would sell the subject property.

83. In addition to the amount owing to Findev, the Trustee understands that the Victoria Park Borrower owes approximately \$7.5 million to CMLS Financial Ltd., who holds a first-ranking charge registered on title to the subject property.
84. Following the issuance of the Notice of Sale, the Trustee reached out separately to Findev and the Victoria Park Borrower to discuss next steps with respect to the Victoria Park Project, including but not limited to obtaining details regarding any planned sales or marketing process. On January 9, 2020, the Trustee's counsel wrote to counsel to Findev (i) confirming that the Trustee has an interest in the Victoria Park Project, (ii) advising that the Trustee's Court-ordered mandate includes protecting Investors' interests, (iii) requesting the details of Findev's plans for realizing upon the property, and (iv) offering to explore options that could be mutually beneficial and to participate in any realization process undertaken by Findev so as to maximize value.
85. On January 28, 2020, counsel to Findev advised, among other things, that Findev had appointed RSM Canada Limited as private receiver of the Victoria Park Project ("**Victoria Park Receiver**"). The Trustee subsequently contacted the Victoria Park Receiver to request the details of its planned realization process, including, among other things, the method of marketing, the marketing timeline and the information to be disclosed to prospective purchasers. The Victoria Park Receiver advised that the Victoria Park Project will be listed for sale with a commercial real estate broker and would provide the Trustee with details of the planned process when they are determined.
86. The Trustee intends to remain in contact with the Victoria Park Borrower and the Victoria Park Receiver regarding the Victoria Park Project in order to discuss various options that the Trustee believes may increase the recovery from the sale of the property.
87. Ten88/Progress Project: Sorrenti administered an SML ("**Progress SML**") in connection with a real estate development located at 1088 Progress Avenue in Toronto, Ontario ("**Progress Project**"), which consists of approximately \$17.3 million of debt secured by a second ranking charge on title to the Progress Project. The Trustee understands that the first phase of the Progress Project, which is comprised of 105 stacked townhomes, has

been completed and all townhomes have been sold and closed. The Trustee is advised that Sorrenti subsequently discharged its charge securing the Progress SML from the real property comprising phase one of the Progress Project and that there were no proceeds available to the Progress Investors. Based on the information provided to date to the Trustee, it appears that the proceeds from Phase one were used, at least in part, to pay down prior ranking loans. As Sorrenti's records in the possession of the Trustee do not contain information on the Progress Borrower's (defined below) use of such funds, the Trustee has requested such information from the Progress Borrower.

88. Phase two is currently in pre-construction, which the Trustee understands is intended to be comprised of both residential apartments and ground floor retail space ("**Progress Phase 2**").
89. The Trustee understands from Sorrenti that, in early 2019, Empire Pace (1088 Progress) Ltd., the borrower under the Progress SML, ("**Progress Borrower**") approached Sorrenti with a proposal to sell the real estate underlying Progress Phase 2, which would result in, among other things, Sorrenti agreeing to discharge its mortgage on Progress Phase 2, though Sorrenti, on behalf of the Investors in the Progress SML, would retain a continued interest in the commercial portion of the project.
90. Sorrenti provided the Trustee with a copy of a non-binding letter of intent dated February 5, 2019 ("**LOI**") from Everest Group of Companies ("**Everest**") The LOI indicates an interest in purchasing Progress Phase 2 and has the following key terms:
 - (a) the LOI required the discharge of the Progress SML;
 - (b) no cash proceeds were contemplated to be paid to the Investors in the Progress SML ("**Progress Investors**");
 - (c) the Progress Investors would retain an interest in only the commercial/retail portion of Progress Phase 2, which Everest would build and deliver to the Progress Investors prior to it being leased or sold;
 - (d) the Progress Investors would not retain an interest in the residential component of Progress Phase 2;
 - (e) the LOI was conditional on due diligence to be performed by Everest; and
 - (f) the LOI would expire by its terms on February 11, 2019.

91. Sorrenti advised that on or about August 13, 2019, approximately six months after the LOI expired, Sorrenti issued a notice to the Progress Investors recommending their approval of the LOI and providing a copy of the LOI ("**Progress Notice**"). A copy of the Progress Notice is attached hereto as **Appendix "12"**. The deadline for responses set out in the Progress Notice was August 23, 2019. Sorrenti advised the Trustee that the majority of the Progress Investors that provided feedback were in support of the LOI, however, Sorrenti's records do not appear to contain a full set of responses from Investors.
92. The Trustee has been advised by Sorrenti that the proposed transaction was not completed prior to the issuance of the Appointment Order due to, among other things, the need to determine a process by which the commercial/retail portion of Progress Phase 2 would be sold once construction is commenced and completed by the Progress Borrower.
93. Shortly after its appointment, the Trustee's counsel was contacted by counsel to the Progress Borrower regarding the LOI and to arrange a meeting with the Trustee regarding same. Contemporaneously, the Trustee wrote to the Progress Borrower (with attention to the principal of Pace Developments Inc. ("**PDI**")) to request information pertaining to the Progress Project. After the passage of several weeks, a representative of the Progress Borrower advised the Trustee that PDI was no longer involved with the Progress Project and advised the Trustee to contact Empire Communities, a developer that is one of the project partners through one of its related companies.
94. In advance of the proposed meeting with the Progress Borrower and its counsel, the Trustee requested certain information from the Progress Borrower for the Trustee to assess the status of Progress Phase 2 and the LOI. The Trustee's information requests included, among other things, the identity of the principals of the Progress Borrower, financial statements for the Progress Borrower, the uses of funds in the Progress Project, information related to the LOI and Everest, and prior appraisals of the Progress Project in the possession of the Progress Borrower.
95. The Trustee was provided with some but not all the information requested. Notwithstanding the outstanding information required by the Trustee, on January 31, 2020, the Trustee attended a telephone call with the shareholders of the Progress Borrower, being representatives of PDI, MMS Enterprise Holdings Inc. (an Empire Communities company), Fortress, and the Progress Borrower's legal counsel. The call was constructive, and the Trustee again requested information concerning the Progress Project, which the

Progress Borrower undertook to provide. To date, the Trustee has not yet received the information requested.

96. The Trustee continues to attempt to assess the status of the Progress Project and the options available to the Progress Investors.

Construction Projects

97. Mapleview Commons/Julien Court Project: Sorrenti administered two SMLs (together, the “**Maple SMLs**”) in connection with a 16-unit low rise residential development in Maple, Ontario (“**Maple Project**”), which consist of approximately \$6 million of Sorrenti SML debt secured by a second ranking charge on title to the Maple Project and approximately \$2.1 million of Sorrenti SML debt secured by a third ranking charge on title to the Maple Project. Construction is nearing completion and the borrower under the Maple SMLs (“**Maple Borrower**”) has advised the Trustee that the marketing of the units is expected to commence in early 2020, with closings anticipated in mid to late 2020. The Trustee has been in communication with the Maple Borrower and is monitoring the progress of the Maple Project.
98. The only charge registered on title to the Maple Project in priority to the charge securing the Maple SMLs is registered in favour of MarshallZehr and Firm Capital Mortgage Funding Inc. The Trustee understands that the outstanding obligations secured by such charge are in the amount of approximately \$13.5 million. Based upon the information and advice provided to the Trustee by the Maple Borrower and the Trustee’s review of same, Realized Property may be available for Investors from the Maple Project.
99. Unionvillas Project: Sorrenti administered an SML (“**Unionvillas SML**”) in connection with a 52-unit townhouse development in Markham, Ontario (“**Unionvillas Project**”), which consists of approximately \$8 million of debt secured by a third ranking charge on title to the Unionvillas Project. Construction is nearly complete and there are 10 residential units remaining that are subject to the Unionvillas SML charge.
100. Since the Trustee’s appointment, Sunrise Acquisitions (HWY 7) Inc., the borrower under the Unionvillas SML, (“**Unionvillas Borrower**”) requested partial discharges of the Unionvillas SML in conjunction with the sale of 17 completed residential homes to third party purchasers. The Trustee requested and reviewed information related to the sales including the applicable agreement of purchase and sale, the statement of adjustments

and the Unionvillas Borrower's proposed use of funds, which included paying certain construction trades that were completing the Unionvillas Project and repaying senior construction financing and granted the requested discharges. Once the Unionvillas Borrower's construction financing is repaid in full, the proceeds from the sale of the remaining homes are expected to be paid to the Trustee, on behalf of the Investors under the Unionvillas SML. Based upon the information and advice provided to the Trustee by the Unionvillas Borrower, the Trustee anticipates that Investors in the Unionvillas SML may recover a substantial portion (or potentially all) of their principal advances to the Unionvillas Borrower made through the Unionvillas SML.

101. Soba Project: Sorrenti administered an SML ("**Soba SML**") in connection with a 209-unit condominium development located in Ottawa, Ontario that is currently under construction ("**Soba Project**"). There is approximately \$10.3 million⁵ of Soba SML debt secured by a fifth ranking charge registered on title to the Soba Project. According to Soba Ottawa Inc., the borrower under the Soba SML, ("**Soba Borrower**") the Soba Project is expected to be completed and registered in 2020. The Trustee understands that 32 condominium units remain unsold.
102. Based upon the Trustee's review of Sorrenti's records and a title search of the subject property, in November 2018, Sorrenti postponed its charges in favour of the Soba SML to a charge in the principal amount of \$10.9 million in favour of B JL, which the Trustee understands is a company related to the Soba Borrower and controlled by Mr. Brad Lamb. The Trustee understands from Mr. Lamb that B JL advanced funds to the Soba Borrower in order to continue construction and service priority debt obligations related to the Soba Project. The Trustee and its counsel are in the process of reviewing the postponement, the advances purported to have been made by B JL, and the impact of same on the Soba Project and the interests of the Investors under the Soba SML.
103. The Trustee has made requests of the Soba Borrower to provide financial information pertaining to the Soba Project to the Trustee, including, but not limited to, up to date financial statements, cost consulting reports, information related to uses of funds on the project and residential unit pre-sale data. To date, the Soba Borrower has provided certain

⁵ Based upon the Trustee's review of Sorrenti's records, it appears that there was an additional SML for approximately \$6.9 million advanced to the Soba Borrower that was administered by Sorrenti, which was repaid in 2015. The Trustee understands that this SML ranked in priority to the Soba SML.

information to the Trustee but has indicated that the Soba Project is projected to incur significant losses. The Trustee continues to engage with the Soba Borrower to obtain the remaining information that it has requested to evaluate the Soba Project and the potential recoveries to Investors under the Soba SML.

SORRENTI SML BANK ACCOUNT AND POST-APPOINTMENT BANKING

104. As at the date of the Appointment Order, the Trustee understands from Sorrenti that it maintained one trust bank account at the Royal Bank of Canada (“**Bank**”) for, among other things, the purposes of administering the Sorrenti SMLs (“**Sorrenti SML Account**”). Upon issuance of the Appointment Order, the Trustee secured control of the Sorrenti SML Account, which at that time had a balance of \$5,479,649.
105. In accordance with the Appointment Order, the Trustee requested that the Bank change the signing authorities on the Sorrenti SML Account to be only representatives of the Trustee, and the Bank implemented the Trustee’s request.
106. The Trustee immediately reviewed the recent activity in the Sorrenti SML Account and noted that on September 30, 2019 (the date of the Appointment Order), four cheques payable to Sorrenti Law Professional Corporation had cleared the Sorrenti SML Account (“**Reversed Cheques**”), which are summarized below:

Cheque Number	Cheque Date	Date Cleared	Project	Amount (\$)
21723	Sept. 27/19	Sept. 30/19	Sutton	250,000
21721	Sept. 27/19	Sept. 30/19	Unknown	12,381
21722	Sept. 27/19	Sept. 30/19	King Charlotte	12,500
21720	Sept. 27/19	Sept. 30/19	Bayview	111,700
Total				386,581

Upon inquiry from the Trustee, Mr. Sorrenti advised that on September 27, 2019, Sorrenti issued the Reversed Cheques from the Sorrenti SML Account and that he deposited them into his general account on September 30, 2019. By September 27, 2019, Sorrenti was aware of the LSO’s pending application for the Appointment Order.

107. As a result of the issuance of the Appointment Order, which, as described above, provided a stay of proceedings, implemented certain interim stabilization measures, and appointed FAAN Mortgage as Trustee over the Property, the Trustee immediately contacted the

Bank regarding the Reversed Cheques that Sorrenti deposited into his general account after the Appointment Order became effective. The Trustee provided the Bank with the Appointment Order, and the Reversed Cheques were reversed by the Bank. The amounts subject to the Reversed Cheques were returned to the Sorrenti SML Account, such that the balance increased to \$5,866,230.

108. On October 4, 2019, Mr. Sorrenti emailed the Trustee to attempt to provide support for fees charged in respect of the Bayview SML and, among other things, requested the return of the funds subject to the Reversed Cheques.
109. On October 10, 2019, the Trustee responded to Mr. Sorrenti's email of October 4, 2019, denying his request and advising of the stay of proceedings and the interim stabilization measures imposed by the Appointment Order.
110. A summary of the changes to the Sorrenti SML Account balance from the time of the Trustee's appointment to October 16, 2019, is as follows:

	Amount (\$)
Balance as of September 30, 2019	5,479,649
Plus: Reversed Cheques	386,581
Balance as of October 1, 2019	5,866,230
Payment from HVS Receiver	1,060,000
Sorrenti SML Account Balance as at October 16, 2019	<u>6,926,230</u>

111. The Trustee established post-appointment bank accounts for purposes of carrying out its duties under the Appointment Order ("**Post-Appointment Accounts**") and transferred the balance in the Sorrenti SML Account of \$6,926,230 to the Post-Appointment Accounts.
112. On January 30, 2020, the Trustee received the Gotham Settlement proceeds of approximately \$1.42 million and deposited these funds into one of the Post-Appointment Accounts.
113. A breakdown of the allocation of the balance in the Post-Appointment Accounts is provided below, which has been prepared by the Trustee based upon the books and records of Sorrenti available to the Trustee. The Trustee continues to review Sorrenti's records and accordingly this summary is subject to revision and the revisions may be material.

Sorrenti SML	Nature of Funds	Estate/Realized Property	Amount (\$)
1. Realized Property			
Bayview	Repayment from Bayview Borrower	Realized	4,210,085
Harmony Village Sheppard	Repayment from HVS Receiver	Realized	1,060,000
Gotham	Proceeds of Gotham Settlement	Realized	1,420,590
Various inactive Sorrenti SMLs (Note 1)	Repayment of principal from borrowers	Realized	79,906
Total Realized Property (A)			6,770,581
2. Estate Property			
Various active Sorrenti SMLs	Interest and fees	Estate	720,405
Various inactive Sorrenti SMLs	Interest and fees	Estate	310,455
Total Estate Property (B) (Note 2)			1,030,860
3. Other			
Various amounts	(Note 3)	To be determined	316,097
BDMC administered SMLs (Note 4)	Funds held by Sorrenti in respect of certain of the Transferred SMLs	To be determined	229,282
Total Property to be determined as Estate or Realized Property (C)			545,379
Cash balance before administrative disbursements (A+B+C)			8,346,820
Administrative disbursements			(39,721)
Cash balance as at February 29, 2020 (Note 5)			8,307,099

Note 1 – These funds appear to relate 15 Investors that had uncashed cheques from SMLs that were paid out prior to the Trustee's appointment. As this amount constitutes Realized Property, the Trustee intends to distribute 50% of this amount to these Investors should the Omnibus Order be granted.

Note 2 – Includes \$386,581, which is the amount of the Reversed Cheques.

Note 3 – These funds appear to have been held by Sorrenti for certain individuals or companies, though the purpose and terms thereof are not known at this time. The Trustee continues to review Sorrenti's records and inquire of Sorrenti in respect of these amounts.

Note 4 – At the time of the Trustee's appointment, Sorrenti held funds for certain of the Transferred SMLs. The Trustee is reviewing information related to these funds and, at a future date, anticipates making a recommendation to the Court regarding such funds.

Note 5 – Prior to payment of certain costs that have accrued but not yet been paid (certain appraisal costs and all professional costs), which are included in the Cash Flow Projection.

CASH FLOW PROJECTION AND FUNDING OF THESE PROCEEDINGS

114. In accordance with the Appointment Order, the Trustee continues to engage in the activities described in the foregoing sections to carry out its Court-ordered mandate to protect the interests of the Investors. These activities are complicated, time-consuming, and are being carried out in circumstances where the SML Administration Business has no revenue.
115. Pursuant to the interim stabilization measures implemented in the Appointment Order, the Trustee has access to certain limited amounts constituting Estate Property, however the Trustee currently has no access to any funds other than the Estate Property. In accordance with the Appointment Order, the Trustee has been using the Estate Property to pay certain costs and expenses so that the Trustee can continue to discharge its Court-ordered mandate for the benefit of the Investors. However, the Estate Property is projected to be exhausted during the Cash Flow Period and, accordingly, the Trustee is seeking the Court's authorization to use a portion of the Realized Property in connection with the administration of the Sorrenti SMLs. A similar authorization was granted by the Court in the BDMC Proceedings. Absent such authorization, the Trustee will not have sufficient funds available to carry out its mandate during the Cash Flow Period, and Investor interests would likely be significantly prejudiced. The Trustee's recommendation with respect to the use of Realized Property in connection with these proceedings is set out further below.
116. The Trustee prepared the Cash Flow Projection on a monthly basis for the Cash Flow Period, which ends on October 31, 2020. The Cash Flow Projection has been prepared by the Trustee based upon: (i) the Trustee's review of Sorrenti's records, (ii) its own analysis, and (iii) third-party estimates. The Cash Flow Projection is attached hereto as **Appendix "13"**.
117. A summary of the Cash Flow Projection is provided in the following table:

	Amount (000s)
Receipts	-
Disbursements	
Personnel costs	85
Office, IT and other	38
Total Operating Disbursements	<u>123</u>
Appraisal fees	41
Professional fees	2,456
Total disbursements	<u>2,620</u>
Net cash flow	<u>(2,620)</u>
Opening Cash – Estate Property ⁶	990
Net cash flow	<u>(2,620)</u>
Projected Closing Cash – Estate Property	<u>(1,630)</u>

118. As has been the case in the cash flow projections presented in the BDMC Proceedings, there are no cash receipts from the SML Administration Business projected during the Cash Flow Period. Historically, Sorrenti's primary source of revenue was funds raised from Investors in the form of an administration fee of \$100.00 per Investor per year of the term of the applicable loan. These funds were generally collected at the time of the initial advance of the funds from the Investors. The Trustee understands that from time to time Sorrenti would also charge SML borrowers for certain activities (e.g. execution and delivery of discharges and postponements) and, in some cases, for the administration fee of \$100.00 per Investor per year with respect to periods beyond the original term of the applicable Sorrenti SML.
119. The Trustee notes that no interest has been paid by the borrowers under the Sorrenti SMLs since the Trustee's appointment (other than the interest paid under the Gotham Settlement Agreement).
120. The Cash Flow Projection estimates total operating disbursements of approximately \$123,000. Further, it is contemplated that the professional fees of the Trustee, its counsel, and Representative Counsel will be paid during the Cash Flow Period, including the fees that are accrued and unpaid as at January 31, 2020.

