

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**

FIFTH REPORT OF THE TRUSTEE

(COMPREHENSIVE UPDATE)

MARCH 31, 2022



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 FIFTH REPORT 5

SCOPE AND TERMS OF REFERENCE 6

GENERAL UPDATE 7

REALIZED PROPERTY 11

PROJECT SPECIFIC UPDATES..... 11

**RECEIPTS AND DISBURSEMENTS, CASH FLOW PROJECTION AND FUNDING OF
THESE PROCEEDINGS..... 23**

REPRESENTATIVE COUNSEL..... 29

ACTIVITIES OF THE TRUSTEE..... 30

FEEES OF THE TRUSTEE..... 31

FEEES OF THE TRUSTEE’S COUNSEL 32

CONCLUSION..... 33

INDEX OF APPENDICES

Appendix 1	Appointment Order dated September 30, 2019
Appendix 2	First Omnibus Order dated May 5, 2020
Appendix 3	Sorrenti SML Project Analysis Summary as of March 30, 2022
Appendix 4	Notice to Progress Syndicated Mortgage Loan Investors dated March 28, 2022
Appendix 5	Notice to Unionvillas Syndicated Mortgage Loan Investors dated June 7, 2021
Appendix 6	Notice to Unionvillas Syndicated Mortgage Loan Investors dated June 17, 2021
Appendix 7	Notice to Unionvillas Syndicated Mortgage Loan Investors dated September 27, 2021
Appendix 8	Notice to Unionvillas Syndicated Mortgage Loan Investors dated November 5, 2021
Appendix 9	Notice to Unionvillas Syndicated Mortgage Loan Investors dated March 18, 2022
Appendix 10	Sutton Statement of Claim
Appendix 11	Notices to Sutton/Link Syndicated Mortgage Loan Investors dated February 8, 2022
Appendix 12	Cash Flow Variance Analysis
Appendix 13	Cash Flow Projection
Appendix 14	Second Omnibus Order dated May 4, 2021
Appendix 15	Manzoor Affidavit
Appendix 16	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

FIFTH REPORT OF THE TRUSTEE

(COMPREHENSIVE UPDATE)

MARCH 31, 2022

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, appointed Chaitons LLP as representative counsel (“**Representative Counsel**”) to represent the common interests of the Investors under the Sorrenti SMLs and established certain interim stabilization measures.
3. 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 (as defined in the Appointment Order) and distributions to Investors and further support for the relief proposed to be granted in the First Omnibus Order (described and defined below).
4. 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*.

5. 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 Realized Property, the Gotham Realized Property, and the 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**”).
6. A copy of the First Omnibus Order is attached as **Appendix “2”**.
7. On April 23, 2021, the Trustee submitted its third report in these proceedings (“**Third Report**”). The Third Report provided a further comprehensive update on the Trustee’s activities undertaken since the date of the Second Report, including a detailed description of the in-depth analysis the Trustee is conducting with respect to each real estate development project and a status update for each of those projects.
8. On January 14, 2022, the Trustee submitted its fourth report in these proceedings (“**Fourth Report**”), which provided the Court and stakeholders with, *inter alia*, information concerning the Progress Project (defined herein), the purchase and sale agreement entered into by the Progress Borrower (defined herein) for the sale of Progress Phase 2 (defined herein) to a third-party purchaser (“**Progress Sale Transaction**”) and the Vesting and Approval Order requested by the Progress Borrower, which was granted by the Court on January 31, 2022.
9. This report (“**Report**” or “**Fifth Report**”) is the latest comprehensive update on the Trustee’s activities and covers the period since the date of the Third Report. Capitalized terms not otherwise defined in this Report have the meanings ascribed to them in the Appointment Order and reports previously filed by the Trustee in these proceedings, 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.

PURPOSE OF THE FIFTH REPORT

11. The Trustee is filing this Fifth Report 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 Third Report. In addition to providing project updates and other information, this Report is being delivered in support of the Trustee’s request for an Order (“**Third Omnibus Order**”) approving, among other things:
 - (a) an amendment to paragraph 3 of the First Omnibus Order to replace all references to “50%” with “65%”, so that the Trustee shall be required to distribute 65% of any Realized Property obtained *pro rata* to the Investors entitled to such funds, whether received before or after the date of the Third Omnibus Order;
 - (b) a distribution to the applicable Investors in an amount equal to 65% of the Realized Property, whether received before or after the date of the Third Omnibus Order, including authorizing and directing the Trustee to effect a distribution:
 - (i) to the Progress Investors in an amount equal to 65% of the Progress Realized Property (defined herein); and
 - (ii) to the Unionvillas Investors in an amount equal to 65% of the Unionvillas Realized Property (defined herein);
 - (c) the (i) Fourth Report and this Fifth Report and the Trustee’s activities as described therein and herein, and (ii) the Trustee’s fees and disbursements, including the fees and disbursements of its counsel, for the period from March 1, 2021 to February 28, 2022 as more fully described herein and in the fee affidavits attached hereto; and
 - (d) sealing the Confidential Manzoor Exhibit and the Confidential De Lellis Exhibit (each as defined herein).
12. Barring any continued 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 or other 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

13. In preparing this Fifth 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.
14. Some of the information used and relied upon in preparing this Fifth 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 Fifth Report may vary from the projections and information used to prepare this Fifth 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 Fifth Report did not constitute an audit or review of such information under GAAS, GAAP or IFRS or any other guidelines.

15. This Fifth 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 Fifth 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 Fifth Report contrary to the provisions of this paragraph.
16. All references to dollars are in Canadian currency.

GENERAL UPDATE

Sorrenti SMLs

17. 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 10 different real estate projects that were in various stages of development. As at the date of this Fifth Report, there are six¹ projects for which Sorrenti administered loans on behalf of Investors that continue to be actively administered by the Trustee, as the majority of the Trustee's activities related to four of the loans have now been completed.
18. Since the date of the Third Report, the Trustee has continued to take actions, where possible, to maximize recoveries for the Investors by actively engaging with borrowers, priority mortgagees, and potential purchasers, to monitor the development of the projects and to protect the Investors' loan and security positions. The Trustee also provides partial discharges 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.
19. 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

¹ The six projects are the Maple Project, the Progress Project, the Bayview Project, the Soba Project, the Sutton Project and the Unionvillas Project. Further information on these projects can be found in the Project Analysis Summary (as defined herein), attached as Appendix "3".

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 three 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.

20. 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.
21. To date, the Trustee has obtained Realized Property totalling approximately \$15.6 million in respect of six Sorrenti SMLs. As discussed further below, the Trustee also anticipates Realized Property to be received in respect of the Sutton Project. As set out in the Project Analysis Summary (described below), there are three² projects (of the 10 in total) where it is anticipated that there will be minimal or no recovery for Investors due to various factors, 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 project. 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.
22. 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,

² The three projects are the Wismer Project, the Maple Project and the Soba Project. Further information on these projects can be found in the Project Analysis Summary.

and continues to periodically update, a chart that provides, to the best of the Trustee's knowledge, the capital structure, development status and other project-specific information, for each project ("**Project Analysis Summary**"). A copy of the updated Project Analysis Summary dated as of March 30, 2022 is attached as **Appendix "3"** and will also be posted to the Trustee's website.

23. 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.

Class Action Proceedings

24. 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: (a) Kemp; (b) Collier Centre; (c) Orchard; (d) Progress; and (e) Sutton (collectively, the "**Class Actions**"). The Trustee notes that the last two projects referred to above are projects subject to these Sorrenti proceedings and that the Kemp, Collier Centre and Orchard Projects are being administered by FAAN Mortgage as part of the BDMC Proceedings.
25. In furtherance of its mandate in these proceedings, the Trustee and its counsel have been involved to the extent necessary in respect of the Class Actions, including interacting with Class Action counsel. The Trustee has reviewed materials filed in the Class Actions and correspondence received from the parties to the Class Actions. The Trustee has also attended case management conferences in respect of the Class Actions to ensure that matters related to its mandate under the Appointment Order are properly explained to the Class Action court.
26. In early 2021, 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: (a) require the Trustee to defend or otherwise participate in the action; (b) permit or otherwise entitle the plaintiffs to recover any amounts held by the Trustee pursuant to the Appointment Order; or (c) affect any person's rights or entitlements relating to any insurance policies issued in favour of Sorrenti. On April 22, 2021, a partial lift stay order was granted in each of the Class Actions. The partial lift stay order also lifted the stay imposed by the Appointment Order in the BDMC Proceedings on the same terms.

27. Since April 23, 2021 (the date of the Third Report), the Class Action Plaintiffs have continued to prosecute the claims and have, among other things:

(a) Obtained orders lifting the stay imposed by the bankruptcy of (i) FMP Mortgage Investments Inc., a broker named as a defendant in two of the Class Actions, and separately (ii) The Estate of Ildina Galati-Ferrante (Deceased). The stays were lifted for the specified purpose of obtaining the benefit of insurance proceeds, if any.

(b) Obtained orders replacing certain plaintiffs with new individuals to act as representative plaintiff in the particular Class Action.

(c) Obtained orders permitting them to discontinue their actions against Olympia due to the duplicative outstanding class action initiated by a plaintiff against Olympia in Court File No. CV-20-00643593-00CP ("**Raponi Class Action**").

(d) Obtained orders permitting them to discontinue their actions against certain named defendants on various bases, including that the defendant corporation had been struck from the corporate registry or that there was no evidence implicating individual defendants in the alleged wrongdoing.

28. On September 14, 2021, the Case Management Judge declined to impose a timetable in respect of the Class Actions, stating that it was premature to do so given the remaining preliminary steps that remained incomplete, such as delivering the remaining Amended Statements of Claim and other pleadings.

29. In addition, there have been developments in the Raponi Class Action. The Case Management Judge set a timetable for the steps associated with the certification motion and scheduled the certification motion to begin on May 31, 2022.

REALIZED PROPERTY

30. Since its appointment, the Trustee has obtained Realized Property on behalf of Investors in respect of six Sorrenti SMLs in the cumulative amount of approximately \$15.6 million. Since the date of the Third Report, the Trustee has obtained Realized Property of approximately \$8.5 million, from the Progress Project and the Unionvillas Project.
31. A summary of the Realized Property generated to date in these proceedings is provided in the following table:

Project	Type of Transaction	Realized Property to Date (\$)
Bayview	Project completion	4,210,085
Gotham	Settlement	1,420,590
Harmony Village Sheppard	Receivership	1,136,300
Progress	Sale by Borrower	6,524,534
Unionvillas	Receivership	2,000,000
Victoria Park	Assignment of Debt and Security	300,000
Total		\$15,591,509

32. 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 \$26,500 on account of such fee reimbursements.
33. Since the date of the Third Report and as directed by the Court pursuant to the First Omnibus Order, the Trustee made distributions of Realized Property in respect of the Victoria Park Project and the HVS Project. As discussed later in this Report, distributions are pending in respect of the Realized Property generated from the Unionvillas Project and the Progress Project as well as payments to Investors in the Bayview Project, the Gotham Project, the HVS Project, and the Victoria Park Project resulting from the proposed amendment to the Administrative Holdback from 50% to 35% as discussed further below

PROJECT SPECIFIC UPDATES

34. As noted above, as of the date of the Appointment Order, Sorrenti was administering SMLs made to 10 different real estate projects. To assist Investors in understanding the status

of their particular Sorrenti SML, the Trustee has updated the Project Analysis Summary (that includes information for all 10 Sorrenti SMLs) and will be posting the updated Project Analysis Summary on the Trustee's Website (see **Appendix "3"**). Details regarding the Sorrenti SMLs with updates since the filing of the Third Report are provided below.