⁶ The Opening Cash – Estate Property amount is net of approximately \$39,000 of disbursements to date.

121. Overall, there is a funding deficiency of approximately \$1.63 million through to the end of the Cash Flow Period. As the SML Administration Business has no projected cash receipts and no available funds other than the Estate Property, which, as noted above, is projected to be exhausted during the Cash Flow Period, the Trustee is seeking the Court's authorization to use a portion of the Realized Property in order to fund these proceedings, which will enable the Trustee to continue to carry out its Court-ordered mandate to protect the interests of the Investors.

RECOMMENDATION REGARDING REALIZED PROPERTY

122. The Trustee has received numerous communications from Investors detailing hardships that they are experiencing as a result of their investments in the Sorrenti SMLs (including, in many cases, delayed repayments, returns on investment below expectations and/or losses thereon) and has been advised by Representative Counsel that it has received similar communications. The Trustee understands the potentially detrimental impact that results from delays by the borrowers under Sorrenti SMLs in repaying their obligations thereunder, if at all, and related delays in the Trustee distributing any Realized Property to Investors.
123. Pursuant to the Appointment Order, the Court granted the Trustee a first-priority charge and Representative Counsel a second-priority charge over the Property, including Realized Property, as security for the payment of their respective professional fees and expenses. The Trustee, its legal counsel and Representative Counsel are incurring expenses to generate the maximum amount of Realized Property possible in the circumstances for the benefit of Investors.
124. Notwithstanding the Trustee's and Representative Counsel's charges over the Realized Property, the Trustee is recommending that a portion of the Realized Property in its possession be distributed to Investors at this time. The Trustee is also seeking authorization to retain a portion of those amounts that the Trustee reasonably expects may be required to fund the cost of these proceedings. The Trustee, its legal counsel and Representative Counsel are relying on the charges granted under the Appointment Order and the prospect of future Realized Property for the balance of their professional fees and for the work to be performed in the coming months.

125. Based on the Trustee's review of the Cash Flow Projection, the Trustee has determined that it is appropriate at this time to seek this Court's authorization to distribute an amount equal to 50% of any Realized Property, whether held as of the date of this Second Report or received in the future, to the Investors entitled to such funds on a *pro rata* basis and to retain the remaining Realized Property to fund the cost of these proceedings, including to pay operating and professional costs associated with the SML Administration Business ("**Administrative Holdback**"). This is the same structure that the Court approved in the BDMC Proceedings. The Trustee has consulted with Representative Counsel regarding this recommendation. The Trustee understands that Representative Counsel supports the Trustee's recommendation regarding the establishment and quantum of the Administrative Holdback. The Trustee is therefore seeking an Order authorizing it to distribute 50% of Realized Property to the Investors entitled to receive same and to retain 50% of Realized Property as an Administrative Holdback to fund the cost of these proceedings, including to pay operating and professional costs associated with the SML Administration Business. Accordingly, the Trustee is also seeking orders allowing it to distribute 50% of the Bayview Realized Property, the Gotham Realized Property, and the HVS Realized Property to the Investors entitled to receive such funds.
126. Should additional Realized Property be obtained with respect to certain of the Sorrenti SMLs in the coming months, it is possible that at a later date the Trustee will seek a further Order from the Court that, among other things, authorizes it to distribute a higher percentage of Realized Property. Further, as noted above, the Estate Property will be exhausted during the Cash Flow Period. As such, the Trustee is of the view that it must retain a portion of the Realized Property and utilize the Administrative Holdback to fund activities intended to maximize the recovery of additional Realized Property in the future.
127. The Trustee acknowledges that these proceedings may have a disproportionate impact on Investors. Accordingly, the Trustee intends to develop an allocation formula at the appropriate time to fairly and equitably allocate the cost of the administration of these proceedings among the Investors. The Trustee is particularly cognizant of the situation facing the Bayview Individual Investors (described above), which it will take into account and which will be a significant factor when determining the manner in which the costs of these proceedings will be shared among the Investors. This will ensure that Investors receive as much Realized Property as possible in the circumstances and are

compensated (to the extent possible) in a fair and equitable manner for any additional burdens imposed on such Investors as a result of these proceedings.

128. The exact terms of the allocation formula will need to be developed at a later date, when more Realized Property has been generated and the Trustee is in a better position to determine an appropriate allocation of the expenses associated with these proceedings among the different Sorrenti SMLs. The Trustee will consider a number of factors in connection with any such allocation, including the timing of receipt of the Realized Property, the size and length of time that a given loan remained outstanding during the proceeding, the key terms of the applicable loan agreement, and other relevant factors. The allocation formula may, if possible, also include some compensation to those Investors whose Realized Property is used to fund the proceedings. The purpose of the allocation formula is to ensure that Investors in particular Sorrenti SMLs do not bear a disproportionate share of the costs of these proceedings, and, as such, Investors in certain Sorrenti SMLs may receive a further distribution at a later date in accordance with the allocation formula.
129. Any Realized Property that is not utilized will continue to be held in an interest-bearing account and such interest earned shall be used to offset costs incurred in the administration of these proceedings.

REPRESENTATIVE COUNSEL

130. Pursuant to the Appointment Order, Chaitons LLP was appointed Representative Counsel to represent the common interests of the approximately 2,900 Investors who participate in Sorrenti SMLs, including the common interests of Investors in any particular Sorrenti SML.
131. Following the issuance of the Appointment Order, the Trustee provided Representative Counsel with extensive information regarding the Investors, including contact information for Investors and, where available, the applicable loan documentation entered into by each Investor and Sorrenti.
132. In the October 2019 Investor Notice, the Trustee notified all Investors of the Trustee's and Representative Counsel's appointments, provided Investors with Representative Counsel's contact information and the details regarding the process to opt out of representation by Representative Counsel. This information was also posted on the Trustee's Website.

133. To date, 3 Investors with a total of \$156,500 invested through Sorrenti have opted out of representation by Representative Counsel.
134. Representative Counsel has established a toll-free number and dedicated email address to facilitate Investor communications. The Trustee understands that Representative Counsel receives a large volume of calls and written correspondence and has been responding in a timely manner to such communications to the extent that the inquiries pertain to legal issues covered by Representative Counsel's mandate.
135. The Trustee also understands that Representative Counsel has been dealing with a large volume of inquiries from Investors regarding their rights and remedies and potential causes of action against third parties, including potential sources of recovery other than the borrowers under the various Sorrenti SMLs.
136. The Trustee has also consulted with Representative Counsel when appropriate, and the Trustee and its counsel are in regular contact with Representative Counsel, in particular with respect to significant decisions that would likely have a material impact on Investor recoveries.

LAND TITLE OFFICES

137. The Appointment Order authorizes the Trustee to register the Appointment Order on title to the projects where necessary or desirable. In certain instances, the applicable land registry offices ("**LROs**") have required that the Appointment Order be registered on title before the LROs will recognize the Trustee's authority to sign certain documents that are to be registered on title (such as postponements or discharges). However, the Trustee understands that certain LROs have stated that they will not remove a court order from title unless they are provided with another court order as authority for doing so. Since the Appointment Order is only relevant while the Trustee (on behalf of Sorrenti and the Investors) retains an interest in the property, there will be times when it will be necessary to have the Appointment Order removed from title.
138. One example of such an instance occurred in respect of the transaction involving the Gotham Project. To facilitate the execution and registration of partial discharges in favour of third-party purchasers of dwellings prior to the completion of the settlement transaction, the Appointment Order was registered on title to the Gotham Project. As discussed above, the Gotham Project has since been exited. However, the Appointment Order remains on

title, where it may cause issues for the Gotham Borrower and third-party unit purchasers as they seek to deal with their property in the ordinary course.

139. There are likely to be other instances where the Trustee determines that it is appropriate to have the Appointment Order registered on, and subsequently removed from, title to a project. As such, the Trustee is seeking the LRO Direction Order from this Court to give the Trustee the discretion to have the Appointment Order removed from title when the Trustee determines that it is necessary, which determination is proposed to be evidenced by the delivery of a Trustee's certificate to that effect. The issuance of the LRO Direction Order will permit the Trustee to continue to efficiently administer the syndicated mortgage loans and not incur unnecessary expenses in coming before the Court for removal of the Appointment Order on a case by case basis. A similar Order was sought and granted in the BDMC Proceedings.

TRUSTEE FEES

140. Pursuant to the terms of the Appointment Order, the Trustee and its legal counsel shall be paid their reasonable fees and disbursements and shall pass their accounts from time to time. The Trustee and its legal counsel are tracking their time by project. For certain tasks that affect all Investors, including general notices and the preparation of general reports to Court and the related Court materials, the time will be charged to a general account that will, at a later date once the totality of realizations are more clear, be allocated to the various projects based on appropriate considerations and in accordance with further Court Orders. The fees of the Trustee for the period between September 30, 2019 to January 31, 2020 total \$290,294.80, before HST; and HST applicable to such amount totals \$37,738.32, for an aggregate amount of \$328,033.12. Invoices for the fees of the Trustee, including summaries of the activities of the Trustee for the applicable period, are provided in the affidavit of Naveed Manzoor ("**Manzoor Affidavit**"), attached hereto as **Appendix "14"**. The average hourly rate for the Trustee over the referenced billing period was approximately \$436.24/hour.
141. Detailed docket information in respect of the fees and disbursements of the Trustee for this period will be included in the confidential exhibit to the Manzoor Affidavit that is being filed separately with the Court ("**Confidential Manzoor Exhibit**").

142. The Trustee is seeking a sealing order with respect to the Confidential Manzoor Exhibit due to the fact that the information contained in the Trustee's detailed invoices includes privileged and commercially sensitive information regarding the projects and the SML Administration Business generally, and the disclosure of that privileged and/or commercially sensitive information could have a material adverse effect on the recoveries that may ultimately be available to Investors in these proceedings. Similar sealing Orders have been granted in the BDMC Proceedings.

FEES OF THE TRUSTEE'S COUNSEL

143. The fees of Osler, Hoskin & Harcourt LLP ("**Osler**") as counsel to the Trustee for the period between September 30, 2019 to January 31, 2020 total \$200,256.50; Osler incurred \$5,225.05 of disbursements during the period; and HST applicable to such amounts totals \$26,662.62, for an aggregate amount of \$232,144.17 (excluding disbursements and HST). Invoices for the fees, reimbursable expenses and applicable taxes of Osler, including summaries of Osler's activities in relation thereto, are provided in the affidavit of Michael De Lellis ("**De Lellis Affidavit**"), attached hereto as **Appendix "15"**. The average hourly rate for Osler over the referenced billing period was \$712.15/hour.
144. Detailed docket information in respect of the fees and disbursements of Osler for this period will be included in the confidential exhibit to the De Lellis Affidavit that is being separately filed with the Court ("**Confidential De Lellis Exhibit**").
145. The Trustee is seeking a sealing order with respect to the Confidential De Lellis Exhibit due to the fact that the information contained in Osler's detailed invoices includes privileged and commercially sensitive information regarding the projects and the SML Administration Business generally, and the disclosure of that privileged and/or commercially sensitive information could have a material adverse effect on the recoveries that may ultimately be available to Investors in these proceedings. Similar sealing Orders have been granted in the BDMC Proceedings.
146. The Trustee is of the view that the hourly rates charged by Osler are consistent with the rates charged by major law firms practicing in the area of insolvency and restructuring in the Toronto market, and that the fees charged are reasonable in the circumstances.

CONCLUSION

147. The Trustee is working diligently to fulfill its mandate to protect the interests of the Investors and enhance the prospects that the Investors will recover amounts they advanced through the Sorrenti SMLs. Among other things, the Trustee continues to administer the Sorrenti SMLs, refine its analysis in respect of the Sorrenti SMLs and to make decisions, in consultation with Representative Counsel, that, in the circumstances, the Trustee believes are in the best interests of the Investors.
148. Based on the Trustee's review of the Cash Flow Projection, the Trustee has determined that it is appropriate at this time to seek this Court's authorization to distribute an amount equal to 50% of any Realized Property and to retain the balance as an Administrative Holdback. The Trustee has consulted with Representative Counsel regarding this recommendation and understands that Representative Counsel supports the Trustee's recommendation regarding the Administrative Holdback. The Trustee is hopeful that further Realized Property will be generated in the future allowing for a reduction in the percentage of the Administrative Holdback at a later date.
149. In light of the foregoing, the Trustee respectfully recommends that the Court issue the First Omnibus Order and the LRO Direction Order in the forms attached to the Trustee's motion record.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 6th day of March, 2020.

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.,
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
DEREK SORRENTI AND SORRENTI LAW PROFESSIONAL CORPORATION
IN RESPECT OF THE SYNDICATED MORTGAGE LOAN
ADMINISTRATION BUSINESS, AND NOT
IN ITS PERSONAL OR ANY OTHER CAPACITY**

Appendix 3
Omnibus Order dated May 5, 2020



Court File No.: CV-19-628258-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.)

JUSTICE HAINEY)

TUESDAY, THE 5TH

DAY OF MAY, 2020

BETWEEN:

LAW SOCIETY OF ONTARIO

Applicant

- and -

DEREK SORRENTI and
SORRENTI LAW PROFESSIONAL CORPORATION

Respondents

APPLICATION UNDER
SECTION 49.47 OF THE *LAW SOCIETY ACT*, R.S.O. 1990, c. L.8
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990 c. C.43

OMNIBUS ORDER

THIS MOTION, made by FAAN Mortgage Administrators Inc. ("**FAAN Mortgage**"), in its capacity as Court-appointed trustee (in such capacity, the "**Trustee**") pursuant to an Order of this Court made on September 30, 2019 (the "**Appointment Order**") of all of the assets, undertakings and properties in the possession, power or control of Derek Sorrenti or Sorrenti Law Professional Corporation (collectively, "**Sorrenti**") relating to Sorrenti's trusteeship and

administration of syndicated mortgage loans in projects affiliated with Fortress Real Developments Inc. (“**FRDI**”) and all of its direct or indirect affiliates and any entity under common control with FRDI (the “**SML Administration Business**”), pursuant to section 49.47 of the *Law Society Act*, R.S.O. 1990, c. L.8, as amended, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, for an Order, *inter alia*, (i) authorizing the Trustee to effect a distribution of 50% of Realized Property (as defined in the Appointment Order) to the applicable Investors, including without limitation, a distribution to Bayview Individual Investors in an amount equal to 50% of the Bayview Realized Property, a distribution to Gotham Investors in an amount equal to 50% of the Gotham Realized Property, and a distribution to the HVS Investors in an amount equal to 50% of the HVS Realized Property (as each such term is defined in the Second Report (as defined below)); (ii) authorizing the Trustee to use all or any portion of the retained Realized Property to aid the Trustee in complying with the Appointment Order and in carrying out its mandate, including to pay operating and professional costs associated with the SML Administration Business; (iii) approving the Reports (as defined below) and the activities of the Trustee described therein; (iv) approving the Trustee’s fees and disbursements, including the fees and disbursements of its counsel, for the period from September 30, 2019 to January 31, 2020, and (v) sealing certain confidential exhibits to the Fee Affidavits (as defined below), was heard this day by videoconference due to the COVID-19 crisis;

ON READING the First Report of the Trustee dated January 22, 2020 (the “**First Report**”), the Second Report of the Trustee dated March 6, 2020 (the “**Second Report**”), the Supplement to the Second Report of the Trustee dated April 13, 2020 (the “**Supplement to the Second Report**”), the affidavit of Naveed Manzoor sworn March 6, 2020 and attached as Appendix “14” to the Second Report (the “**Manzoor Affidavit**”) and the affidavit of Michael De Lellis sworn March 6, 2020 and attached as Appendix “15” to the Second Report (the “**De Lellis Affidavit**”) and, collectively with the Manzoor Affidavit, the “**Fee Affidavits**”), and on hearing the submissions of counsel for the Trustee, Chaitons LLP, in its capacity as Representative Counsel, and such other counsel as were present, no one else appearing for any other person on the service list, as appears from the affidavits of service of Sean Stidwill sworn March 10, 2020 and April 13, 2020;

SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record, the Supplementary Motion Record, the Second Report, and the Supplement to the Second Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that all capitalized terms used in this Order but not defined herein shall have the meanings given to them in the Second Report.