Ten88/Progress Project:

35. 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 was secured by a second ranking charge registered on title to phase two of the Progress Project ("**Progress Phase 2**"). Progress Phase 2 is zoned for two residential towers and ground floor retail space and had a first ranking priority mortgage registered on title in respect of a loan in the principal amount of \$7 million provided by Cameron Stephens Mortgage Capital ("**Cameron Stephens**").
36. As set out in detail in the Fourth Report, Empire Pace (1088 Progress) Ltd. ("**Progress Borrower**") and the Trustee entered into a listing agreement with a commercial real estate agent ("**Listing Agent**") in respect of Progress Phase 2 in June 2021. Following a comprehensive public sale and marketing process conducted by the Listing Agent ("**Progress Sale Process**"), the Progress Borrower entered into an agreement of purchase and sale with a third-party purchaser ("**Progress Purchaser**") in respect of Progress Phase 2.
37. As set out in the Fourth Report, after having considered: (i) the merits of the Progress Sale Transaction; (ii) the outcome of the Progress Sale Process conducted by the Listing Agent, which spanned five months and resulted in multiple conditional offers each lower than the Progress Purchaser's offer; and (iii) the alternatives available including the Progress Borrower's inability to continue to advance the development of the Progress Project or to service the Cameron Stephens priority mortgage, the Trustee, with the support of Representative Counsel, determined that the Progress Sale Transaction offered the best option in the circumstances and that it was appropriate to discharge the Sorrenti mortgage registered on Progress Phase 2 in connection with the closing of the Progress Sale Transaction.
38. Details regarding the Progress Sale Process and the Progress Sale Transaction are described in detail in the Fourth Report.

39. On January 31, 2022, an Order was granted by the Court approving the Progress Sale Transaction. The Progress Sale Transaction closed on March 11, 2022, at a purchase price of \$14 million. The proceeds from the sale transaction were allocated for distribution as follows:
- (a) Approximately \$300,000 in respect of the Listing Agent’s commissions, closing adjustments and legal fees;
 - (b) Approximately \$7.2³ million to Cameron Stephens, as first-priority mortgagee; and
 - (c) The remaining proceeds of approximately \$6.5 million to the Trustee (“**Progress Realized Property**”), on behalf of the Progress Investors.
40. The Progress Realized Property represent a recovery on principal for the Progress Investors of approximately 37.7%, or 56.8% when accounting for previously paid interest of approximately \$3,341,469.
41. While the proceeds from the Progress Sale Transaction are the primary recovery available to the Progress Investors, the Progress Borrower has certain other remaining sundry assets. The Progress Borrower, in consultation with the Trustee, is in the process of attempting to realize on such assets, including cash collateral posted in respect of certain letters of credit issued to the City of Toronto, HST refunds and three parking spaces that remain unsold from phase 1 of the Progress Project. Once realized, the net proceeds of such realizations, if any, would also be payable to the Trustee, on behalf of the Progress Investors; however, the quantum and timing of such recovery is unknown at this time.
42. A copy of the notice dated March 28, 2022 sent by the Trustee to the Progress Investors regarding the closing of the Progress Sale Transaction is attached as **Appendix “4”** (“**Sale Transaction Closing Notice**”).

³ Includes approximately \$147,000 paid to Cameron Stephens by a company controlled by certain principals of the Progress Borrower to keep the Cameron Stephens mortgage in good standing until the closing of the Progress Sale Transaction. Such payments represented the December 2021, January 2022 and February 2022 interest and loan extension fees due to Cameron Stephens. The Trustee agreed that this amount would be repaid from the proceeds of the sale of Progress Phase 2 in priority to amounts that would otherwise be payable to the Trustee in order to allow the Progress Sale Transaction to be completed.

43. The Trustee is seeking the Third Omnibus Order approving, among other things, a *pro rata* distribution of 65% of the Realized Property received or to be received in connection with the Progress Project, to the Progress Investors in accordance with the proposed reduction of the Administrative Holdback from 50% to 35%. As the Trustee advised in the Sale Transaction Closing Notice, the Trustee has determined it is appropriate at this time to recommend a reduction to the Administrative Holdback as further detailed below.

Unionvillas Project

44. Sorrenti administered a SML in the principal amount of approximately \$8 million (“**Unionvillas SML**”) in connection with a 52-unit townhouse development in Markham, Ontario (“**Unionvillas Project**”), that was secured by a third ranking charge on title to the townhouse units in the Unionvillas Project.
45. In addition to the registered charge in favour of the Unionvillas SML, there were also first and second ranking charges registered on title in favour of KingSett Mortgage Corporation (“**KingSett**”), which related to the construction financing for the Unionvillas Project.
46. On May 1, 2021, the Unionvillas Project borrower, Sunrise Acquisitions (Hwy 7) Inc. (“**Unionvillas Borrower**”), defaulted under the terms of its loan commitment and related security with KingSett. On May 11, 2021, KingSett delivered a demand letter to the Unionvillas Borrower, demanding that its indebtedness be repaid in full by no later than May 21, 2021, and a notice of intention to enforce its security under section 244 (“**244 Notice**”) of the *Bankruptcy and Insolvency Act*.
47. On June 9, 2021, on the application of KingSett, KSV Restructuring Inc. was appointed by the Court as receiver and manager (“**Unionvillas Receiver**”) of the Unionvillas Borrower and its property and assets. In anticipation of the June 9th application, the Trustee issued a notice to the Unionvillas Investors on June 7, 2021, advising of the enforcement steps commenced by KingSett. On June 17, 2021, the Trustee sent a further notice to the Unionvillas Investors advising of the appointment of the Unionvillas Receiver. Copies of the June 7th and June 17th notices are attached as **Appendices “5”** and **“6”**.
48. At the time of the Unionvillas Receiver’s appointment, there were five remaining residential units in the Unionvillas Project, including four units (“**Remaining Units**”) which were subject to existing purchase and sale agreements (“**PSAs**”) between the Unionvillas Borrower and the spouses of the Unionvillas Borrower’s principals (“**Spouses**”).

49. After its appointment, the Unionvillas Receiver retained a real estate broker who marketed and sold the one residential unit in the Unionvillas Project that was not subject to a PSA. On September 27, 2021, the Trustee issued a notice to the Unionvillas Investors, providing an update on the status of the proceedings and the sale of this residential unit. A copy of the September 27th notice is attached as **Appendix “7”**.
50. On October 20, 2021, the Unionvillas Receiver filed its third report to Court (“**Unionvillas Receiver’s Third Report**”) to address, among other things, the sale of the Remaining Units. The Unionvillas Receiver’s Third Report disclosed that the PSAs in respect of the Remaining Units were each at a purchase price of \$950,000, which was significantly below their current market value. The PSAs also included terms which, among other things, required unusually high deposits, \$500,000 for each of the Remaining Units (“**Deposits**”), and a requirement for payment of monthly occupancy fees (“**Occupancy Fees**”) to the Unionvillas Borrower during the occupancy period through to the closing of each sale transaction. To the Unionvillas Receiver’s knowledge, the occupancy fees were not paid either before or after its appointment by the Court. As a result, the Unionvillas Receiver recommended that the PSAs be terminated, repudiated and/or disclaimed (“**Disclaimers**”).
51. The Unionvillas Receiver’s Third Report also described a sale process that it intended to implement for the Remaining Units (the “**Unionvillas Sale Process**”) and sought authority from the Court to complete transactions for the Remaining Units, without seeking further approval of the Court, provided that the Unionvillas Receiver was satisfied with the purchase prices and received consent from KingSett (only until KingSett was repaid in full) and the Trustee.
52. After the Unionvillas Receiver served its motion seeking the approval of the Unionvillas Sale Process and the Disclaimers, counsel to the Spouses advised that they were of the view that the Deposits should be withheld from any sale proceeds generated from the Remaining Units and returned to the Spouses. In order to commence the sale process for the Remaining Units as soon as possible, the Unionvillas Receiver agreed to hold, in trust, proceeds equal to the Deposits from the sale of each of the Remaining Units (\$2 million in total) until the dispute regarding the Spouses’ entitlement, if any, to the return of the Deposits was resolved (“**Deposit Holdback**”).

53. On October 27, 2021, the Court issued an order, which among other things, approved the Unionvillas Sale Process, the Disclaimers and the Deposit Holdback (“**October 27th Order**”). On November 5, 2021, the Trustee issued a notice to the Unionvillas Investors, providing, among other things, an update regarding the issuance of the October 27th Order and the Unionvillas Receiver’s ongoing investigation (detailed further below). A copy of the November 5, 2021 notice is attached as **Appendix “8”**.
54. Subsequent to the issuance of the October 27th Order, a timetable was established for the principals of the Unionvillas Borrower (“**Principals**”) and the Spouses to deliver affidavit evidence to challenge or contradict the findings detailed by the Unionvillas Receiver in the Unionvillas Receiver’s Third Report (discussed further below), or to support an entitlement on the part of the Spouses to the Deposit Holdback. However, the Spouses and the Principals failed to comply with the agreed upon timetable and did not serve or file with the Court any responding materials.
55. During the period between the issuance of the October 27th Order and February 2022, the Unionvillas Receiver entered into and completed sale transactions in respect of the Remaining Units and held the proceeds from the sale of the Remaining Units, including the Deposit Holdback, pending distribution. Accordingly, on or about February 4, 2022, the Unionvillas Receiver and the Trustee reviewed the final KingSett payout statement, following which the KingSett debt was repaid in full by the Unionvillas Receiver. Following the repayment of the KingSett debt, the Unionvillas Receiver continued to hold the remainder of proceeds from the sale of the Remaining Units, including the Deposit Holdback, pending its initial distribution to the Trustee.
56. On February 25, 2022, the Unionvillas Receiver served motion materials seeking an Order declaring that the Unionvillas Receiver was no longer required to maintain the Deposit Holdback (“**Deposit Order**”). On March 10, 2022, the Court granted the Deposit Order and authorized the Unionvillas Receiver to distribute the Deposit Holdback in accordance with the October 27th Order. On March 18, 2022, the Trustee issued a notice to the Unionvillas Investors, advising of the completion of the sales of the Remaining Units and the issuance of the Deposit Order. A copy of the March 18th notice is attached as **Appendix “9”**.
57. The Unionvillas Receiver also advised that it continues to work with the City of Markham and the Region of York regarding the release of the cash collateral posted in respect of

the letters of credit issued in favour of such parties, totalling \$823,000 (“**LC Collateral**”). Any claims against the LC Collateral would reduce the amount available for distribution by the Unionvillas Receiver to the Trustee.

Unionvillas Receiver’s Investigation

58. As set out in the Unionvillas Receiver’s Third Report, the Unionvillas Receiver is in the process of investigating the Unionvillas Borrower, the Principals and the circumstances surrounding the Unionvillas Project. The key findings detailed in the Unionvillas Receiver’s Third Report include, among other things, the following:
- (a) the Unionvillas Borrower appears to have paid related companies and persons, including the Principals (collectively, the “**Sunrise Parties**”), a net amount of approximately \$11.4 million, which appears to be in contravention of the Unionvillas SML and KingSett’s commitment letter;
 - (b) the Unionvillas Borrower appears to have deliberately attempted to mislead the Unionvillas Receiver by providing inaccurate and incomplete information, including by making it appear in its general ledger that the Sunrise Parties were paid significantly less money by the Unionvillas Borrower than was actually paid; and
 - (c) the Spouses appear to have breached the terms of their PSAs by not paying the required Occupancy Fees to the Unionvillas Borrower while personally benefiting for more than one year from rent payments they collected pursuant to lease agreements they entered into with respect to the Remaining Units.
59. In light of its findings to date, the Unionvillas Receiver, in consultation with the Trustee, is continuing to consider next steps, including with respect to the funds paid by the Unionvillas Borrower to the Sunrise Parties. Such steps may include, but are not limited to, potential legal actions by the Unionvillas Receiver against the Principals and the other Sunrise Parties (“**Potential Actions**”).
60. On March 29, 2022 the Trustee received an initial distribution of \$2 million from the Unionvillas Receiver (“**Unionvillas Realized Property**”). The Unionvillas Receiver continues to hold additional amounts to fund future receivership costs including with respect to the Potential Actions. Accordingly, the Trustee is seeking the Third Omnibus Order approving, among other things, a *pro rata* distribution of 65% of the Unionvillas

Realized Property, and any further proceeds received in connection with the Unionvillas Project, to the Unionvillas Investors, net of the proposed reduced Administrative Holdback.

61. At this time, the amount, if any, of further recovery for the Unionvillas Investors continues to be unknown. However, as previously advised, a significant shortfall on the principal balance of the Unionvillas SML made to the Unionvillas Borrower is anticipated.