REALIZED PROPERTY

3. **THIS COURT ORDERS** that the Trustee shall distribute 50% of all Realized Property obtained *pro rata* to the Investors entitled to such funds, whether received before or after the date of this Order, including without limitation:
 - (a) a distribution to Bayview Individual Investors in an amount equal to 50% of the Bayview Realized Property;
 - (b) a distribution to Gotham Investors in an amount equal to 50% of the Gotham Realized Property; and
 - (c) a distribution to the HVS Investors in an amount equal to 50% of the HVS Realized Property.
4. **THIS COURT ORDERS AND DECLARES** that the Trustee is hereby authorized to use all or any portion of the retained Realized Property to aid the Trustee in complying with the Appointment Order and in carrying out its mandate, as the Trustee, in its sole discretion, considers necessary or desirable for the administration of the estate, including with respect to those matters set out in paragraph 15 of the Appointment Order and the operating and professional costs associated with the SML Administration Business.

TRUSTEE'S REPORTS, ACTIVITIES, FEES AND DISBURSEMENTS

5. **THIS COURT ORDERS** that the First Report, the Second Report, and the Supplement to the Second Report and all the actions, conduct and activities of the Trustee as set out in the First Report, the Second Report, and the Supplement to the Second Report, be and are hereby approved; provided, however that only FAAN Mortgage, in its capacity as Trustee and in its personal capacity and only with respect to its own liability in such capacities, shall be entitled to rely upon or utilize in any way such approval.

6. **THIS COURT ORDERS** that the fees and disbursements of the Trustee and its counsel, as set out in the Second Report and the Fee Affidavits, be and are hereby approved, as follows:

- (a) the following fees and disbursements of the Trustee for the period from September 30, 2019 to January 31, 2020 are approved: fees of \$290,294.80 (plus applicable taxes of \$37,738.32 for an aggregate amount of \$328,033.12), and
- (b) the following fees and disbursements of Osler, Hoskin & Harcourt LLP, counsel to the Trustee, for the period from September 30, 2019 to January 31, 2020 are approved: fees of \$200,256.50 and disbursements of \$5,225.05 (plus applicable taxes of \$26,662.62 for an aggregate amount of \$232,144.17).

SEALING

7. **THIS COURT ORDERS** that Exhibit "D" of the Manzoor Affidavit and Exhibit "D" of the De Lellis Affidavit shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of the Court.

AID AND RECOGNITION OF FOREIGN COURTS

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

All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.

9. **THIS COURT ORDERS** that the Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

SUPERIOR COURT OF JUSTICE
ENTERED
MAY 05 2020
36
COUR SUPÉRIEURE DE JUSTICE
ENTRÉ

Handwritten signature

LAW SOCIETY OF ONTARIO

- and -

**DEREK SORRENTI and SORRENTI LAW
PROFESSIONAL CORPORATION**

Applicant

Respondents

Court File No. CV-19-628258-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

OMNIBUS ORDER

OSLER, HOSKIN & HARCOURT LLP
P.O. Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Michael De Lellis (LSO# 48038U)
Jeremy Daeks (LSO# 41851R)

Tel: (416) 362-2111
Fax: (416) 862-6666

Lawyers for FAAN Mortgage Administrators Inc.,
in its capacity as Court-appointed Trustee of Derek
Sorrenti or Sorrenti Law Professional Corporation in
respect of the Syndicated Mortgage Loan
Administration Business

Appendix 4

Sorrenti SML Project Analysis Summary as of April 23, 2021

Sorrenti Law Professional Corporation and Derek Sorrenti ("Sorrenti") Syndicated Mortgage Loan Administration Business

Derived from Sorrenti records, information provided by Fortress, project borrowers, and other third parties, as of April 23, 2021.

Summary of Project Status as at April 23, 2021

The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

(SC, Unaudited)

LEGEND: <i>Pre-construction</i> Construction <i>Completed</i> Exited	Construction has not commenced. Rezoning and development approvals may be submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced. Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction. Construction is complete, and assets remain to be realized. All of the assets have been sold or the loan has been paid in full or in part, and the Sorrenti mortgage(s) has been discharged.
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No.	Project Name	Number of Investors	Status	Capital Stack (see note 2)	Maturity Date	Project	Enforcement Proceeding
1	Gotham	145	Exited	n/a	n/a	Completed condominium tower in Ottawa. Investors were repaid approximately 85% of their principal investment in 2016 from an inventory loan obtained by the borrower. On January 30, 2020, the Trustee sought and obtained Court approval of a settlement agreement in the amount of approximately \$1.42M in respect of the Sorrenti debt on the Gotham Project, which amount was distributed to Investors net of the Administrative Holdback.	n/a
2	Harmony Village - Sheppard ("HVS")	542	Exited	n/a	n/a	n/a	Property was sold pursuant to a receivership in 2016 and the HVS syndicated mortgage loan ("SML") was discharged from title. The HVS Receiver distributed \$19.5M to Sorrenti for Investors. The HVS Receiver made a further distribution to the Trustee of \$1.06M in October, 2019, which was distributed by the Trustee to Investors in 2020, net of the Administrative Holdback. The HVS Receiver made a final distribution to the Trustee of \$76,299.74 in December 2020, which amount was distributed to Investors in 2021, net of the Administrative Holdback.
3	Mapleview Commons (Julien Court)	155	Construction	1st: MarshallZehr Group Inc. (" MarshallZehr ") and Firm Capital Mortgage Funding Inc. \$4.5M (as at April 7, 2021) 2nd: Sorrenti Original \$6M 3rd: Sorrenti \$2.1M	Original: July 16, 2015 (extend date January 16, 2016) MATURED. 3rd: May 1, 2017 (extend date May 1, 2018) MATURED.	Project is a 16-unit low rise development in the GTA. Construction is substantially complete and the borrower commenced marketing of the units for sale in mid-2020. There are 2 unsold units remaining and the net proceeds from sales to date have been used to repay the first priority mortgage.	n/a
4	Progress Manors (TEN88)	364	Pre-construction	1st: Cameron Stephens Financial Corporation - \$7M 2nd: Sorrenti \$17.3M	February 10, 2016 MATURED.	The project is a development located in Toronto. The first phase of the project has been built and comprised 105 stacked townhomes, which have been sold and closed (other than three parking spots, which the Trustee understands remain unsold). Phase two is currently in pre-construction and is planned to include both residential and commercial units.	n/a

Sorrenti Law Professional Corporation and Derek Sorrenti ("Sorrenti") Syndicated Mortgage Loan Administration Business

Summary of Project Status as at April 23, 2021

(SC, Unaudited)

Derived from Sorrenti records, information provided by Fortress, project borrowers, and other third parties, as of April 23, 2021.

The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

LEGEND:	<p>Pre-construction</p> <p>Construction</p> <p>Completed</p> <p>Exited</p>	<p>Construction has not commenced. Rezoning and development approvals may be submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.</p> <p>Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.</p> <p>Construction is complete, and assets remain to be realized.</p> <p>All of the assets have been sold or the loan has been paid in full or in part, and the Sorrenti mortgage(s) has been discharged.</p>
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No.	Project Name	Number of Investors	Status	Capital Stack (see note 2)	Maturity Date	Project	Enforcement Proceeding
5	Residences of Bayview (Lotus)	504	Exited	n/a	n/a	The project is a 234 unit condominium located in Toronto, which has registered and the Sorrenti SML has been discharged. The borrower repaid \$18M or approximately 90% of the principal advanced under this loan to Sorrenti. No unsold units remain. The Trustee is communicating with the borrower's counsel regarding any potential additional realizations.	n/a
6	Soba	188	Completed	<p>1st: MCAP Financial Corporation \$12.5M *</p> <p>2nd: Aviva Insurance Company of Canada ("Aviva") \$13M</p> <p>3rd: BJL Properties \$10.9M</p> <p>4th: Sorrenti 2 \$10.3M</p> <p>(*To the best of the Trustee's knowledge, MCAP does not have a registration on a very small number (less than 10%) of the parcels of property that comprise the Soba Project. With respect to such parcels, the remaining parties with registrations on title would rank one level higher)</p>	Sorrenti 2nd: January 2, 2017 (extend date January 2, 2018) Matured.	The project is a 209 unit condominium located in Ottawa, which is substantially complete. The condominium registered in 2020 and 23 units remain unsold. The borrower has indicated that it is projecting to incur significant losses on the project.	n/a
7	Victoria Park Place (Solotex)	282	Exited	n/a	n/a	n/a	RSM Canada Limited was appointed by a priority mortgagee as a private receiver of the project (" Receiver "). The Receiver entered into an agreement of purchase and sale with Plazacorp Investments Limited (" Purchaser "). On June 11, 2020, an order authorizing the sale to the Purchaser was granted by the Court, which enabled the Purchaser to obtain title to the Project free and clear of any existing security, with no proceeds being available to the Victoria Park SML from the sale. In September 2020, the Trustee entered into an assignment agreement with an affiliate of the Purchaser (" Assignee "), which, among other things, assigned Sorrenti's claims against the borrower (other than the certain excluded claims against parties related to the borrower) to the Assignee for consideration of \$300,000.
8	The Sutton (Link Condos + Towns)	456	Completed	<p>1st: Sorrenti Original \$11.6M</p> <p>2nd: Sorrenti \$8M</p>	Original: October 4, 2015 Matured. 3rd: April 4, 2016 Matured.	Project consists of 4 low rise condominiums and approximately 13,300 of ground floor commercial space located in Burlington. All residential units have been sold and closed. 12 Commercial units, 4 locker units and 2 parking spaces remain unsold.	n/a

Sorrenti Law Professional Corporation and Derek Sorrenti ("Sorrenti") Syndicated Mortgage Loan Administration Business

Summary of Project Status as at April 23, 2021

(SC, Unaudited)

Derived from Sorrenti records, information provided by Fortress, project borrowers, and other third parties, as of April 23, 2021.

The Trustee has not audited, reviewed or fully verified the accuracy or completeness of the information contained herein or any assumptions in respect thereof.

LEGEND:	<p>Pre-construction</p> <p>Construction</p> <p>Completed</p> <p>Exited</p>	<p>Construction has not commenced. Rezoning and development approvals may be submitted/fully approved and in certain projects the marketing, sales and/or leasing program has commenced.</p> <p>Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.</p> <p>Construction is complete, and assets remain to be realized.</p> <p>All of the assets have been sold or the loan has been paid in full or in part, and the Sorrenti mortgage(s) has been discharged.</p>
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No.	Project Name	Number of Investors	Status	Capital Stack (see note 2)	Maturity Date	Project	Enforcement Proceeding
9	Wismer3 (The Mark, Mount Joy and Eldin)	108	Completed	1st: MarshallZehr \$14.4M (outstanding at Feb. 12, 2021) 2nd: Aviva \$13.5M 3rd: Sorrenti (Wismer 3) \$3.8M 3rd: Sorrenti (Eldin) \$2.8M	(Wismer 3) December 15, 2013 Matured. (Eldin) November 1, 2014 Matured.	Project consists of 1 condominium tower (The Mark) and 44 townhomes (Mount Joy) located in Markham. The Mount Joy phase commenced in 2012 and was completed in 2014. The Trustee understands that there were no amounts paid to Sorrenti from this phase. Construction of The Mark was completed in 2019, and there were no amounts paid to Sorrenti from closings completed to date. Certain commercial units remain unsold. MarshallZehr, the priority lender on this project, has advised the Trustee that it is anticipating a significant shortfall in respect of its remaining loan balance. The Trustee understands that the charges previously registered on title to Wismer/The Mark in favour of Sorrenti have been deleted from title. However, in light of the significant shortfall anticipated for MarshallZehr, the Trustee's current understanding is that there is likely to be no recovery for investors from this project.	n/a
10	Unionvillas (Uptowns of Unionville)	145	Completed	1st: Kingsett Mortgage Corporation ("Kingsett") 2nd: Kingsett *In total, approximately \$2.4M owing to Kingsett in respect of construction financing and \$820K in respect of LCs (as at March 31, 2021) 3rd: Sorrenti \$8M	August 20, 2017 Matured.	Project consists of a 52 unit townhouse development in Markham. Seven residential units remaining to close in 2021.	n/a

Sorrenti Law Professional Corporation and Derek Sorrenti ("Sorrenti") Syndicated Mortgage Loan Administration Business
Project Analysis Summary as at April 23, 2021 - Notes
(Unaudited)

Note 1: The Trustee cautions that the Project Analysis Summary is only intended to summarize the results of certain aspects of the Trustee's analysis to April 23, 2021. The Trustee continues to refine its analysis on each project as well as to respond to new developments and information. New developments and new information can at times have a significant impact on the Trustee's review for that project and its related recommendations. Further, certain confidential information has been excluded from the Project Analysis Summary.

Note 2: Capital stack contains information provided to the Trustee at different points in time by various sources regarding the amounts advanced under the various registered charges. The registered charges may be different than the amount due. Actual balances may vary and those variances may be material. The capital stack information is provided for reference only and the Trustee or any other party may dispute the quantum and/or priority of any mortgage. Furthermore, other encumbrances may exist that have not been registered on title.

Appendix 5
Law Society Tribunal Order dated September 8, 2020

September 8, 2020

In this proceeding concerning **Derek Francesco Sorrenti**, 1999, of Vaughan, and **Sorrenti Law Professional Corporation**, the panel considered the applicant's motion for:

- an interlocutory restriction on the respondents' practice.

The panel orders:

1. On an interlocutory basis, the respondents shall not practise law except in accordance with following restrictions related to syndicated mortgage transactions:
 - a. The respondents shall not engage in the practice of mortgage administration in syndicated mortgage loans/investments or act as trustee in respect of syndicated mortgage loans/investments.
 - b. The respondents shall not engage, directly or indirectly, including by instructing another lawyer or non-lawyer or by providing legal services or advice or by registering instruments, in the practice of law in relation to syndicated mortgage transactions unless the following conditions apply: (i) the number of lenders on the mortgage total no more than 7; (ii) the respondents provide only independent legal representation; (iii) the mortgage secures a debt obligation on a property that is neither under construction nor development and is used for residential purposes; and (iv) the total debt obligation (including all other debt secured by mortgages on the property that have priority over, or the same priority as, the syndicated mortgage) does not exceed 90 percent of the fair market value of the property, assessed at the time the syndicated mortgage is arranged.
2. Pursuant to Rule 12 of the *Rules of Practice and Procedure*, either party may move to vary or cancel the order on the basis of fresh evidence or a material change in circumstances
3. The costs of the interlocutory proceedings will be dealt with by the panel that ultimately hears the merits of any conduct application.

(Counsel for the Society, Jaan Lilles and Kelly Hayden / Counsel for the Lawyer John Dent)

Appendix 6

Notice to Victoria Park Syndicated Mortgage Loan Investors dated June 25, 2020



June 25, 2020

Dear Lender:

Re: Syndicated Mortgage Loan made to 1682 Victoria Park Avenue Inc. ("Borrower") in respect of properties located at 1650-1682 Victoria Park Avenue Toronto, ON ("Victoria Park Project" or "Property")

As you are aware, on September 30, 2019, pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") (the "**Appointment Order**"), FAAN Mortgage Administrators Inc. was appointed as trustee (in such capacity, the "**Trustee**") of all of the assets, undertakings and properties of Derek Sorrenti or Sorrenti Professional Law Corporation (collectively, "**Sorrenti**") relating to Sorrenti's trusteeship and administration of syndicated mortgage loans ("**Sorrenti SMLs**") in projects affiliated with Fortress Real Developments Inc. and certain related entities. The Trustee's appointment resulted from an application made by the Law Society of Ontario under Section 49.47 of the *Law Society Act*, R.S.O. 1990. c. L.8, and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43., each as amended. The Appointment Order also appointed Chaitons LLP as representative counsel to persons who made loans through the Sorrenti SMLs.

We are writing to you in our capacity as Trustee regarding steps taken by Findev Inc. ("**Findev**") a lender holding a charge that is registered on title to the Property in priority to the charge registered on title to the Property in favour of the Sorrenti SML made to the Borrower ("**Victoria Park SML**") and further to our notices to you dated January 7, 2020 and February 28, 2020 ("**Notices**").

As was communicated in the Notices, on December 23, 2019, Findev served the Trustee with a Notice of Sale Under Mortgage and on January 27, 2020, RSM Canada Limited was appointed by Findev as private receiver ("**Receiver**") of the Property.

The Receiver listed the Property for sale with a national commercial real estate broker on March 6, 2020 and originally established a bid deadline of April 3, 2020. The Trustee requested that the bid deadline be extended due to the impact of the COVID-19 pandemic and the Receiver extended the deadline to April 20, 2020. The Receiver advised that given the status of the offers received and the process that was run to April 20, 2020, there would be no benefit to extend the deadline further. The Trustee corresponded with the Receiver during the sale process and was provided periodic updates by the Receiver.

On June 5, 2020, the Trustee was served with motion materials ("**Sale Approval Materials**") for a motion to approve the sale of the Property to Plazacorp Investments Limited (the "**Purchaser**¹"). In the Sale Approval Materials, the Receiver advised, among other things: i) that it received various offers for the Property, ii) the offer from the Purchaser was the highest and best offer received, and iii) the Purchaser and Findev are related to one another.

¹ Together with its permitted assignee, Victoria Park-Draycott Townhouses Corp.



As is customary in sale approval motions in receivership proceedings, the purchase price for the Property was not publicly disclosed by the Receiver to keep such information confidential in the event that the recommended transaction did not close for any reason. The Receiver disclosed in the Sale Approval Materials, and the Trustee has confirmed, that the proceeds from the sale would be insufficient to repay Findev, as second mortgagee, in full. Accordingly, there will be no proceeds available to repay the Victoria Park SML.

The sale approval hearing was held on June 11, 2020 and an order confirming the sale to the Purchaser was granted (“**Order**”). The sale transaction is scheduled to close on July 2, 2020.

As there are insufficient proceeds to make any distribution to the Victoria Park SML, the Trustee recommends, as applicable, that you seek advice from a tax professional to determine how to account for the loss on your investment in the Victoria Park Project.

The Sale Approval Materials, the Order and other materials filed with the Court in respect of the receivership proceedings are available on the Receiver’s website at: <https://rsmcanada.com/what-we-do/services/consulting/financial-advisory/restructuring-recovery/current-restructuring-recovery-engagements/1682-victoria-park-avenue-inc.html>

Should you have any questions of the Trustee, our contact information is shown below (if you contact us, please reference **Victoria Park Project**).