Sutton/The Link

62. Sorrenti administered two 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**"). ADI Developments (LINK) Inc. ("**Sutton Borrower**") is indebted to Sorrenti in the total principal amount of approximately \$19.6 million plus accrued interest ("**Sutton Borrower's Indebtedness**") in respect of two separate syndicated mortgage loan facilities made pursuant to: (i) a Loan Agreement between Sorrenti, the Sutton Borrower and the Sutton Guarantor (as defined below) dated September 4, 2012, and (ii) a Loan Agreement between Sorrenti, the Sutton Borrower and the Sutton Guarantor dated April 4, 2014 (collectively, the "**Sutton SMLs**").
63. Adi Development Group Inc. ("**Sutton Guarantor**"), an entity related to the Sutton Borrower, in its capacity as party to each of the loan agreements, has provided certain guarantees of the Sutton Borrower's obligations under the Sutton SMLs ("**Sutton Guarantees**").
64. 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 closings, the Trustee has consented to the disbursement of certain necessary project costs from the proceeds and understands that approximately \$2.6 million remains in trust with the Sutton Borrower's real estate counsel ("**Trust Funds**").
65. The Trustee understands that all residential units have been sold and have closed (other than certain parking and storage lockers, which remain unsold) and all 12 commercial units remain unsold ("**Remaining Commercial Units**"). In order to maximize the recoveries from the sale of the Remaining Commercial Units, the Sutton Borrower has

been attempting to lease the units to tenants. The Trustee understands that all but one of the Remaining Commercial Units have now been leased.

66. 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 assets (being the Remaining Commercial Units and the unsold parking and storage lockers) of the Sutton Project combined with the Trust Funds. Given the anticipated shortfall, the Trustee has engaged in discussions with the Sutton Borrower and the Sutton Guarantor concerning the amount owing by the Sutton Borrower to Sorrenti and the Sutton Guarantor's obligations under the Sutton Guarantees.
67. On October 19, 2021, the Trustee sent correspondence and issued demands to the Sutton Borrower and the Sutton Guarantor as follows:
 - (a) A demand letter addressed to the Sutton Borrower ("**Demand Letter**") requiring repayment in full of the Sutton Borrower's Indebtedness. The Demand Letter also enclosed a 244 Notice pursuant to the *Bankruptcy and Insolvency Act*;
 - (b) A demand letter addressed to the Sutton Guarantor requiring payment in full of the Sutton Borrower's Indebtedness by the Sutton Guarantor; and
 - (c) A letter addressed to the Sutton Borrower and Sutton Guarantor requesting the disclosure of certain financial information ("**October 19th Letter**"). In the October 19th Letter, the Trustee also demanded that the Sutton Borrower (i) transfer the Trust Funds to the Trustee, and (ii) hold all rent received in respect of the Remaining Commercial Units and other amounts relating to the Sutton Project received by it or coming into its possession or control, until the Trustee has given its consent to the release of such funds.
68. On November 18, 2021, the Trustee served the Sutton Borrower, Sutton Guarantor and a wholly owned subsidiary with a Statement of Claim ("**Sutton Statement of Claim**") seeking, among other things, repayment in full of the Sutton Borrower's Indebtedness, and an order appointing a receiver over the undertakings, assets and properties of the Sutton Borrower, the Sutton Guarantor and a wholly owned subsidiary. A copy of the Sutton Statement of Claim is attached as **Appendix "10"**.
69. The Sutton Project is also the subject of one of the Class Actions (Court File No. CV-16-561293-00CP) ("**Sutton Class Action**"), discussed above. The Sutton Borrower took the

position that the Sutton Statement of Claim was duplicative of the claims asserted against the Sutton Borrower and Sutton Guarantor in the Sutton Class Action. With the consent of the Trustee and Class Counsel, the Sutton Borrower and Sutton Guarantor sought and obtained a stay of the Sutton Class Action only as against them. The Sutton Class Action can proceed against any named defendant other than the Sutton Borrower and Sutton Guarantor (subject to any other applicable stay orders). The stay does not prevent the Trustee from pursuing its Sutton Statement of Claim against the Sutton Borrower and the other defendants, including the Sutton Guarantor.

70. Subsequent to the issuance of the October 19th Letter and the Sutton Statement of Claim, the Sutton Borrower and the Sutton Guarantor provided the Trustee some of the financial information requested, which has been reviewed by the Trustee. Further, the Trustee (in consultation with Representative Counsel), the Sutton Borrower and the Sutton Guarantor have been engaging in discussions with a view to arriving at a consensual resolution with respect to the amounts owing pursuant to the Sutton SMLs. Despite these efforts, the Trustee, the Sutton Borrower and the Sutton Guarantor have not reached a consensual resolution, and the Sutton Borrower and the Sutton Guarantor have not yet provided all of the financial information requested by the Trustee. Should a consensual resolution not be achieved in the near term, the Trustee will take further enforcement action that it deems appropriate to seek to obtain recovery of the Sutton Borrower's Indebtedness from the Sutton Borrower and the Sutton Guarantor.
71. On February 8, 2022, the Trustee issued a notice to the Sutton SMLs providing an update on the Trustee's activities and actions noted above. A copy of such notice is attached as **Appendix "11"**.

Other Remaining Projects

Bayview Project:

72. Sorrenti administered a SML ("**Bayview SML**") with respect to a completed 234-unit condominium development project located in Toronto, Ontario in the total principal amount of approximately \$19.8 million. Registration for the condominium occurred in 2018. There were 504 Investors that advanced funds to the Bayview Project ("**Bayview Investors**").
73. According to Sorrenti's records, Sorrenti received approximately \$18 million on June 25, 2019 as a partial repayment of the Bayview SML.