Email: Info@FAANMortgageAdmin.com
Toll-Free Telephone Number: **1-833-495-3338**

Should you wish to contact Representative Counsel, its contact information is shown below (if you contact Representative Counsel, please reference **Victoria Park Project**).

Email: SorrentiInvestors@Chaitons.com
Toll-Free Telephone Number: **1-833-777-0037**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.,
SOLELY IN ITS CAPACITY AS COURT-APPOINTED TRUSTEE OF
DEREK SORRENTI AND SORRENTI LAW PROFESSIONAL CORPORATION
IN RESPECT OF THE SYNDICATED MORTGAGE LOAN
ADMINISTRATION BUSINESS, AND NOT IN ITS PERSONAL OR ANY OTHER CAPACITY**

Appendix 7
Cash flow variance analysis

Sorrenti Law Professional Corporation or Derek Sorrenti - Syndicated Mortgage Loan Administration Business

Variance Analysis for the Period March 1, 2020 to October 31, 2020

(Unaudited; \$C)

	Note	Projected	Actual	Variance
Receipts				
Administrative Holdback	1	-	3,535,290	3,535,290
Collections and other receipts	2	-	91,168	91,168
Total receipts		-	3,626,458	3,626,458
Disbursements				
Staff		85,195	40,303	44,892
IT costs		22,160	-	22,160
Office expenses		12,000	-	12,000
Bank charges		4,000	878	3,122
Operating costs		123,355	41,181	82,174
Appraisals		41,000	6,215	34,785
Professional fees	3	2,455,658	1,528,942	926,716
Total disbursements		2,620,013	1,576,338	1,043,675
Net cash flow (outflow)		(2,620,013)	2,050,120	4,670,133

Notes

1. The positive variance relates to the Administrative Holdback retained during the period from: Victoria Park Realized Property, Bayview Realized Property, Gotham Realized Property, HVS Realized Property and the inactive projects for which Sorrenti held Realized Property as at the date of the Appointment Order.
2. The positive variance relates to interest earned on bank account balances, plus fees of \$20,000 paid by the Soba Borrower in respect of a postponement agreement executed by the Trustee.
3. The positive variance is due to a timing difference and to lower than forecast professional fees incurred in the period.

Appendix 8
Cash Flow Projection to October 31, 2021

Sorrenti Law Professional Corporation or Derek Sorrenti - Syndicated Mortgage Loan Administration Business

Cash Flow Projection for the Period Ending October 31, 2021

(Unaudited; \$C)

	Note	April	May	June	July	August	Sept	Oct	Total
Interest	1	920	790	731	682	631	582	531	4,867
Administrative Holdback	2	-	-	-	-	-	-	-	-
Total receipts		920	790	731	682	631	582	531	4,867
Staff	3	10,527	10,527	10,527	10,527	10,527	10,527	10,527	73,689
IT costs		1,390	1,390	1,390	1,390	1,390	1,390	1,390	9,730
Office expenses		1,500	1,500	1,500	1,500	1,500	1,500	1,500	10,500
Bank charges		500	500	500	500	500	500	500	3,500
Operating costs		13,917	13,917	13,917	13,917	13,917	13,917	13,917	97,419
Appraisals	4	-	4,000	-	4,000	-	4,000	-	12,000
Professional fees	5	375,708	160,000	135,000	135,000	135,000	135,000	135,000	1,210,708
Total disbursements		389,625	177,917	148,917	152,917	148,917	152,917	148,917	1,320,127
Net cash flow		(388,705)	(177,127)	(148,186)	(152,235)	(148,286)	(152,335)	(148,386)	(1,315,260)
Opening balance	6	2,759,526	2,370,821	2,193,695	2,045,509	1,893,274	1,744,988	1,592,652	2,759,526
Net cash inflow (outflow)		(388,705)	(177,127)	(148,186)	(152,235)	(148,286)	(152,335)	(148,386)	(1,315,260)
Closing cash		2,370,821	2,193,695	2,045,509	1,893,274	1,744,988	1,592,652	1,444,266	1,444,266

Notes

1. Represents interest to be earned on the accounts maintained by the Trustee during the Cash Flow Period.
2. The Administrative Holdback to be collected during the Cash Flow Period is unknown, as the timing and quantum of transactions to be completed is unknown. Similar to the previous cash flow projection filed with the Court, the receipts during the Cash Flow Period are projected to be significantly lower than projected expenses. Notwithstanding this, the Trustee notes that progress has been made with respect to potential transactions involving certain projects, accordingly, it is possible that additional Realized Property will be received in the period, a portion of which will be used to offset the projected expenses. Due to the confidential nature of the ongoing negotiations with respect to these potential transactions, the Trustee has not included a forecast for these receipts in the Cash Flow Period.
3. Represents gross contractor costs.
4. Estimated fees for services to be provided by appraisal firms, on an as needed basis.
5. Represents the payment of fees (including HST) to the Trustee, its legal counsel and Representative Counsel. These payments do not reflect all amounts that may become due and payable to the professionals throughout the cash flow period. A portion of the amount projected to be paid in April, 2021 represents services provided during the period from January, 2021 to March, 2021.
6. Balance of Estate Property as March 31, 2021.

Appendix 9
Tax Opinions Order dated October 15, 2020

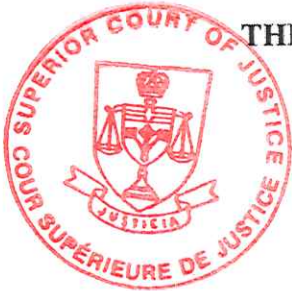
**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.
JUSTICE HAINEY

)
)
)

THURSDAY, THE 15TH
DAY OF OCTOBER, 2020

BETWEEN:



THE SUPERINTENDENT OF FINANCIAL SERVICES

Applicant

- and -

BUILDING & DEVELOPMENT MORTGAGES CANADA INC.

Respondent

**APPLICATION UNDER SECTION 37 OF THE
MORTGAGE BROKERAGES, LENDERS AND ADMINISTRATORS ACT, 2006, S.O. 2006,
c. 29 and SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O. 1990 c. C.43**

TAX OPINIONS ORDER

THIS MOTION, made jointly by FAAN Mortgage Administrators Inc. (“FAAN Mortgage”), in its capacity as Court-appointed trustee (in such capacity, the “Trustee”), of all of the assets, undertakings and properties of Building & Development Mortgages Canada Inc. (“BDMC”) pursuant to section 37 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, S.O. 2006, c. 29, as amended, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and by Chaitons LLP in its capacity as representative counsel (in such capacity, the “Representative Counsel”) pursuant to the Order of this Court dated June 26, 2018 (the “Representative Counsel Order”), for an Order, among other things, authorizing the Trustee to

release the Tax Opinions (defined below) subject to the terms of this Order, was heard this day by videoconference in Toronto, in accordance with the changes to the operations of the Commercial List in light of the COVID-19 pandemic;

ON READING the Twenty-Second Report of the Trustee dated October 7, 2020 (the “**Twenty-Second Report**”), and on hearing the submissions of counsel for the Trustee, Representative Counsel, and such other counsel as were present, no one appearing for any other person on the service list, although duly served as appears from the affidavits of service of Waleed Malik affirmed on October 7, 2020, filed;

SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the Twenty-Second Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that all capitalized terms used but not defined herein shall have the meanings given to them in the Twenty-Second Report.

TAX OPINIONS

3. **THIS COURT ORDERS** that, subject to the terms of this Order, the Trustee is authorized, but not required, to produce copies of any opinion letters that the Trustee has located in the records of BDMC, or that otherwise come into the Trustee’s possession, that were prepared by professional services firms (the “**Tax Opinion Providers**”), that are addressed to one or more of BDMC, Olympia Trust Company (“**Olympia**”), and Computershare Trust Company of Canada (“**Computershare**”), and that address whether certain mortgages to be registered in connection with the development of various real estate projects related to Fortress Real Developments Inc. (the “**Real Estate Projects**”) were qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans and tax-free savings plans under the *Income Tax Act* and the *Income Tax Regulations* (the “**Tax Opinions**”), solely for use by a syndicated mortgage lender to one or more of the Real Estate Projects (“**Investor**”), or Representative Counsel on an Investor’s behalf or such other counsel representing one or more Investors (“**Counsel**”), in consideration of

such Investor's legal rights, if any, in an ongoing or potential action or legal proceeding relating to a Real Estate Project to which the Tax Opinion relates (the "**Permitted Use**").

4. **THIS COURT ORDERS** that any Counsel seeking a copy of a Tax Opinion shall send a request in writing to the Trustee: (a) confirming that the Counsel represents one or more Investors that invested in a Real Estate Project to which the requested Tax Opinion relates; and (b) confirming that the Tax Opinion is being requested solely for a Permitted Use. At the Trustee's request, such Counsel will provide evidence satisfactory to the Trustee, in its sole discretion, confirming that the Counsel represents one or more Investors that invested in a Real Estate Project relating to the Tax Opinion being requested.

5. **THIS COURT ORDERS** that any Investor not represented by Counsel shall request the assistance of Representative Counsel to seek a copy of a Tax Opinion. Representative Counsel may send a request in writing on behalf of the Investor to the Trustee: (a) confirming that the Investor invested in a Real Estate Project to which the requested Tax Opinion relates; and (b) confirming that the Tax Opinion is being requested solely for a Permitted Use. At the request of Representative Counsel or the Trustee, such Investor will provide evidence satisfactory to Representative Counsel or the Trustee, as applicable, in its sole discretion, confirming that the Investor invested in a Real Estate Project relating to the Tax Opinion being requested.

6. **THIS COURT ORDERS** that, in response to a request from Counsel or Representative Counsel pursuant to paragraphs 4 or 5 herein, and subject to paragraph 7 below, the Trustee shall (a) if it determines in its reasonable discretion that the Investor or Counsel is requesting the Tax Opinion solely for a Permitted Use, provide a copy of the Tax Opinion or information related thereto to the requesting Counsel or Representative Counsel; and (b) otherwise refuse the request.

7. **THIS COURT ORDERS** that any Counsel or Investor that receives a Tax Opinion or information related thereto from the Trustee or Representative Counsel pursuant to this Order:

- (a) shall not use the Tax Opinion or information related thereto for any purpose other than the Permitted Use set out in its original request;
- (b) shall be subject to the deemed undertaking as described in Rule 30.1 of the *Rules of Civil Procedure* as if the Tax Opinion was a document produced in the ongoing

or potential action or legal proceeding for which the Investor or Counsel is permitted to use the Tax Opinion; and

- (c) shall not share, disseminate, or publicize the Tax Opinion, any part of the Tax Opinion, or any information obtained from the Tax Opinion in any way, including on any electronic or social media or with any other Counsel or Investors, other than as may be required by law in connection with a Permitted Use.

8. **THIS COURT ORDERS** that before providing an Investor a copy of a Tax Opinion or information related thereto pursuant to this Order,

- (a) Representative Counsel will advise such Investor in writing: (i) that they may only use the Tax Opinion or information for the Permitted Use for which the Tax Opinion or information was requested, and (ii) of the limitations on the use of the Tax Opinion or information related thereto contained in this Order, including those set out in paragraph 7; and
- (b) Representative Counsel will ask such Investor to provide an undertaking in writing (which undertaking may be provided in an email to Representative Counsel) confirming that the Investor has reviewed and understood the limitations on their use of the Tax Opinions referenced in paragraph 8(a) above and will abide by such restrictions.

9. **THIS COURT ORDERS** that the production of any Tax Opinion or information related thereto pursuant to this Order shall not constitute a waiver of any privilege covering any analysis, communications, or other documents relating to the Tax Opinion. For certainty, by not opposing the production of any Tax Opinion by the Trustee pursuant to this Order, the Tax Opinion Providers are not and will not be deemed to be waiving any applicable confidentiality interests or privilege applicable to the Tax Opinion or its contents.

10. **THIS COURT ORDERS** that nothing in this Order shall be deemed to be an acknowledgement by the Tax Opinion Providers, Olympia or Computershare or constitute a finding that: (a) any investor has a legal right to production of any Tax Opinion, (b) any investor is in a relationship of proximity with Olympia, Computershare or any Tax Opinion Provider, (c)

any Investor is known to the Tax Opinion Providers, or (d) any Investor is owed any duty of care by Olympia, Computershare or any Tax Opinion Provider.

11. **THIS COURT ORDERS** that the Trustee will advise the applicable Tax Opinion Provider, Olympia and Computershare if it produces a Tax Opinion issued by or naming any of them, or information related thereto, pursuant to this Order. The Trustee's advice to Olympia or Computershare shall include a copy of the Tax Opinion produced, the name and contact information of Counsel (if applicable) who is provided with the Tax Opinion and the name(s) of the Investor(s) represented by such Counsel (when such names are provided to the Trustee) or, in the alternative, the name(s) of the Investor(s) who were provided the applicable Tax Opinion by Representative Counsel.

LIMITATION ON TRUSTEE'S AND REPRESENTATIVE COUNSEL'S LIABILITY

12. **THIS COURT ORDERS** that the provisions of the Appointment Order, and in particular paragraph 18 thereof, shall apply to the actions that the Trustee takes, as an officer of this Court, in accordance with this Order, and further that the Trustee shall incur no liability or obligation whatsoever as a result of producing one or more Tax Opinions or information related thereto pursuant to this Order, save and except for gross negligence or wilful misconduct on its part. Without limiting the foregoing, by providing a copy of a Tax Opinion or information related thereto pursuant to this Order, the Trustee: (a) shall not be and shall not be deemed to be making any representations or incurring any obligation in connection with the accuracy of the Tax Opinion or information; (b) will not incur any liability as a result of any reliance placed on or use of a Tax Opinion (whether a Permitted Use or not) by any Investor or Counsel that receives a Tax Opinion or information related thereto from the Trustee or by any person who otherwise obtains a copy of the Tax Opinion or information, directly or indirectly, from a Counsel or Investor who received a Tax Opinion; and (c) shall not incur any liability arising from any breach of any confidentiality obligations relating to the Tax Opinions or any restrictions on the use of the Tax Opinions.

13. **THIS COURT ORDERS** that the provisions of the Representative Counsel Order, and in particular paragraph 10 thereof, shall apply to the actions that Representative Counsel takes in accordance with this Order and further that Representative Counsel shall incur no liability or obligation whatsoever as a result of providing one or more Tax Opinions or information related

thereto pursuant to this Order, save and except for gross negligence or wilful misconduct on its part. Without limiting the foregoing, by providing a copy of a Tax Opinion or information related thereto pursuant to this Order, Representative Counsel: (a) shall not be and shall not be deemed to be making any representations or incurring any obligation in connection with the accuracy of the Tax Opinion or information; (b) will not incur any liability as a result of any reliance placed on or use of a Tax Opinion or information (whether a Permitted Use or not) by any Investor that receives a Tax Opinion or information related thereto from the Representative Counsel or by any person who otherwise obtains a copy of the Tax Opinion, directly or indirectly, from an Investor who received a Tax Opinion; and (c) shall not incur any liability arising from any breach of any confidentiality obligations relating to the Tax Opinions or any restrictions on the use of the Tax Opinions.

GENERAL

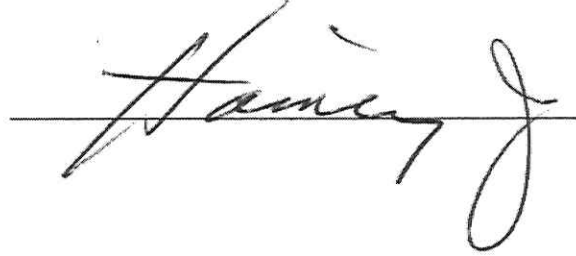
14. **THIS COURT ORDERS** that the provisions of this Order apply, with any necessary modifications, in the proceeding bearing the title of proceedings *Law Society of Ontario v. Derek Sorrenti and Sorrenti Law Professional Corporation* (Court File No.: CV-19-628258-00CL).

15. **THIS COURT ORDERS** that the Trustee, Representative Counsel, the Tax Opinion Providers, Olympia, Computershare, or any Counsel or Investor may apply to this Court for advice and direction, or to seek relief in respect of any matters arising from or under this Order, on notice to the Trustee and any party likely to be affected by the order sought.

16. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Trustee and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.

17. **THIS COURT ORDERS** that the Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located,

for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Trustee is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

A handwritten signature in black ink, appearing to read "Haming J", written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

OCT 16 2020

PER / PAR:

A handwritten signature in blue ink, appearing to be a stylized "C" or "E", written next to the "PER / PAR:" label.

THE SUPERINTENDENT OF FINANCIAL SERVICES

- and -

**BUILDING & DEVELOPMENT MORTGAGES CANADA
INC.**

Applicant

Respondent

Court File No. CV-18-596204-00CL

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

Proceedings commenced at Toronto

TAX OPINIONS ORDER

OSLER, HOSKIN & HARCOURT LLP
P.O. Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Michael De Lellis (LSUC# 48038U)
Jeremy Dacks (LSUC# 41851R)

Tel: (416) 362-2111
Fax: (416) 862-6666

Lawyers for FAAN Mortgage Administrators Inc.,
in its capacity as Court-appointed Trustee of
Building & Development Mortgages Canada Inc.

Appendix 10
Manzoor Affidavit

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

BETWEEN

THE LAW SOCIETY OF ONTARIO

Applicant

- and -

DEREK SORRENTI AND SORRENTI LAW PROFESSIONAL CORPORATION

Respondents

**APPLICATION UNDER
SECTION 49.47 OF THE *LAW SOCIETY ACT*, R.S.O. 1990. C. L.8
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43**

**AFFIDAVIT OF NAVEED MANZOOR
(sworn April 23, 2021)**

I, Naveed Manzoor, of the Town of Oakville, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a managing director of FAAN Mortgage Administrators Inc., the Court-Appointed Trustee (the “**Trustee**”), without security, of all of the assets, undertakings and properties of the Respondent in these proceedings and as such have knowledge of the matters hereinafter deposed. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.¹

¹ Capitalized terms used and not otherwise defined in this affidavit have the meanings given to them in the Third Report to Court of the Trustee dated April 23, 2021.

2. I make this affidavit in support of a motion by the Trustee for, among other things, approval of the fees and disbursements of the Trustee.

3. Attached hereto as Exhibit “A” is a copy of each invoice issued by the Trustee for the period between February 1, 2020 and February 28, 2021 (the “**Approval Period**”) setting out the Trustee’s fees, reimbursable expenses and applicable taxes for the relevant period, along with a summary of the activities undertaken by the Trustee in connection with such invoice. I confirm that these accounts accurately reflect the services provided by the Trustee in this matter for the Approval Period and the fees and disbursements claimed by it for the Approval Period.

4. Attached hereto as Exhibit “B” is a schedule of the accounts rendered by the Trustee for the fees and disbursements incurred in connection with the activities summarized in Exhibit “A” undertaken in these proceedings during the Approval Period.

5. Attached hereto as Exhibit “C” is a schedule summarizing the individuals who have worked on this matter, including their roles, hours and rates during the Approval Period.

6. Confidential Exhibit “D” (the “**Confidential Manzoor Exhibit**”) hereto contains true copies of the dockets rendered by the Trustee for activities undertaken during the Approval Period. The Trustee is seeking a sealing order with respect to the Confidential Manzoor Exhibit due to the fact that the information contained in the Trustee’s detailed dockets includes privileged and commercially sensitive information regarding the projects and the Respondents generally, and the disclosure of that privileged and/or commercially sensitive information could have a material adverse effect on the recoveries that may ultimately be available to Investors in these proceedings.

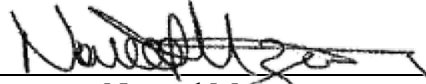
7. To the best of my knowledge, the total hours, fees and disbursements incurred by the Trustee for the period between February 1, 2020 and February 28, 2021 are reasonable and appropriate in the circumstances.

SWORN BEFORE ME over video teleconference this 23rd day of April, 2021. The affiant was located in the Town of Oakville in the Province of Ontario and the commissioner was located in the City of Ottawa in the Province of Ontario. The affidavit was commissioned remotely as a result of COVID-19.



Commissioner for Taking Affidavits

Sean Stidwill



Naveed Manzoor

THIS IS EXHIBIT "A" REFERRED TO IN
THE AFFIDAVIT OF NAVEED MANZOOR
SWORN BEFORE ME ON THIS 23rd DAY OF APRIL, 2021



A Commissioner for Taking Affidavits

Sean Stidwill

Exhibit A



Invoice 1000

February 29, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Sorrenti Law Professional Corporation and Derek Sorrenti (“Sorrenti”)**

Invoice for the period February 1 to 29, 2020

The Trustee’s activities for the period February 1 to 29, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, and Chaitons LLP (“**Chaitons**”), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Gotham Project – Responding to investor inquiries regarding the Gotham Settlement Transaction and the distribution thereof;
 - Victoria Park Place Project – Corresponding with the Receiver.; Drafting and finalizing a notice to investors regarding the appointment of the Receiver;
 - Bayview/Lotus Project – Continuing to review information relating to the partial distribution of funds completed by Sorrenti prior to the appointment of the Trustee and responding to numerous investor inquiries in respect of same. Call with counsel to the borrower;
 - Unionvillas/Uptowns of Unionville Project – Attending conference calls with the borrower regarding the status of the project and continuing to review accounting and other information provided by the borrower;
 - Progress/Ten88 Project – Continuing to review information provided by Sorrenti and the borrower regarding a possible settlement arrangement with the borrower and corresponding with the borrower regarding same (“**Progress Proposed Settlement**”). Requesting information from the borrower in respect of the status of the project and related to the Progress Proposed Settlement. Corresponding with the borrower’s legal counsel. Reviewing the appraisal commissioned by the Trustee for the property and corresponding with the appraiser; and
 - Sutton Project – Reviewing information provided by the borrower and requesting additional information from the borrower in order to assess the current status of



the project and projected recoveries. Attending calls with representatives of the borrower. Commissioning an appraisal in respect of a portion of the project and corresponding with the appraiser in respect of same;

- Wismer/The Mark/Eldin Project – Corresponding with the borrower’s counsel, reviewing information provided by the borrower’s counsel and correspondence with the first mortgagee regarding partial discharges being requested from the Trustee;
- Drafting the Trustee’s Second Report to Court dated March 6, 2020 (“**Second Report**”) in respect of motion materials originally returnable March 17, 2020 in respect of the omnibus motion that was rescheduled and heard on May 5, 2020 (“**Omnibus Motion**”);
- Drafting a notice to holders of promissory notes that have contacted the Trustee regarding their advances to some of the projects involving the Sorrenti SMLs, which notice was attached to the Second Report;
- Drafting the draft notice of motion and the draft Court order in respect of the Omnibus Motion and corresponding with Osler and Chaitons regarding same; and
- Preparing an extended cash flow projection for these proceedings.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Attending calls not specifically described above with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Overseeing the process established to prepare summaries of the various tranche closings on each Sorrenti loan and corresponding internally regarding same;
- Continuing to analyze the various projects subject to the Sorrenti SMLs and obtaining and reviewing information from borrowers and other parties in respect of same;
- Updating the Project Analysis Summary;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Attending periodic investor meetings at the Trustee’s office;
- Corresponding periodically with the LSO regarding the Appointment Order;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;



- Paying operating and administrative expenses;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	65,318.25
HST		8,491.37
Total	\$	<u>73,809.62</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation

Time Summary

For the period February 1 to 29, 2020

Name	Title	Rate	Hours	Amount
Naveed Manzoor	Managing Director	\$ 525	16.25	\$ 8,531.25
Daniel Sobel	Managing Director	\$ 495	76.80	\$ 38,016.00
Shelby Draper	Senior Director	\$ 440	4.00	\$ 1,760.00
Naomi Lieberman	Manager	\$ 395	16.55	\$ 6,537.25
Nick Niktikakis	Manager	\$ 315	33.25	\$ 10,473.75
Total			146.85	\$ 65,318.25

Average hourly rate \$ 444.80



Invoice 1001

March 31, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Sorrenti Law Professional Corporation and Derek Sorrenti (“Sorrenti”)**

Invoice for the period March 1 to 31, 2020

The Trustee’s activities for the period March 1 to 31, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, and Chaitons LLP (“**Chaitons**”), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Harmony Village Sheppard Project – Reviewing and responding to correspondence from Fortress Real Developments Inc. regarding its purported priority claim (“**FRDI Claim**”) to the proceeds recovered by the Trustee from the receiver of the project. Preparing a supplemental report to Court in respect of the FRDI Claim. Reviewing all Court materials filed in respect of the receivership proceedings;
 - Victoria Park Place Project – Corresponding with the receiver that was privately appointed by the second secured lender to the project regarding its sale process;
 - Bayview/Lotus Project – Continuing to review information relating to the partial distribution of funds completed by Sorrenti prior to the appointment of the Trustee and responding to numerous investor inquiries in respect of same. Attending call with legal counsel to the borrower;
 - Unionvillas/Uptowns of Unionville Project – Attending a conference call with the borrower regarding the status of the project and continuing to review accounting and other information provided by the borrower;



- Progress/Ten88 Project – Continuing to review information provided by Sorrenti and the Borrower regarding a possible settlement arrangement with the borrower and corresponding with the borrower regarding same (“**Progress Proposed Settlement**”). Requesting information from the borrower in respect of the status of the project and related to the Progress Proposed Settlement. Attending call with a developer interested in the property. Reviewing and summarizing investors’ responses to a notice issued by Sorrenti in respect of the project prior to the appointment of the Trustee and corresponding with investors regarding same;
- Sutton Project – Reviewing information provided by the borrower and requesting additional information from the borrower in order to assess the current status of the project and projected recoveries. Attending calls with representatives of the borrower. Commissioning an appraisal in respect of a remaining portion of the project and corresponding with the appraiser in respect of same;
- Wismer/The Mark/Eldin Project – Corresponding with the borrower’s counsel, reviewing information provided by it. Corresponding with the first mortgagee regarding partial discharges being requested from the Trustee;
- Drafting and finalizing the Trustee’s Second Report to Court dated March 6, 2020 in respect of motion materials originally returnable March 17, 2020 in respect of the omnibus motion that was rescheduled and heard on May 5, 2020 (“**Omnibus Motion**”);
- Corresponding extensively with Osler and Chaitons regarding the Omnibus Motion;
- Reviewing and finalizing the draft notice of motion and the draft Court order in respect of the Omnibus Motion;
- Reviewing a motion record and affidavit of Derek Sorrenti March 27, 2020, which claimed, among other things, entitlement to certain funds held by the Trustee. Preparing a summary of the issues raised therein
- Providing project specific updates to the investors upon request;
- Preparing and sending a notice to investors in respect of the closing of the Court and rescheduling of the Omnibus hearing due to the onset of the COVID-19 pandemic; and
- Preparing and finalizing an extended cash flow projection for these proceedings.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Attending calls not specifically described above with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;



- Overseeing the process established to prepare summaries of the various tranche closings on each Sorrenti loan and corresponding internally regarding same;
- Continuing to analyze the various projects subject to the Sorrenti SMLs and obtaining and reviewing information from borrowers and other parties in respect of same;
- Updating the Project Analysis Summary;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Maintaining post-appointment bank accounts in accordance with the Appointment Order;
- Corresponding periodically with the LSO;
- Maintaining and updating the Trustee’s website for these proceedings;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Paying operating and administrative expenses;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	106,512.90
HST		13,846.68
Total	\$	<u>120,359.58</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation

Time Summary

For the period March 1 to 31, 2020

Name	Title	Rate	Hours	Amount
Naveed Manzoor	Managing Director	\$ 525	35.25	\$ 18,506.25
Daniel Sobel	Managing Director	\$ 495	116.75	\$ 57,791.25
Shelby Draper	Senior Director	\$ 440	5.75	\$ 2,530.00
Naomi Lieberman	Manager	\$ 395	41.62	\$ 16,439.90
Nick Niktikakis	Manager	\$ 315	35.70	\$ 11,245.50
Total			235.07	\$ 106,512.90

Average hourly rate \$ 453.11



Invoice 1002

April 30, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Sorrenti Law Professional Corporation and Derek Sorrenti (“Sorrenti”)**

Invoice for the period April 1 to 30, 2020

The Trustee’s activities for the period April 1 to 30, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, and Chaitons LLP (“**Chaitons**”), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Soba Project – Corresponding and attending telephone calls with the borrower; reviewing information provided by the borrower in respect of sales to date, costs to complete and the pending registration of the condominium;
 - Harmony Village Sheppard Project –Ongoing review of all materials filed in the receivership proceedings; Corresponding with Osler and Chaitons regarding the FRDI Claim;
 - Victoria Park Place Project – Corresponding with the receiver that was privately appointed by the second secured lender to the project regarding the sale process being conducted by the receiver. Corresponding with counsel to the second secured creditor;
 - Unionvillas/Uptowns of Unionville Project – Attending a conference call with the borrower regarding the status of the project and continuing to review accounting and other information provided by the borrower;
 - Sutton Project – Reviewing information provided by the borrower and requesting additional information from the borrower in order to assess the current status of the project and projected recoveries. Attending calls with representatives of the borrower;



- Wismer/The Mark/Eldin Project – Corresponding with the borrower’s counsel, reviewing information provided by the borrower’s counsel and correspondence with the first mortgagee regarding partial discharges being requested from the Trustee; and
- Progress/Ten88 Project – Continuing to review information provided by Sorrenti and the borrower regarding a possible settlement arrangement with the borrower and corresponding with the borrower regarding same (“**Progress Proposed Settlement**”). Requesting information from the borrower in respect of the status of the project and related to the Progress Proposed Settlement; reviewing and summarizing investors’ responses to a notice issued by Sorrenti in respect of the project prior to the appointment of the Trustee; corresponding with investors regarding same.
- Reviewing a motion record and affidavit of Derek Sorrenti dated March 27, 2020, which claimed, among other things, entitlement to certain funds held by the Trustee (“**Sorrenti Motion Record**”). Completing a summary of the issues raised therein. Preparing a responding letter to Derek Sorrenti and his counsel in respect of the claims made in the Sorrenti Motion Record;
- Drafting and finalizing the Trustee’s Supplement to the March 17, 2020 in respect of the omnibus motion that was rescheduled and heard on Second Report to Court dated April 6, 2020 (“**Supplemental Report**”) in respect of motion materials originally returnable May 5, 2020;
- Corresponding extensively with Osler and Chaitons regarding the Supplemental; and
- Providing project specific updates to the investors upon request.

General Matters

- Logging and responding to numerous investor calls and emails during the Period.
- Attending calls not specifically described above with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Overseeing the process established to prepare summaries of the various tranche closings on each Sorrenti loan and corresponding internally regarding same;
- Continuing to analyze the various projects subject to the Sorrenti SMLs and obtaining and reviewing information from borrowers and other parties in respect of same;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;



- Corresponding periodically with the LSO;
- Maintaining and updating the Trustee’s website for these proceedings;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Paying operating and administrative expenses;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	82,863.25
HST		<u>10,772.22</u>
Total	\$	<u>93,635.47</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation ☐

Time Summary

For the period April 1 to 30, 2020

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 525	22.20	\$ 11,655.00
Daniel Sobel	\$ 495	110.10	\$ 54,499.50
Shelby Draper	\$ 440	1.00	\$ 440.00
Naomi Lieberman	\$ 395	30.70	\$ 12,126.50
Nick Niktikakis	\$ 315	13.15	\$ 4,142.25
Total		177.15	\$ 82,863.25

Average hourly rate \$ 467.76



Invoice 1003

May 31, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Sorrenti Law Professional Corporation and Derek Sorrenti (“Sorrenti”)**

Invoice for the period May 1 to 31, 2020

The Trustee’s activities for the period May 1 to 31, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, and Chaitons LLP (“**Chaitons**”), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Soba Project – Corresponding and attending telephone calls with the borrower; reviewing information provided by the borrower in respect of sales to date, costs to complete and the pending registration of the condominium;
 - Harmony Village Sheppard Project – Drafting, reviewing and finalizing individual investor notices pursuant to the Omnibus Order. Reviewing and finalizing distribution schedule with respect to the funds received by the Trustee from the project receiver;
 - Victoria Park Place Project – Attending a call with counsel to the second secured lender to the project regarding the sale process conducted by the receiver of the project. Reviewing materials filed by the Receiver in respect of its sale process;
 - Unionvillas/Uptowns of Unionville Project – Attending periodic calls with the borrower regarding the status of the project and continuing to review accounting and other information provided by the borrower;
 - Sutton Project – Reviewing information provided by the borrower and requesting additional information from the borrower in order to assess the current status of the project and projected recoveries. Attending calls with representatives of the borrower;



- Wismer/The Mark/Eldin Project – Corresponding with the borrower’s counsel, reviewing information provided by the borrower’s counsel and correspondence with the first mortgagee regarding partial discharges being requested from the Trustee;
- Progress/Ten88 Project – Continuing to review information provided by the Borrower regarding a possible settlement arrangement with the borrower and corresponding with the borrower regarding same (“**Progress Proposed Settlement**”). Requesting information from the borrower in respect of the status of the project and related to the Progress Proposed Settlement; Corresponding with the appraiser retained by the Trustee;
- Gotham Project – Drafting, reviewing and finalizing individual investor notices pursuant to the Omnibus Order. Reviewing and finalizing distribution schedule for settlement proceeds;
- Bayview Project - Drafting, reviewing and finalizing individual investor notices pursuant to the Omnibus Order. Reviewing and finalizing distribution schedule for the proceeds in the possession of Mr. Sorrenti at the time of the Trustee’s appointment; and
- Providing project specific updates to the investors upon request.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Attending calls not specifically described above with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Overseeing the process established to prepare summaries of the various tranche closings on each Sorrenti loan and corresponding internally regarding same;
- Continuing to analyze the various projects subject to the Sorrenti SMLs and obtaining and reviewing information from borrowers and other parties in respect of same;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding periodically with the LSO;
- Maintaining and updating the Trustee’s website for these proceedings;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;



- Paying operating and administrative expenses;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	55,564.85
HST		7,223.43
Total	\$	<u>62,788.28</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation ☐

Time Summary

For the period May 1 to 31, 2020

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 525	15.25	\$ 8,006.25
Daniel Sobel	\$ 495	64.05	\$ 31,704.75
Naomi Lieberman	\$ 395	16.93	\$ 6,687.35
Nick Niktikakis	\$ 315	29.10	\$ 9,166.50
Total		125.33	\$ 55,564.85

Average hourly rate \$ 443.35



Invoice 1004

June 30, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Sorrenti Law Professional Corporation and Derek Sorrenti (“Sorrenti”)**

Invoice for the period June 1 to 30, 2020

The Trustee’s activities for the period June 1 to 30, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, and Chaitons LLP (“**Chaitons**”), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Unionvillas/Uptowns of Unionville Project – Attending periodic calls with the borrower regarding the status of the project and continuing to review accounting and other information provided by the borrower. Executing a partial discharge in respect of a lot sold by the borrower;
 - Soba Project – Corresponding and attending telephone calls with the borrower. Reviewing information provided by the borrower in respect of sales to date and costs to complete the project. Reviewing, commenting and executing partial discharges requested by the borrower. Reviewing, on a sample basis, information provided by the borrower in respect of sold condominium units;
 - Sutton Project – Reviewing information provided by the borrower and requesting additional information from the borrower in order to assess the current status of the project and projected recoveries. Attending calls with representatives of the borrower;
 - Wismer/The Mark/Eldin Project – Corresponding with the borrower’s counsel, reviewing information provided by the borrower’s counsel regarding partial discharges being requested from the Trustee;