74. At the time of the Trustee's appointment, an outstanding principal amount of \$1.7 million remained unpaid, and as of the date of this Report, the Bayview Project borrower ("**Bayview Borrower**") continues to remain indebted under the Bayview SML in the principal amount of approximately \$1.7 million plus accrued and unpaid interest of approximately \$1 million (together with any additional interest, fees, costs and other allowable charges, as applicable, the "**Bayview Borrower's Indebtedness**"). Since its appointment, the Trustee has continued to correspond with the Bayview Borrower and its counsel regarding the repayment of the Bayview Borrower's Indebtedness and the obligations of the Bayview Borrower under the Bayview SML. The Bayview Borrower has advised the Trustee (through its counsel) that it has insufficient funds to repay the full amount of the remaining balance. The Trustee has requested and continues to request information from the Bayview Borrower with respect to the Bayview Borrower's Indebtedness and intends to continue reviewing information and engaging with the Bayview Borrower. However, the quantum and timing of any additional payment in respect of the Bayview SML remains uncertain at this time and the Trustee continues to consider all of its options. Should there be any updates with respect to the repayment of the Bayview Borrower's Indebtedness, the Trustee intends to provide an update to this Court in its next report.

Mapleview Commons/Julien Court Project:

75. 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**"). There is one unsold unit ("**Remaining Maple Asset**").
76. 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 \$3.6 million as of December 31, 2021.
77. As set out in the Third Report, based on the list price for the Remaining Maple Asset, 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 Realized Property, if any, available to repay any of the Maple SMLs.

Soba Project:

78. As at the date of the Appointment Order, Sorrenti administered one SML ("**Soba SML**")⁴ with approximately \$10.3 million of principal advanced, which is secured by a charge registered on title to the remaining unsold units of a 209-unit condominium development in Ottawa, Ontario ("**Soba Project**").
79. Contemporaneously with the registration of the condominium in 2020, the Soba Borrower (as defined below) refinanced its construction loan with its senior secured lender, MCAP Financial Corporation ("**MCAP**"), and obtained an inventory loan in respect of the unsold units in the maximum amount of \$12.05 million ("**Inventory Loan**"). As described in the Third Report, the Trustee postponed Sorrenti's charge to the charge registered by MCAP, which was a condition imposed by MCAP in respect of the Inventory Loan.
80. The Trustee understands that 16 residential units, certain parking and storage units, and the commercial space remain unsold. Since the Third Report, four residential unit sales have closed, and the net proceeds of such sales were paid to MCAP. The Trustee is advised that the remaining balance owing to MCAP as at February 28, 2022 is \$5,506,939.
81. In addition to the charge in favour of MCAP, there is a charge registered on title in priority to the Soba SML in the principal amount of \$10.9 million in favour of BJL Properties Inc. ("**BJL**"), an entity related to the borrower under the Soba SML ("**Soba Borrower**") and controlled by Mr. Brad Lamb. Should the funds purportedly advanced by BJL be repaid in accordance with the BJL charge, which is registered in priority to the Soba SML, pursuant to a postponement issued by Sorrenti in November 2018 (the "**Soba Postponement**"), the Trustee understands that there will be insufficient proceeds to repay any of the Soba SML.
82. The Trustee and its counsel are continuing to consider the Soba Postponement and the Trustee anticipates reengaging with the Soba Borrower and BJL at such time that the parties have a better understanding of the proceeds that will remain after repayment in full of the MCAP loan.

⁴ 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.

The Mark and Mount Joy/Wismer/Eldin Project:

83. 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**").
84. As at the date of the Third Report, the Trustee understood from the Wismer Project borrower, that its only remaining real property was two unsold commercial units in The Mark ("**Remaining Wismer Assets**"). Since the date of the Third Report, the Remaining Wismer Assets have been sold and the net proceeds were paid to MarshallZehr Inc. ("**MarshallZehr**"), as the priority mortgagee. As at October 2021, there was approximately \$15.6 million owing to MarshallZehr in respect of its construction loan. MarshallZehr advised the Trustee that it anticipates receiving a further, and final, distribution of approximately \$1.5 million on account of other ancillary assets, including the release of municipal and Tarion security. Accordingly, there will be insufficient proceeds from the sale of the Wismer Project borrower's real property to repay MarshallZehr in full (who will be suffering a significant deficiency on its loan to the Wismer Project borrower) and therefore there will be no funds available to repay any amounts owing under the Wismer SMLs.

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

General

85. In accordance with the Appointment Order, the Trustee continues to engage in the activities described in this Fifth Report 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.
86. Pursuant to the First Omnibus Order, 50% of all Realized Property continues to be held by the Trustee to fund the administration of the estate and to carry out the Trustee's mandate in accordance with the Orders of the Court. As discussed further below, the Trustee has determined that, as a result of the receipt of the Realized Property from the

Progress Sale Transaction and the Realized Property from the Unionvillas Project, it is appropriate at this time to further reduce the percentage of Realized Property that the Trustee must retain by Court order as the Administrative Holdback to fund the administration of these proceedings.

Cash receipts and disbursements for the Projection Period

87. In the Third Report, the Trustee provided a forecast for the projected receipts and disbursements related to the administration of this estate for the period April 1, 2021 to October 31, 2021 (“**Projection Period**”). The following table reflects the variance analysis for the Projection Period:

	(\$000s)		
	Projected	Actual	Variance
Receipts			
Collections and other receipts	5	6	1
Administrative Holdback	-	-	-
Total receipts	5	6	1
Disbursements			
Operating costs	97	29	68
Appraisals	12	5	7
Payment per Minutes of Settlement	-	15	(15)
Professional fees	1,211	1,262	(51)
Total disbursements	1,320	1,311	9
Net cash flow	(1,315)	(1,305)	10

The detailed variance analysis for the Projection Period is attached as **Appendix “12”**.

88. Certain variances during the Projection Period are explained as follows:

Payment per Minutes of Settlement: Payment of the reconciliation amount in respect of the Minutes of Settlement that resolved all claims of Sorrenti made or that could have been made in the Sorrenti Fee Motion (each as defined in the Third Report) and that Sorrenti may have under paragraph 55 of the Appointment Order, as further set out in the Third Report.

Professional Fees: The minor negative variance is a due to higher than anticipated fees resulting from more time spent than projected in connection with the Progress Project and the Unionvillas Project.

89. In addition, the actual receipts and disbursements for the period following the Projection Period (being November 1, 2021 to March 11, 2022) are summarized below:

	(\$000s)
Receipts	
Administrative Holdback	2,284
Collections and other receipts	3
Total receipts	<u>2,287</u>
Disbursements	
Operating costs	21
Professional fees	547
Total disbursements	<u>568</u>
Net cash flow	<u>1,719</u>

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

Administrative Holdback: Represents 35% of the Progress Sale Transaction proceeds retained by the Trustee.⁵

Professional Fees: Relates to fees accrued in the Projection Period that were paid between November 1, 2021 and March 11, 2022, as well as fees incurred after the Projection Period.

⁵ Should the proposed reduction of the Administrative Holdback not be approved by the Court, this amount would increase to 50% of the Progress Sale Transaction proceeds.

Funds in the Trustee's Possession

91. A summary of the funds in the Trustee's possession as at March 11, 2022 is provided in the table below.

		(\$000s)	
<u>Type</u>	<u>Primary Purpose</u>	<u>As at Mar 31, 2021</u>	<u>As at Mar 11, 2022</u>
Estate	Used to fund the cost of the trusteeship proceedings, including remaining funds from the Administrative Holdback	2,760	3,173
Realized	Held pending Investor distributions	150	4,241
Potential Trust Funds	Funds that may have been held in trust for certain individuals or corporations	316	316
Total		<u>3,226</u>	<u>7,730</u>

92. 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 mandates in these proceedings. Funds held by the Trustee in respect of the Administrative Holdback are maintained in these accounts.
93. Realized Property: The funds held as at March 11, 2022 represent the proceeds from the Progress Sale Transaction received by the Trustee (net of the proposed amended Administrative Holdback), which will be distributed to the Progress Inventors in accordance with the proposed Third Omnibus Order.
94. 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 and, as set out in the Third Report, only one individual has contacted the Trustee regarding Sorrenti holding trust funds, and the Trustee has determined that such individual does not have an interest in these funds. Other than this one individual, no party other than Sorrenti has been in contact with the Trustee regarding these funds. Sorrenti's contact with the Trustee in this regard was detailed in the Third Report.

Projected receipts and disbursements for the period ending September 30, 2022

95. The Trustee prepared a monthly cash flow projection (“**Cash Flow Projection**”) for the period March 12, 2022 to September 30, 2022 (“**Cash Flow Period**”). The Cash Flow Projection is attached as **Appendix “13”**.

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

	(\$000s)
Receipts	706
Disbursements	
Independent contractors	74
Office, IT and other	23
Total operating disbursements	97
Appraisal fees	12
Professional fees	1,638
Total disbursements	1,747
Net cash flow	(1,041)
Opening Cash – Estate Property	3,173
Net cash flow	(1,041)
Payments on account of Reduction to Administrative Holdback	(1,077)
Projected Closing Cash – Estate Property	1,055

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

Projected Receipts: The projected receipts reflect the receipt of the proposed amended Administrative Holdback of 35% from the Unionvillas Realized Property, which as discussed above was received on March 29, 2022. The Trustee notes that progress has also been made with respect to other potential transactions 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 transactions and 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 February 28, 2022.

Payments on Account of Reduction to Administrative Holdback: These amounts relate to payments to Investors in the Bayview Project, the Gotham Project, the HVS Project, and the Victoria Park Project resulting from the proposed amendment to the Administrative Holdback from 50% to 35% as discussed further below.

REALIZED PROPERTY AND ADMINISTRATIVE HOLDBACK

98. 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 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.
99. Pursuant to the First Omnibus Order, the Trustee is authorized to distribute 50% of all Realized Property and is required to retain the remaining 50% as an Administrative Holdback to fund the administration of these proceedings.
100. The Trustee has determined, based on the receipt of the Progress Realized Property, the Unionvillas Realized Property, and its expectations regarding the ability to generate further Realized Property in the next reporting period, that it no longer needs to retain 50% of Realized Property and that it is appropriate, at this time, to reduce the percentage of Realized Property that it must retain to fund the administration of these proceedings. The Trustee is therefore seeking this Court's authorization to distribute an additional amount equal to 15% of all Realized Property held by the Trustee on or after the date of the Appointment Order. If approved by the Court, 65% of Realized Property received to date will be distributed by the Trustee, and any Realized Property received by the Trustee in the future would be subject to the reduced Administrative Holdback.
101. As set out herein, there are no independent sources of funding available to fund the administration of these proceedings that must be undertaken to protect Investors' interests, and there are only a limited number of projects that could give rise to additional future recoveries. As such, the Trustee is of the view that prudence dictates that it retain 35% of the Realized Property at this time and utilize the retained Realized Property to

maximize the recovery of additional Realized Property in the future. As more Realized Property is generated, the Trustee will continue to re-evaluate the appropriate percentage of Realized Property that must be retained and seek further direction from the Court regarding same.

102. The Trustee has consulted with Representative Counsel regarding this recommendation, and Representative Counsel agrees that the proposed retention of 35% of all Realized Property and the proposed distribution of all other Realized Property is fair and reasonable in the circumstances.
103. As set out in the Third 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.

REPRESENTATIVE COUNSEL

104. 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.
105. 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.
106. 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 other than the borrowers under the various Sorrenti SMLs, while urging Investors to individually seek independent legal advice with respect to any causes of action that they may wish to pursue.
107. 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

108. In addition to the activities described above, since the date of the Third 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 of 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 and corresponding with the appraisers retained by the Trustee, as appropriate;
- (e) engaging with a planning consultant in order to obtain information relating to projects underlying the Sorrenti SMLs;
- (f) corresponding with the Unionvillas Receiver and its counsel;
- (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) taking the steps contemplated by the Minutes of Settlement in relation to the Sorrenti Fee Motion (each as is defined in the Third Report), as set out in the Third Report;
- (i) engaging with certain SML borrowers' counsel in respect of the Class Actions;
- (j) making distributions in accordance with the First Omnibus Order in respect of the Victoria Park Realized Property generated from the Victoria Park Project (each as defined in the Third Report) to the Investors entitled to those distributions.

- (k) 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;
- (l) drafting and circulating Investor notices;
- (m) posting court materials on the Trustee's website; and
- (n) in accordance with the provisions of the Appointment Order, obtaining access to certain of Sorrenti's records.

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

FEES OF THE TRUSTEE

110. 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 become 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, and from February 1, 2020 to February 28, 2021, were approved by the Court pursuant to the First Omnibus Order and the Second Omnibus Order dated May 4, 2021 ("**Second Omnibus Order**"), respectively. The Second Omnibus Order is attached hereto as **Appendix "14"**.