- Progress/Ten88 Project – Continuing to review information provided by the Borrower regarding a possible settlement arrangement with the borrower (“**Progress Proposed Settlement**”). Corresponding with the appraiser retained by the Trustee in respect of the project. Corresponding with parties that may be interested in a transaction involving the SMLs’ interest in the project;
- Victoria Park Place Project – Corresponding periodically and attending a meeting with the borrower;
- Maplevue Project – Corresponding with the borrower’s counsel regarding a postponement. Corresponding with an investor regarding an estate matter; and
- Providing project specific updates to the investors upon request.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Attending calls not specifically described above with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Overseeing the process established to prepare summaries of the various tranche closings on each Sorrenti loan and corresponding internally regarding same;
- Continuing to analyze the various projects subject to the Sorrenti SMLs and obtaining and reviewing information from borrowers and other parties in respect of same;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding periodically with the LSO;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Paying operating and administrative expenses;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	59,468.70
HST		7,730.93
Total	\$	<u>67,199.63</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period June 1 to 30, 2020

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 525	14.45	\$ 7,586.25
Daniel Sobel	\$ 495	83.60	\$ 41,382.00
Naomi Lieberman	\$ 395	5.61	\$ 2,215.95
Nick Niktikakis	\$ 315	26.30	\$ 8,284.50
Total		129.96	\$ 59,468.70

Average hourly rate \$ 457.59



Invoice 1005

July 31, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Sorrenti Law Professional Corporation and Derek Sorrenti (“Sorrenti”)**

Invoice for the period July 1 to 31, 2020

The Trustee’s activities for the period July 1 to 31, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, and Chaitons LLP (“**Chaitons**”), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Unionvillas/Uptowns of Unionville Project – Attending periodic calls with the borrower regarding the status of the project and continuing to review accounting and other information provided by the borrower. Executing partial discharges in respect of lots sold by the borrower;
 - Soba Project – Corresponding and attending telephone calls with the borrower; reviewing information provided by the borrower in respect of sales to date and costs to complete the project. Reviewing and executing partial discharges requested by the borrower. Commenting on an intercreditor agreement. Reviewing emails in Sorrenti’s files related to the project;
 - Sutton Project – Reviewing information provided by the borrower and requesting additional information from the borrower in order to assess the current status of the project and projected recoveries. Attending calls with representatives of the borrower;
 - Wismer/The Mark/Eldin Project – Reviewing correspondence from the borrower’s counsel, reviewing information provided by the borrower’s counsel regarding partial discharges being requested from the Trustee;



- Progress/Ten88 Project – Continuing to review information provided by the Borrower regarding a possible settlement arrangement with the borrower (“**Progress Proposed Settlement**”). Requesting information from the borrower in respect of the status of the project and related to the Progress Proposed Settlement; Corresponding with the appraiser retained by the Trustee in respect of the project; Corresponding with parties that may be interested in a transaction involving the SMLs’ interest in the project;
- Victoria Park Place Project – Corresponding periodically with the borrower. Calls with Representative Counsel regarding a potential transaction involving certain of the SML interests and reviewing emails in respect of same;
- Providing project specific updates to the investors upon request;
- Attending calls and reviewing emails from the IT service provider to the Law Society of Ontario; and
- Drafting responses to counsel to Sorrenti in respect of certain claims made by Mr. Sorrenti.

General Matters

- Logging and responding to numerous investor calls and emails during the Period;
- Attending calls not specifically described above with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding periodically with the LSO;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Paying operating and administrative expenses;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	36,314.70
HST		4,720.91
Total	\$	<u>41,035.61</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period July 1 to 31, 2020

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 525	8.95	\$ 4,698.75
Daniel Sobel	\$ 495	45.55	\$ 22,547.25
Naomi Lieberman	\$ 395	5.55	\$ 2,192.25
Nick Niktikakis	\$ 315	21.83	\$ 6,876.45
Total		81.88	\$ 36,314.70

Average hourly rate	<u>\$ 443.51</u>
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Invoice 1006

August 31, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Sorrenti Law Professional Corporation and Derek Sorrenti (“Sorrenti”)**

Invoice for the period August 1 to 31, 2020

The Trustee’s activities for the period August 1 to 31, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, and Chaitons LLP (“**Chaitons**”), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Unionvillas/Uptowns of Unionville Project – Attending periodic calls with the borrower regarding the status of the project and continuing to review accounting and other information provided by the borrower. Reviewing and executing partial discharges in respect of lots sold by the borrower;
 - Soba Project – Corresponding and attending telephone calls with the borrower; Reviewing, commenting and executing partial discharges requested by the borrower. Reviewing and commenting on an intercreditor agreement;
 - Sutton Project – Reviewing information provided by the borrower and requesting additional information from the borrower in order to assess the current status of the project and projected recoveries. Attending calls with representatives of the borrower;
 - Wismer/The Mark/Eldin Project – Reviewing correspondence from the borrower’s counsel, reviewing information provided by the borrower’s counsel regarding partial discharges being requested from the Trustee;
 - Progress/Ten88 Project – Continuing to review information provided by the Borrower regarding a possible settlement arrangement with the borrower (“**Progress Proposed Settlement**”). Corresponding with the appraiser retained by the Trustee in respect of the project. Corresponding with parties that may be interested in a transaction involving the SMLs’ interest in the project;
 - Victoria Park Place Project – calls with Representative Counsel regarding a potential



transaction involving certain of the SML interests and reviewing emails in respect of same;

- Providing project specific updates to the investors upon request;
- Attending calls and reviewing emails from the IT service provider to the Law Society of Ontario;
- Corresponding with the Olympia Trust Company (“**Olympia**”) regarding a request for a waiver of custodial fees related to certain accounts; and
- Reviewing emails from counsel to Sorrenti in respect of certain claims made by Mr. Sorrenti.

General Matters

- Responding to and logging numerous investor calls and emails during the Period;
- Attending calls not specifically described above with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding periodically with the LSO and its IT consultant;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Paying administrative expenses;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	30,553.85
HST		3,972.00
Total	\$	<u>34,525.85</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period August 1 to 31, 2020

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 525	8.20	\$ 4,305.00
Daniel Sobel	\$ 495	37.75	\$ 18,686.25
Naomi Lieberman	\$ 395	3.97	\$ 1,568.15
Nick Niktikakis	\$ 315	19.03	\$ 5,994.45
Total		68.95	\$ 30,553.85

Average hourly rate \$ 443.13



Invoice 1007

September 30, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Sorrenti Law Professional Corporation and Derek Sorrenti (“Sorrenti”)**

Invoice for the period September 1 to 30, 2020

The Trustee’s activities for the period September 1 to 30, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, and Chaitons LLP (“**Chaitons**”), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Unionvillas/Uptowns of Unionville Project – Attending periodic calls with the borrower regarding the status of the project and continuing to review accounting and other information provided by the borrower;
 - Soba Project – Reviewing information provided by the borrower;
 - Sutton Project – Reviewing information provided by the borrower. Corresponding with Osler regarding the NDA requested by the borrower;
 - Wismer/The Mark/Eldin Project – Reviewing information provided by the borrower’s counsel regarding partial discharges being requested from the Trustee;
 - Mapleview Project – Reviewing information provided by the borrower’s counsel regarding partial discharges being requested from the Trustee;
 - Victoria Park Place Project – Participating in calls with Representative Counsel regarding a settlement involving the purchaser of the borrower’s real property. Reviewing emails in respect of same;
- Providing project specific updates to the investors upon request;
- Corresponding with Olympia Trust Company (“**Olympia**”) regarding a request for a waiver of custodial fees related to certain accounts; and



- Reviewing emails from counsel to Sorrenti in respect of certain claims made by Mr. Sorrenti;

General Matters

- Responding to and logging numerous investor calls and emails during the Period;
- Attending calls not specifically described above with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Continuing to analyze the various projects subject to the Sorrenti SMLs and obtaining and reviewing information from borrowers and other parties in respect of same;
- Corresponding with Olympia on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding periodically with the LSO and its IT consultant;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Paying administrative expenses;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	18,045.35
HST		2,345.90
Total	\$	<u>20,391.25</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation

Time Summary

For the period September 1 to 30, 2020

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 525	5.70	\$ 2,992.50
Daniel Sobel	\$ 495	14.95	\$ 7,400.25
Naomi Lieberman	\$ 395	1.63	\$ 643.85
Nick Niktikakis	\$ 315	22.25	\$ 7,008.75
Total		44.53	\$ 18,045.35

Average hourly rate \$ 405.24



Invoice 1008

October 31, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Sorrenti Law Professional Corporation and Derek Sorrenti (“Sorrenti”)**

Invoice for the period October 1 to 31, 2020

The Trustee’s activities for the period October 1 to 31, 2020 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, and Chaitons LLP (“**Chaitons**”), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Unionvillas/Uptowns of Unionville Project – Attending periodic calls with the borrower regarding the status of the project and continuing to review accounting and other information provided by the borrower;
 - Soba Project – Reviewing information provided by the borrower;
 - Sutton Project – Reviewing information provided by the borrower. Corresponding with Osler regarding the NDA requested by the borrower;
 - Wismer/The Mark/Eldin Project – Reviewing and executing partial discharges being requested from the Trustee;
 - Mapleview Project – Reviewing and executing partial discharges being requested from the Trustee;
 - Victoria Park Place Project – calls with Representative Counsel regarding a settlement involving the purchaser of the borrower’s real property. Reviewing emails in respect of same;
- Providing project specific updates to the investors upon request;
- Corresponding with Olympia Trust Company (“**Olympia**”) regarding a request for a waiver of custodial fees related to certain accounts; and
- Reviewing emails from counsel to Sorrenti in respect of certain claims made by Mr.



Sorrenti.

General Matters

- Responding to and logging numerous investor calls and emails during the Period;
- Attending calls not specifically described above with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Continuing to analyze the various projects subject to the Sorrenti SMLs and obtaining and reviewing information from borrowers and other parties in respect of same;
- Corresponding with Olympia on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding periodically with the LSO and its IT consultant;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Paying administrative expenses;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	18,737.25
HST		2,435.84
Total	\$	<u>21,173.09</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation

Time Summary

For the period October 1 to 31, 2020

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 525	4.20	\$ 2,205.00
Daniel Sobel	\$ 495	18.45	\$ 9,132.75
Naomi Lieberman	\$ 395	3.27	\$ 1,291.65
Nick Niktikakis	\$ 315	19.39	\$ 6,107.85
Total		45.31	\$ 18,737.25

Average hourly rate \$ 413.53



Invoice 1009

November 30, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee ("Trustee") of Sorrenti Law Professional Corporation and Derek Sorrenti ("Sorrenti")**

Invoice for the period November 1 to 30, 2020

The Trustee's activities for the period November 1 to 30, 2020 ("**Period**"), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP ("**Osler**"), the Trustee's counsel, and Chaitons LLP ("**Chaitons**"), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Unionvillas/Uptowns of Unionville Project – Attending periodic calls with the borrower regarding the status of the project and continuing to review accounting and other information provided by the borrower. Attending to partial discharges requested by the borrower;
 - Soba Project – Reviewing information provided by the borrower. Attending to a partial discharge requested by the borrower;
 - Sutton Project – Reviewing information provided by the borrower. Corresponding with Osler regarding the NDA requested by the borrower; reviewing proposed changes to the NDA;
 - Wismer/The Mark/Eldin Project – Reviewing correspondence from the borrower's counsel, reviewing information provided by the borrower's counsel regarding partial discharges being requested from the Trustee;
 - Mapleview Project – Reviewing correspondence from the borrower's counsel, reviewing information provided by the borrower's counsel regarding partial discharges being requested from the Trustee; Correspondence with the borrower re: same;
 - 1088 Progress Project – Correspondence with representatives of the borrower regarding the borrower's plan for realizing on the property;
 - Victoria Park Place Project – Calls with Representative Counsel regarding a possible



assignment transaction. Reviewing emails in respect of same;

- Providing project specific updates to the investors upon request; and
- Reviewing emails from counsel in respect of certain claims made by Mr. Sorrenti.

General Matters

- Responding to and logging numerous investor calls and emails during the Period;
- Attending calls not specifically described above with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding periodically with the LSO and its IT consultant;
- Maintaining and updating the Trustee's website for these proceedings;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Paying administrative expenses;
- Responding to requests for Tax Opinions;
- Updates to cash flow analysis and projections;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	21,017.10
HST		2,732.22
Total	\$	<u>23,749.32</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation

Time Summary

For the period November 1 to 30, 2020

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 525	3.50	\$ 1,837.50
Daniel Sobel	\$ 495	28.95	\$ 14,330.25
Naomi Lieberman	\$ 395	1.20	\$ 474.00
Nick Niktikakis	\$ 315	13.89	\$ 4,375.35
Total		47.54	\$ 21,017.10

Average hourly rate \$ 442.09



Invoice 1010

December 31, 2020

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee ("Trustee") of Sorrenti Law Professional Corporation and Derek Sorrenti ("Sorrenti")**

Invoice for the period December 1 to 31, 2020

The Trustee's activities for the period December 1 to 31, 2020 ("**Period**"), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP ("**Osler**"), the Trustee's counsel, and Chaitons LLP ("**Chaitons**"), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Unionvillas/Uptowns of Unionville Project – Attending periodic calls with the borrower regarding the status of the project and continuing to review accounting and other information provided by the borrower. Attending to partial discharges requested by the borrower. Attending at project site. Reviewing and commenting on draft undertaking re: security held by municipality;
 - Harmony-Village Sheppard Project – Dealing with the receiver of the project in respect of a final distribution to the Trustee on account of certain HST refunds obtained by the receiver;
 - Soba Project – Reviewing information provided by the borrower. Attending to partial discharges requested by the borrower;
 - Sutton Project – Reviewing information provided by the borrower. Corresponding with Osler regarding the NDA requested by the borrower. Executing an NDA with the borrower and guarantor;
 - Bayview Project – Corresponding internally and updating financial analysis for remaining SML debt;
 - 1088 Progress Project – Corresponding with representatives of the borrower regarding the borrower's plan for realizing on the property;
 - Victoria Park Place Project – calls with Representative Counsel regarding a possible assignment transaction and reviewing emails in respect of same;



- Providing project specific updates to the investors upon request; and
- Reviewing emails from counsel in respect of certain claims made by Mr. Sorrenti.

General Matters

- Responding to and logging numerous investor calls and emails during the Period;
- Attending calls not specifically described above with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding periodically with the LSO and its IT consultant;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Paying administrative expenses;
- Responding to requests for tax opinions;
- Updates to cash flow analysis and projections;
- Responding to certain individuals who are investors in promissory notes issued by Fortress-related entities;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	20,586.55
HST		2,676.25
Total	\$	<u>23,262.80</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period December 1 to 31, 2020

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 525	7.30	\$ 3,832.50
Daniel Sobel	\$ 495	16.50	\$ 8,167.50
Naomi Lieberman	\$ 395	0.98	\$ 387.10
Nick Niktikakis	\$ 315	26.03	\$ 8,199.45
Total		50.81	\$ 20,586.55

Average hourly rate \$ 405.17



Invoice 1011

January 31, 2021

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Sorrenti Law Professional Corporation and Derek Sorrenti (“Sorrenti”)**

Invoice for the period January 1 to 31, 2021

The Trustee’s activities for the period January 1 to 31, 2021 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, and Chaitons LLP (“**Chaitons**”), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Unionvillas/Uptowns of Unionville Project – Attending periodic calls with the borrower regarding the status of the project and continuing to review accounting and other information provided by the borrower. Follow up communication with respect to draft undertaking for security held by municipality;
 - Sutton Project – Reviewing information provided by the borrower and guarantor;
 - 1088 Progress Project – Corresponding with representatives of the borrower regarding the borrower’s plan for realizing on the property;
 - Mapleview Project – Attending to partial discharge requests and reviewing documentation provided by counsel to the borrower;
 - Victoria Park Place Project – calls with Representative Counsel regarding a possible assignment transaction involving parties related to the borrower and calls with director of the borrower regarding same;
- Providing project specific updates to the investors upon request;
- Reviewing emails from counsel in respect of certain claims made by Mr. Sorrenti; and
- Reviewing draft minutes of settlement in respect of the claims made by Mr. Sorrenti.



General Matters

- Responding to and logging numerous investor calls and emails during the Period;
- Drafting the Trustee's third report to Court, which provides a comprehensive update on the proceedings;
- Preparing reporting of the receipts and disbursements in the proceedings;
- Preparing an updated cash flow projection for the proceedings;
- Attending calls not specifically described above with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding periodically with the LSO and its IT consultant;
- Corresponding with Chaitons on a periodic basis regarding these proceedings;
- Paying administrative expenses;
- Responding to requests for tax opinions;
- Responding to certain individuals who are investors in promissory notes issued by Fortress-related entities;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	38,959.45
HST		5,064.73
Total	\$	<u>44,024.18</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation

Time Summary

For the period January 1 to 31, 2021

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 545	10.55	\$ 5,749.75
Daniel Sobel	\$ 495	49.30	\$ 24,403.50
Lana Bezner	\$ 495	0.25	\$ 123.75
Naomi Lieberman	\$ 440	5.78	\$ 2,543.20
Nick Niktikakis	\$ 325	18.89	\$ 6,139.25
Total		84.77	\$ 38,959.45

Average hourly rate \$ 459.59



Invoice 1012

February 28, 2021

Re: **FAAN Mortgage Administrators Inc. in its capacity as Court appointed Trustee (“Trustee”) of Sorrenti Law Professional Corporation and Derek Sorrenti (“Sorrenti”)**

Invoice for the period February 1 to 28, 2021

The Trustee’s activities for the period February 1 to 28, 2021 (“**Period**”), include, but are not limited to the following:

Project Matters

- Throughout the Period the Trustee dealt with numerous project specific matters and corresponded with Osler Hoskin & Harcourt LLP (“**Osler**”), the Trustee’s counsel, and Chaitons LLP (“**Chaitons**”), representative counsel, as necessary regarding same, including, but not limited to, the following:
 - Unionvillas/Uptowns of Unionville Project – Attending periodic calls with the borrower regarding the status of the project and continuing to review information provided by the borrower including information related to upcoming closings.
 - Sutton Project – Reviewing information provided by the borrower and guarantor;
 - 1088 Progress Project – Corresponding with representatives of the borrower regarding the borrower’s plan for realizing on the property;
 - Maplevue Project – Attending to partial discharge requests and reviewing documentation provided by counsel to the borrower;
 - Victoria Park Place Project – Calls with Representative Counsel regarding a possible assignment transaction involving parties related to the borrower and calls with director of the borrower regarding same;
 - Wismer/Eldin/Mark - Attending to partial discharge requests and reviewing documentation provided by counsel to the borrower;
- Providing project specific updates to the investors upon request;
- Reviewing emails from counsel in respect of certain claims made by Mr. Sorrenti; and
- Reviewing draft minutes of settlement in respect of the claims made by Mr. Sorrenti.



General Matters

- Responding to and logging numerous investor calls and emails during the Period;
- Drafting the Trustee's third report to Court, which provides a comprehensive update on the proceedings including, among other things, a reporting of the receipts and disbursements in the proceedings;
- Preparing an updated cash flow projection for the proceedings;
- Attending calls not specifically described above with certain borrowers regarding, among other things, the status of their projects, upcoming milestones and timing to completion;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding periodically with the LSO and its IT consultant;
- Corresponding with Chaitons on a periodic basis regarding the proceedings;
- Paying administrative expenses;
- Responding to requests for tax opinions;
- Responding to certain individuals who are investors in promissory notes issued by Fortress-related entities;
- Attending meetings, calls and exchanging numerous emails with Osler regarding these proceedings; and
- Dealing with all other meetings, correspondence, etc. pertaining to this matter.

Total fees per attached time summary	\$	63,866.20
HST		8,302.61
Total	\$	<u>72,168.81</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation

Time Summary

For the period February 1 to 28, 2021

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 545	15.00	\$ 8,175.00
Daniel Sobel	\$ 495	76.40	\$ 37,818.00
Naomi Lieberman	\$ 440	23.78	\$ 10,463.20
Nick Niktikakis	\$ 325	22.80	\$ 7,410.00
Total		137.98	\$ 63,866.20

Average hourly rate \$ 462.87

THIS IS EXHIBIT "B" REFERRED TO IN
THE AFFIDAVIT OF NAVEED MANZOOR
SWORN BEFORE ME ON THIS 23rd DAY OF APRIL, 2021



A Commissioner for Taking Affidavits

Sean Stidwill

EXHIBIT B

FAAN Mortgage Administrators Inc.
Sorrenti Law Professional Corporation and Derek Sorrenti

Invoice Summary
(Unaudited; \$C)

Date	Billing Period	Fees	HST	Total
29-Feb-20	February 1 to 29, 2020	65,318.25	8,491.37	73,809.62
31-Mar-20	March 1 to 31, 2020	106,512.90	13,846.68	120,359.58
30-Apr-20	April 1 to 30, 2020	82,863.25	10,772.22	93,635.47
31-May-20	May 1 to 31, 2020	55,564.85	7,223.43	62,788.28
30-Jun-20	June 1 to 30, 2020	59,468.70	7,730.93	67,199.63
31-Jul-20	July 1 to 31, 2020	36,314.70	4,720.91	41,035.61
31-Aug-20	August 1 to 31, 2020	30,553.85	3,972.00	34,525.85
30-Sep-20	September 1 to 30, 2020	18,045.35	2,345.90	20,391.25
31-Oct-20	October 1 to 31, 2020	18,737.25	2,435.84	21,173.09
30-Nov-20	November 1 to 30, 2020	21,017.10	2,732.22	23,749.32
31-Dec-20	December 1 to 31, 2020	20,586.55	2,676.25	23,262.80
31-Jan-21	January 1 to 31, 2021	38,959.45	5,064.73	44,024.18
28-Feb-21	February 1 to 28, 2021	63,866.20	8,302.61	72,168.81
Total		617,808.40	80,315.09	698,123.49

THIS IS EXHIBIT "C" REFERRED TO IN
THE AFFIDAVIT OF NAVEED MANZOOR
SWORN BEFORE ME ON THIS 23rd DAY OF APRIL, 2021



A Commissioner for Taking Affidavits

Sean Stidwill

EXHIBIT C

FAAN Mortgage Administrators Inc.
Sorrenti Law Professional Corporation and Derek Sorrenti
Summary of Hours and Fees by Staff Member
(Unaudited; \$C)

Professional	Role	Rate (\$)	Hours	Amount (\$)
Naveed Manzoor	Managing Director	475-545	166.80	88,081.00
Daniel Sobel	Managing Director	495	739.15	365,879.25
Lana Bezner	Managing Director	495	0.25	123.75
Shelby Draper	Senior Director	440	10.75	4,730.00
Naomi Lieberman	Manager	395-440	157.57	63,570.35
Nick Niktikakis	Manager	315-325	301.61	95,424.05
Total			1,376.13	617,808.40
Average Hourly Rate				<u>448.95</u>

THIS IS CONFIDENTIAL EXHIBIT "D" REFERRED TO IN
THE AFFIDAVIT OF NAVEED MANZOOR
SWORN BEFORE ME ON THIS 23rd DAY OF APRIL, 2021



A Commissioner for Taking Affidavits

Sean Stidwill

Exhibit D

**THIS EXHIBIT IS REDACTED IN ITS ENTIRETY
AND IS SUBJECT TO A REQUEST FOR A SEALING ORDER**

LAW SOCIETY OF ONTARIO

- and -

DEREK SORRENTI AND SORRENTI LAW PROFESSIONAL CORPORATION

Applicant

Respondent

Court file No. CV-19-628258-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

AFFIDAVIT OF NAVEED MANZOOR
(sworn April 23, 2021)

OSLER, HOSKIN & HARCOURT LLP

1 First Canadian Place, P.O. Box 50

Toronto, ON M5X 1B8

Phone: 416-362-2111

Fax: 416-862-6666

Michael De Lellis (LSO# 48038U)

Jeremy Dacks (LSO# 41851R)

Lawyers for FAAN Mortgage Administrators
Inc., in its capacity as Court-Appointed Trustee

Appendix 11
De Lellis Affidavit

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

BETWEEN

THE LAW SOCIETY OF ONTARIO

Applicant

- and -

DEREK SORRENTI AND SORRENTI LAW PROFESSIONAL CORPORATION

Respondents

APPLICATION UNDER
SECTION 49.47 OF THE *LAW SOCIETY ACT*, R.S.O. 1990. C. L.8
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. C. 43

**AFFIDAVIT OF MICHAEL DE LELLIS
(sworn April 23, 2021)**

I, Michael De Lellis, of the Town of Oakville, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am a barrister and solicitor qualified to practice law in the Province of Ontario and am a partner with Osler, Hoskin & Harcourt LLP (“**Osler**”), counsel for FAAN Mortgage Administrators Inc., in its capacity as Court-Appointed Trustee (the “**Trustee**”), without security, of all of the assets, undertakings and properties in the possession, power or control of Derek Sorrenti or Sorrenti Law Professional Corporation (collectively, “**Sorrenti**”) relating to Sorrenti’s trusteeship and administration of syndicated mortgage loans in projects affiliated with Fortress Real Developments Inc. (“**FRDI**”) and all of FRDI’s direct or indirect affiliates, and any entity

under common control with FRDI, in these proceedings and as such have knowledge of the matters hereinafter deposed. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.¹

2. I make this affidavit in support of a motion by the Trustee for approval of the fees and disbursements of the Trustee and its counsel.

3. Attached hereto as Exhibit “A” is a copy of each invoice issued by Osler for the period between February 1, 2020 and February 28, 2021 (the “**Approval Period**”) setting out Osler’s fees, reimbursable expenses and applicable taxes for the relevant period, along with a summary of the activities undertaken by Osler in connection with such invoice. I confirm that these accounts accurately reflect the services provided by Osler in this matter for the Approval Period and the fees and disbursements claimed by it for the Approval Period.

4. Attached hereto as Exhibit “B” is a schedule of the accounts rendered by Osler to the Trustee for the fees and disbursements incurred by Osler in connection with the activities summarized in Exhibit “A” undertaken in these proceedings during the Approval Period.

5. Attached hereto as Exhibit “C” is a schedule summarizing the respective years of call and billing rates of each of the professionals at Osler that rendered services to the Trustee, the hours worked by each such individual and a blended hourly rate for fees incurred during the Approval Period.

6. Confidential Exhibit “D” (the “**Confidential De Lellis Exhibit**”) hereto contains true copies of the full accounts rendered by Osler to the Trustee for activities undertaken during

¹ Capitalized terms used and not otherwise defined in this affidavit have the meanings given to them in the Third Report to Court of the Trustee dated April 23, 2021.

the Approval Period. The Trustee is seeking a sealing order with respect to the Confidential De Lellis Exhibit due to the fact that the information contained in Osler's detailed invoices includes privileged and commercially sensitive information regarding the projects and the Respondents generally, and the disclosure of that privileged and/or commercially sensitive information could have a material adverse effect on the recoveries that may ultimately be available to Investors in these proceedings.

7. To the best of my knowledge, the rates charged by Osler throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto market for the provision of similar services. I believe that the total hours, fees and disbursements incurred by Osler for the Approval Period are reasonable and appropriate in the circumstances.

SWORN BEFORE ME over video teleconference this 23rd day of April, 2021. The affiant was located in the Town of Oakville in the Province of Ontario and the commissioner was located in the City of Ottawa in the Province of Ontario. The affidavit was commissioned remotely as a result of COVID-19.



Commissioner for Taking Affidavits

Sean Stidwill



Michael De Lellis

THIS IS EXHIBIT "A" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 23rd DAY OF APRIL 2021



A Commissioner for Taking Affidavits

Sean Stidwill

Exhibit A

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12381380**
Date: **March 25, 2020**
Client No.: 232833
GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Sorrenti Law Professional Corporation Syndicated Mortgage Loan Administration (F#1204815).

OUR FEE HEREIN	59,629.20
REIMBURSABLE EXPENSES	527.20
HST @ 13%	7,820.34
TOTAL (CAD):	67,976.74

PAYMENT DUE UPON RECEIPT



We are committed to protecting the environment. Please provide your email address to payments@osler.com to receive invoices and reminder statements electronically.



REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12381380**
Client No.: 232833
Amount: 67,976.74 CAD

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Please return remittance advice(s) with cheque.

osler.com

Invoice dated March 25, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Derek Sorrenti or Sorrenti Law Professional Corporation relating to the Syndicated Mortgage Loan Administration Business for the period between February 1, 2020 to February 29, 2020:

- SOBA: Attending on postponement matters and related correspondence;
- The Mark: Attending on discharge matters and related correspondence;
- Unionvillas: Attending on discharge matters and related correspondence;
- Victoria Park: Considering strategic matters; participating in conference calls with counsel to a priority mortgagee; attending on Investor notice matters;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, settlements, and strategic considerations; attending on status updates and meetings; engaging with stakeholders, such as Representative Counsel and the Law Society of Ontario; attending to Omnibus Report matters and drafting related Orders, including the Land Registry Office Direction Order and Omnibus Order; preparing fee affidavits in connection with same; attending on matters relating to Investor notices; attending on various matters related to the foregoing.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12390950**
Date: **April 30, 2020**
Client No.: 232833
GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Sorrenti Law Professional Corporation Syndicated Mortgage Loan Administration (F#1204815).

OUR FEE HEREIN	119,678.00
REIMBURSABLE EXPENSES	1,401.12
HST @ 13%	15,740.28
TOTAL (CAD):	136,819.40

PAYMENT DUE UPON RECEIPT



We are committed to protecting the environment. Please provide your email address to payments@osler.com to receive invoices and reminder statements electronically.



REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12390950**
Client No.: 232833
Amount: 136,819.40 CAD

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Please return remittance advice(s) with cheque.

osler.com

EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Accommodation Expenses	208.64
Printing Costs	184.05
Special Supplies Costs	5.41
Telecommunications - External	5.02
Travel Expenses	478.00
Title-Related Searches-Toronto	520.00
TOTAL (CAD):	1,401.12

Invoice dated April 30, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Derek Sorrenti or Sorrenti Law Professional Corporation relating to the Syndicated Mortgage Loan Administration Business for the period between March 1, 2020 to March 31, 2020:

- Gotham: Attending on promissory note investor notice matters and related correspondence;
- Harmony Village: Attending on matters related to court attendance; attending on matters related to project distribution; considering issues relating to priority claim received from Fortress; conducting diligence, including reviewing loan agreement, investor packages, and title searches; attending on matters related to supplemental report for Omnibus Motion;
- Progress Manors: Engaging with counsel to the borrower with respect to the relief being sought in the Omnibus Motion; attending on related discussions and correspondence;
- SOBA: Attending on postponement matters and related correspondence;
- The Mark: Attending on discharge request matters and related correspondence; attending on related diligence, including documents registered on title and court materials filed in the related Inspector proceedings; preparing and serving notice of appearance in connection with same;
- Unionvillas: Attending on discharge requests and related correspondence;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above; engaging with various stakeholders and counsel; attending to Omnibus Report matters and drafting related Orders, including the Land Registry Office Direction Order and Omnibus Order; serving and filing same; attending on supplementary report matters; attending on Sorrenti fee motion matters; attending on status updates and meetings; attending on various diligence matters, including reviewing loan agreements, investor packages, land registry title documents, and litigation searches; attending on Investor notice matters; attending on various matters related to the foregoing.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12399989**
Date: **May 28, 2020**
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Sorrenti Law Professional Corporation Syndicated Mortgage Loan Administration (F#1204815).

OUR FEE HEREIN	88,614.50
REIMBURSABLE EXPENSES	183.10
HST @ 13%	11,543.70
TOTAL (CAD):	100,341.30

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12399989**
Client No.: 232833
Amount: 100,341.30 CAD

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Please return remittance advice(s) with cheque.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	10.00
Printing Costs	42.30
OnCorp Fees for Searches/Certificates/Filings	17.50
Title-Related Searches-Toronto	113.30
TOTAL (CAD):	183.10

Invoice dated May 28, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Derek Sorrenti or Sorrenti Law Professional Corporation relating to the Syndicated Mortgage Loan Administration Business for the period between April 1, 2020 to April 30, 2020:

- Harmony Village: Drafting supplementary report concerning Fortress's claim to proceeds; engaging with Trustee with respect to same and considering strategy; attending on related diligence, including reviewing court-filed materials from the related receivership proceedings; attending on motion matters; attending on related correspondence;
- Progress Manors: Engaging with counsel to the borrower with respect to the relief being sought in the Omnibus Motion; attending on related discussions and correspondence;
- SOBA: Attending on construction lien action matters; attending on discharge request matters and related correspondence; attending on related diligence, including review of loan agreements and related agreements;
- The Mark: Attending on discharge and other LRO filing matters; reviewing matters relating to the Inspector proceedings; attending on related correspondence and discussions with various counsel relating to the foregoing;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above and Omnibus Hearing and related motion matters; attending on various diligence matters; engaging with various stakeholders and counsel; preparing and serving supplement to the Trustee's Second Report; attending on status updates and meetings; attending on various matters related to the foregoing.

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1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
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416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12408468**
Date: **June 26, 2020**
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Sorrenti Law Professional Corporation Syndicated Mortgage Loan Administration (F#1204815).

OUR FEE HEREIN	43,596.00
REIMBURSABLE EXPENSES	173.13
HST @ 13%	5,689.99
TOTAL (CAD):	49,459.12

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12408468**
Client No.: 232833
Amount: 49,459.12 CAD

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Please return remittance advice(s) with cheque.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Printing Costs	0.30
Telecommunications - External	6.63
Title-Related Searches-Toronto	166.20
TOTAL (CAD):	173.13

Invoice dated June 26, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Derek Sorrenti or Sorrenti Law Professional Corporation relating to the Syndicated Mortgage Loan Administration Business for the period between May 1, 2020 to May 31, 2020:

- Bayview: Attending on Investor Notice matters;
- Mapleview: Attending on postponement and discharge request matters; attending to related correspondence and diligence;
- The Mark: Attending on discharge request matters and related correspondence;
- Victoria Park: Attending on matters related to the sales process; engaging with stakeholders in connection with same;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above; attending at Court for the hearing in respect of the Omnibus Order and the Land Registry Direction Order; attending on various diligence matters; engaging with various stakeholders and counsel; attending on status updates and meetings; attending on various matters related to the foregoing.

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OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12417459**
Date: **July 17, 2020**
Client No.: 232833
GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Sorrenti Law Professional Corporation Syndicated Mortgage Loan Administration (F#1204815).

OUR FEE HEREIN	60,347.00
REIMBURSABLE EXPENSES	369.70
HST @ 13%	7,893.17
TOTAL (CAD):	68,609.87

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12417459**
Client No.: 232833
Amount: 68,609.87 CAD

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
OnCorp Fees for Searches/Certificates/Filings	72.30
Title-Related Searches-Toronto	297.40
TOTAL (CAD):	369.70

Invoice dated July 17, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Derek Sorrenti or Sorrenti Law Professional Corporation relating to the Syndicated Mortgage Loan Administration Business for the period between June 1, 2020 to June 30, 2020:

- Maplevue: Attending on discharge request matters; attending to related correspondence;
- SOBA: Attending on discharge request matters and related correspondence;
- Sutton: Considering issues concerning status of Sutton Project and related matters;
- The Mark: Reviewing matters relating to the Inspector proceedings and engaging with various counsel in connection with same; attending on discharge request matters and related correspondence and diligence;
- Unionvillas: Attending on discharge request matters and related correspondence;
- Victoria Park: Reviewing motion materials served by second mortgagee in connection with an approval and vesting order; attending on Investor Notice matters; attending on various discussions and correspondence relating to the foregoing;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above; attending on various diligence matters; attending on status updates and meetings; engaging with various stakeholders and counsel; attending on various matters related to the foregoing.

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OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12426001**
Date: **August 25, 2020**
Client No.: 232833
GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Sorrenti Law Professional Corporation Syndicated Mortgage Loan Administration (F#1204815).

OUR FEE HEREIN	36,035.00
REIMBURSABLE EXPENSES	922.78
HST @ 13%	4,804.52
TOTAL (CAD):	41,762.30

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
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Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12426001**
Client No.: 232833
Amount: 41,762.30 CAD

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Please return remittance advice(s) with cheque.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Courier Expenses	31.43
Printing Costs	214.35
Title-Related Searches-Toronto	677.00
TOTAL (CAD):	922.78

Invoice dated August 25, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Derek Sorrenti or Sorrenti Law Professional Corporation relating to the Syndicated Mortgage Loan Administration Business for the period between July 1, 2020 to July 31, 2020:

- Progress Manors: Attending on discharge matters and related diligence; attending on registration of Appointment Order on title;
- SOBA: Attending on discharge request matters and related correspondence; attending to inventory loan and related intercreditor arrangement matters; attending to related discussions with counsel;
- Sutton: Considering issues concerning status of Sutton Project and related matters;
- The Mark: Attending on discharge request matters and related correspondence;
- Unionvillas: Attending on discharge request matters and related correspondence;
- Victoria Park: Engaging with client with respect to various strategic matters and related considerations;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, settlements, and strategic considerations; attending on various diligence matters; attending on status updates and meetings; attending on registration of Appointment Order on title matters; engaging with various stakeholders and counsel; attending on various matters related to the foregoing.

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OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12434478**
Date: **September 25, 2020**
Client No.: 232833
GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Sorrenti Law Professional Corporation Syndicated Mortgage Loan Administration (F#1204815).

OUR FEE HEREIN	40,412.00
REIMBURSABLE EXPENSES	211.60
HST @ 13%	5,281.07
TOTAL (CAD):	45,904.67

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12434478**
Client No.: 232833
Amount: 45,904.67 CAD

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Please return remittance advice(s) with cheque.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Title-Related Searches-Toronto	211.60
TOTAL (CAD):	211.60

Invoice dated September 25, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Derek Sorrenti or Sorrenti Law Professional Corporation relating to the Syndicated Mortgage Loan Administration Business for the period between August 1, 2020 to August 31, 2020:

- SOBA: Attending on discharge and postponement request matters; attending to inventory loan and related intercreditor arrangement matters; attending to related discussions with counsel;
- Sutton: Considering issues concerning status of Sutton Project and related matters;
- Unionvillas: Attending on discharge request matters and related correspondence;
- Victoria Park: Engaging with client with respect to various strategic matters and related considerations;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, settlements, and strategic considerations; attending on various diligence matters; attending on status updates and meetings; engaging with various stakeholders and counsel; attending on various matters related to the foregoing.

OSLER, HOSKIN & HARCOURT LLP
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OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12443781**
Date: **October 30, 2020**
Client No.: 232833
GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Sorrenti Law Professional Corporation Syndicated Mortgage Loan Administration (F#1204815).

OUR FEE HEREIN	45,495.50
REIMBURSABLE EXPENSES	938.00
HST @ 13%	6,036.36
TOTAL (CAD):	52,469.86

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12443781**
Client No.: 232833
Amount: 52,469.86 CAD

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Please return remittance advice(s) with cheque.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Title-Related Searches-Toronto	938.00
TOTAL (CAD):	938.00

Invoice dated October 30, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Derek Sorrenti or Sorrenti Law Professional Corporation relating to the Syndicated Mortgage Loan Administration Business for the period between September 1, 2020 to September 30, 2020:

- Maplevue: Attending on matters relating to registration of the condominium; attending on discharge request matters;
- Unionvillas: Attending on discharge request matters and related correspondence;
- Victoria Park: Attending on debt assignment matters and related correspondence;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, settlements, strategic considerations, and litigation matters; attending on various diligence matters; attending on status updates and meetings; attending on Sorrenti fee motion matters; engaging with various stakeholders and counsel; attending on various matters related to the foregoing.

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Toronto ON M5X 1B8
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416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12453289**
Date: **November 24, 2020**
Client No.: 232833
GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Sorrenti Law Professional Corporation Syndicated Mortgage Loan Administration (F#1204815).

OUR FEE HEREIN	24,727.50
REIMBURSABLE EXPENSES *	75.90
HST @ 13%	3,215.99
TOTAL (CAD):	28,019.39

* Includes non-taxable expenses of 65.05 CAD

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

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Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12453289**
Client No.: 232833
Amount: 28,019.39 CAD

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Please return remittance advice(s) with cheque.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
<u>EXPENSES - TAXABLE</u>	
Teraview Search Charges	10.85
<u>EXPENSES - NON-TAXABLE</u>	
Registration Fees	65.05
TOTAL (CAD):	75.90

Invoice dated November 24, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Derek Sorrenti or Sorrenti Law Professional Corporation relating to the Syndicated Mortgage Loan Administration Business for the period between October 1, 2020 to October 31, 2020:

- Maplevue: Attending on discharge request matters and related correspondence;
- Sutton: Considering issues concerning status of Sutton Project and related matters;
- Unionvillas: Attending on discharge request matters and related correspondence;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, settlements, strategic considerations, litigation and court attendance matters; attending on various diligence matters; attending on status updates and meetings; attending on Tax Opinions Order matters; engaging with various stakeholders and counsel; attending on various matters related to the foregoing.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
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416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12462435**
Date: **December 16, 2020**
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Sorrenti Law Professional Corporation Syndicated Mortgage Loan Administration (F#1204815).

OUR FEE HEREIN	28,583.50
HST @ 13%	3,715.86
TOTAL (CAD):	32,299.36

PAYMENT DUE UPON RECEIPT



We are committed to protecting the environment. Please provide your email address to payments@osler.com to receive invoices and reminder statements electronically.



REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12462435**
Client No.: 232833
Amount: 32,299.36 CAD

Email payment details to payments@osler.com,
referencing invoice number(s) being paid.

Please return remittance advice(s) with
cheque.

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EXPENSE SUMMARY

DESCRIPTION	AMOUNT
TOTAL (CAD):	<u>0.00</u>

Invoice dated December 16, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Derek Sorrenti or Sorrenti Law Professional Corporation relating to the Syndicated Mortgage Loan Administration Business for the period between November 1, 2020 to November 30, 2020:

- Maplevue: Attending on discharge request matters and related correspondence;
- SOBA: Attending on discharge request matters and related correspondence;
- Sutton: Considering issues concerning status of Sutton Project and related matters;
- Unionvillas: Attending on discharge request matters and related correspondence;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, settlements, strategic considerations, and litigation matters; attending on various diligence matters; attending on status updates and meetings; engaging with various stakeholders and counsel; attending on various matters related to the foregoing.

OSLER, HOSKIN & HARCOURT LLP
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OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12467303**
Date: **December 18, 2020**
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Sorrenti Law Professional Corporation Syndicated Mortgage Loan Administration (F#1204815).

OUR FEE HEREIN	32,668.50
HST @ 13%	4,246.91
TOTAL (CAD):	36,915.41

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12467303**
Client No.: 232833
Amount: 36,915.41 CAD

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Please return remittance advice(s) with cheque.

osler.com

EXPENSE SUMMARY

DESCRIPTION	AMOUNT
TOTAL (CAD):	<u>0.00</u>

Invoice dated December 18, 2020

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Derek Sorrenti or Sorrenti Law Professional Corporation relating to the Syndicated Mortgage Loan Administration Business for the period between December 1, 2020 to December 17, 2020:

- Maplevue: Attending on discharge request matters and related correspondence;
- SOBA: Attending on discharge request matters and related correspondence;
- Sutton: Considering issues concerning status of Sutton Project and related matters;
- Unionvillas: Attending on discharge request matters and related correspondence; considering issues concerning status of Unionvillas Project and related matters;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, settlements, strategic considerations, and litigation matters; attending on status updates and meetings; engaging with various stakeholders and counsel; attending on various matters related to the foregoing.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12472814**
Date: **January 26, 2021**
Client No.: 232833
GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Sorrenti Law Professional Corporation Syndicated Mortgage Loan Administration (F#1204815).

OUR FEE HEREIN	8,801.00
REIMBURSABLE EXPENSES	54.65
HST @ 13%	1,151.23
TOTAL (CAD):	10,006.88

PAYMENT DUE UPON RECEIPT



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REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12472814**
Client No.: 232833
Amount: 10,006.88 CAD

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Please return remittance advice(s) with cheque.

osler.com

Invoice dated January 26, 2021

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Derek Sorrenti or Sorrenti Law Professional Corporation relating to the Syndicated Mortgage Loan Administration Business for the period up to December 31, 2020:

- Maplevue: Attending on discharge matters and related correspondence;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, settlements, and litigation matters; attending on research and diligence matters; attending on status updates and meetings; engaging with various stakeholders and counsel; attending on various matters related to the foregoing.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12481861**
Date: **February 24, 2021**
Client No.: 232833
GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Sorrenti Law Professional Corporation Syndicated Mortgage Loan Administration (F#1204815).

OUR FEE HEREIN	58,154.00
REIMBURSABLE EXPENSES	101.30
HST @ 13%	7,573.19
TOTAL (CAD):	65,828.49

PAYMENT DUE UPON RECEIPT



We are committed to protecting the environment. Please provide your email address to payments@osler.com to receive invoices and reminder statements electronically.



REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12481861**
Client No.: 232833
Amount: 65,828.49 CAD

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Please return remittance advice(s) with cheque.

osler.com

Invoice dated February 24, 2021

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Derek Sorrenti or Sorrenti Law Professional Corporation relating to the Syndicated Mortgage Loan Administration Business for the period between January 1, 2021 to January 31, 2021:

- Maplevue: Attending on discharge request matters and related correspondence;
- Victoria Park: Attending on LRO Direction Order and Appointment Order discharge matters and related correspondence;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, settlements, and strategic considerations; attending on various diligence matters; attending on next omnibus report matters; attending on tax opinion matters; attending on status updates and meetings; engaging with various stakeholders and counsel; attending on various matters related to the foregoing.

OSLER, HOSKIN & HARCOURT LLP
1 First Canadian Place
PO BOX 50
Toronto ON M5X 1B8
CANADA
416.362.2111 main
416.862.6666 facsimile

OSLER

FAAN Mortgage Administrators Inc.
20 Adelaide Street East
Suite 920
Toronto, ON M5C 2T9
CANADA

Invoice No.: **12490222**
Date: **March 22, 2021**
Client No.: 232833

GST/HST No.: 121983217 RT0001

Attention: Naveed Manzoor

Contact: **Michael De Lellis**
Direct Dial: (416) 862-5997
E-mail: MDeLellis@osler.com

For professional services rendered for Sorrenti Law Professional Corporation Syndicated Mortgage Loan Administration (F#1204815).

OUR FEE HEREIN	81,582.50
REIMBURSABLE EXPENSES	6,376.54
HST @ 13%	11,434.68
TOTAL (CAD):	99,393.72

PAYMENT DUE UPON RECEIPT



We are committed to protecting the environment. Please provide your email address to payments@osler.com to receive invoices and reminder statements electronically.



REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

TD Canada Trust
751 3rd Street S.W.
Calgary, Alberta T2P 4K8
Transit No: 80629-0004
Account No: 5219313
SWIFT Code: TDOMCATTOR

Cheque Payments:

Osler, Hoskin & Harcourt LLP
FINANCE & ACCOUNTING
(RECEIPTS)
1 First Canadian Place
PO BOX 50
Toronto, Ontario M5X 1B8
Canada

Invoice No.: **12490222**
Client No.: 232833
Amount: 99,393.72 CAD

Email payment details to payments@osler.com, referencing invoice number(s) being paid.

Please return remittance advice(s) with cheque.

osler.com

Invoice dated March 22, 2021

For services rendered for FAAN Mortgage Administrators Inc. in its capacity as Court-appointed trustee of Derek Sorrenti or Sorrenti Law Professional Corporation relating to the Syndicated Mortgage Loan Administration Business for the period between February 1, 2021 to February 28, 2021:

- Maplevue: attending on discharge matters and related correspondence;
- SOBA: engaging in considerations concerning status of SOBA Project and related matters;
- Unionvillas: Attending on LRO Direction Order and Appointment Order discharge matters and related correspondence; considering matters relating to caution registered to title; considering issues concerning status of Unionvillas Project and related matters;
- Victoria Park: Attending on LRO Direction Order and Appointment Order discharge matters and related correspondence;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above, potential transactions, settlements, strategic considerations, and litigation matters; attending on various diligence matters; drafting omnibus report to court; preparing related fee affidavits; attending on status updates and meetings; engaging with various stakeholders and counsel; attending on various matters related to the foregoing.

THIS IS EXHIBIT "B" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 23rd DAY OF APRIL 2021



A Commissioner for Taking Affidavits

Sean Stidwill

EXHIBIT B

Date of Account	For Billing Period Ending	Fees (\$)	Expenses / Disbursements* (\$)	Taxes (\$)	Total (\$)
22-Mar-21	28-Feb-21	81,582.50	6,376.54	11,434.68	99,393.72
24-Feb-21	31-Jan-21	58,154.00	101.3	7,573.19	65,828.49
26-Jan-21	31-Dec-20	8,801.00	54.65	1,151.23	10,006.88
18-Dec-20	17-Dec-20	32,668.50	0	4,246.91	36,915.41
16-Dec-20	30-Nov-20	28,583.50	0	3,715.86	32,299.36
24-Nov-20	31-Oct-20	24,727.50	75.9	3,215.99	28,019.39
30-Oct-20	30-Sept-20	45,495.50	938	6,036.36	52,469.86
25-Sep-20	31-Aug-20	40,412.00	211.6	5,281.07	45,904.67
25-Aug-20	31-Jul-20	36,035.00	922.78	4,804.52	41,762.30
17-Jul-20	30-Jun-20	60,347.00	369.7	7,893.17	68,609.87
26-Jun-20	31-May-20	43,596.00	173.13	5,689.99	49,459.12
28-May-20	30-Apr-20	88,614.50	183.1	11,543.70	100,341.30
30-Apr-20	31-Mar-20	119,678.00	1,401.12	15,740.28	136,819.40
25-Mar-20	29-Feb-20	59,629.20	527.2	7,820.34	67,976.74
Total	-	728,324.20	11,335.02	96,147.29	835,806.51

*Includes non-taxable expenses

THIS IS EXHIBIT "C" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 23rd DAY OF APRIL 2021



A Commissioner for Taking Affidavits

Sean Stidwill

EXHIBIT C

<u>Name</u>	<u>Year of Call (if applicable)</u>	<u>Billing Rate (\$/Hour)</u>	<u>Hours Worked</u>
Cooke, Jayne	N/A	2021: 300	2021: 4.3
Calvaruso, Martino	2009	2021: 815	2021: 1.4
Dacks, Jeremy	1999	2020: 945 2021: 990	2020: 200.1 2021: 39.7
De Lellis, Michael	2003	2020: 940 2021: 985	2020: 219.0 2021: 37.2
Disenhouse, Joshua	2014	2020: 675 2021: 740	2020: 8.2 2021: 1.5
Erickson, Justine	2016	2021: 670	2021: 2.0
Malik, Waleed	2016	2020: 590 2021: 670	2020: 8.2 2021: 17.2
Nanfara, Chloe	2020	2020: 378 2021: 500	2020: 6.9 2021: 0.9
Nielsen, Ryan	2009	2020: 795	2020: 1.1
Obal, Shelley	1985	2020: 1,105	2020: 0.3
Paterson, Mary	2005	2020: 845	2020: 0.6
Schmidt, Jake	2019	2020: 490	2020: 0.6
Stidwill, Sean	2016	2020: 590 2021: 670	2020: 281.1 2021: 60.7
Stonehouse, Joseph	N/A	2021: 300	2021: 5.4
Storm, Lorna	N/A	2020: 300 2021: 325	2020: 39.9 2021: 14.3
Tran, Annie	N/A	2020: 350	2020: 1.3
Williams, Eugene	N/A	2020: 265	2020: 1.4

<u>Name</u>	<u>Year of Call (if applicable)</u>	<u>Billing Rate (\$/Hour)</u>	<u>Hours Worked</u>
		Total:	953.3

Blended Rate (excluding expenses / disbursements and HST) $\$728,324.20 \div 953.3 \text{ hours} =$	\$764.00
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THIS IS CONFIDENTIAL EXHIBIT "D" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 23rd DAY OF APRIL 2021



A Commissioner for Taking Affidavits

Sean Stidwill

Exhibit D

**THIS EXHIBIT IS REDACTED IN ITS ENTIRETY
AND IS SUBJECT TO A REQUEST FOR A SEALING ORDER**

LAW SOCIETY OF ONTARIO
Applicant

- and -

DEREK SORRENTI and SORRENTI LAW PROFESSIONAL CORPORATION
Respondents

Court File No. CV-19-628258-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

AFFIDAVIT OF MICHAEL DE LELLIS
(sworn April 23, 2021)

OSLER, HOSKIN & HARCOURT LLP

1 First Canadian Place, P.O. Box 50

Toronto, ON M5X 1B8

Phone: 416-362-2111

Fax: 416-862-6666

Michael De Lellis (LSO# 48038U)

Jeremy Dacks (LSO# 41851R)

Lawyers for FAAN Mortgage Administrators
Inc., in its capacity as Court-Appointed Trustee
of Derek Sorrenti or Sorrenti Law Professional
Corporation in respect of the Syndicated
Mortgage Loan Administration Business