111. The fees of the Trustee for the period between March 1, 2021 to February 28, 2022 total \$849,225.30, before HST, and HST applicable to such amount totals \$110,399.29, for an aggregate amount of \$959,624.59. 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 “15”**. The average hourly rate for the Trustee over the referenced billing period was approximately \$473/hour.

112. 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**”).
113. 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 and Second Omnibus Order and has been granted on several occasions in the BDMC Proceedings.

FEES OF THE TRUSTEE’S COUNSEL

114. The fees of Osler, Hoskin & Harcourt LLP (“**Osler**”) as counsel to the Trustee for the period between March 1, 2021 to February 28, 2022 total \$948,570.00, Osler incurred \$6,475.02 of reimbursable expenses and disbursements during the period, and HST applicable to such amounts total \$124,000.45, for an aggregate amount of \$1,079,045.47. 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 “16”**. The average hourly rate for Osler over the referenced billing period was \$813.11/hour (excluding reimbursable expenses, disbursements and HST).
115. 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**”).
116. 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 and Second Omnibus Order and has been granted on several occasions in the BDMC Proceedings.

117. 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

118. 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, and to make decisions, in consultation with Representative Counsel, that, in the circumstances, the Trustee believes are in the best interests of the Investors.
119. In light of the foregoing, the Trustee respectfully recommends that the Third Omnibus Order be granted by the Court which would allow the Administrative Holdback to be reduced from 50% to 35%.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 31st day of March, 2022.

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- Registrar

Court File No.

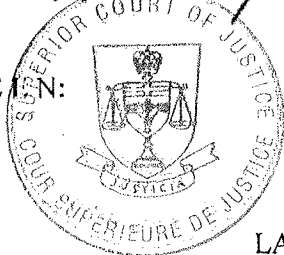
CV-19-628258-0002

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

**LENCZNER SLAGHT ROYCE
SMITH GRIFFIN LLP**

Barristers
Suite 2600
130 Adelaide Street West
Toronto ON M5H 3P5

J. Thomas Curry (25740V)

Tel: (416) 865-3096

Fax: (416) 865-9010

Email: tcurry@litigate.com

Jaan E. Lilles (49598O)

Tel: (416) 865-3552

Fax: (416) 865-2846

Email: jlilles@litigate.com

Kelly Hayden (69997P)

Tel: (416) 865-3734

Fax: (416) 865-3708

Email: khayden@litigate.com

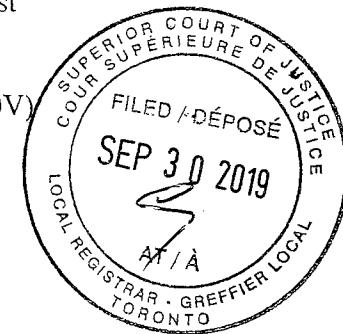
Jennifer Power

Tel: (416) 865-9963

Fax: (416) 865-6760

Email: jpower@litigate.com

Lawyers for the Applicant



Appendix 2:
First 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 3:
Sorrenti SML Project Analysis Summary as of March 30, 2022

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

Summary of Project Status as at March 30, 2022

(SC, Unaudited)

Derived from Sorrenti records, information provided by Fortress, project borrowers, and other third parties, as of March 30, 2022.

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:	Pre-construction	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.
	Construction	Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.
	Completed	Construction is complete, and assets remain to be realized.
	Exited	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.

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	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		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. \$3.6M (as at December 31, 2021) 2nd: Sorrenti Original \$6M 3rd: Sorrenti 3rd \$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 there is one unsold unit remaining. The net proceeds from sales to date have been used to repay MarshallZehr. Based on the list price for the Remaining Maple Asset, 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 to repay any of the Maple SMLs.	n/a
4	Progress Manors (TEN88)	364	Exited	n/a	n/a	The first phase of the project has been built and comprised 105 stacked townhomes, which have been sold and closed. Phase two is zoned for two residential towers and ground floor retail ("Phase 2"). Following a comprehensive public sale and marketing process for Phase 2 conducted by a commercial real estate agent, which spanned five months, the borrower entered into an agreement of purchase and sale with a third-party purchaser. On January 31, 2022, an Order was granted by the Court approving the sale transaction and the transaction closed on March 11, 2022, at a purchase price of \$14M. Residual proceeds of approximately \$6.5M (net of closing costs and the repayment of the first mortgage) were paid to the Trustee on behalf of the Progress Investors. The borrower has other remaining sundry assets and is in the process of attempting to realize on such assets, including cash collateral posted in respect of certain letters of credit issued to the City of Toronto, HST refunds and three parking spaces remaining unsold from phase 1. Once realized, the net proceeds of such realizations, if any, would also be payable to the Trustee, on behalf of the Progress Investors, however, the quantum and timing of such recovery is unknown at this time.	n/a
5	Residences of Bayview (Lotus)	504	Exited	n/a	n/a	The project is a 234 unit condominium located in Toronto, which has been registered and the Sorrenti SML has been discharged. The borrower repaid \$18M or approximately 90% of the principal advanced under this loan. No unsold units remain. The Trustee is in discussion with the borrower with respect to the outstanding indebtedness remaining.	n/a
6	Soba	188	Completed	1st: MCAP Financial Corporation \$5.5M (as at Feb. 28, 2022) 2nd: Aviva Insurance Company of Canada ("Aviva") \$13M 3rd: BJL Properties \$10.9M 4th: Sorrenti 2 \$10.3M	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 16 units remain unsold. The borrower has indicated that it is projecting to incur significant losses on the project. Should the funds purportedly advanced by BJL to the borrower be repaid in accordance with the BJL charge, which is registered in priority to the Soba SML, pursuant to a postponement issued by Sorrenti in November 2018, the Trustee understands that there will be insufficient proceeds to repay any of the Soba SML.	n/a

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

Summary of Project Status as at March 30, 2022
(SC, Unaudited)

Derived from Sorrenti records, information provided by Fortress, project borrowers, and other third parties, as of March 30, 2022.
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 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>Construction Demolition or clearing of on-site structures/improvements complete, construction has started via site servicing, excavation, renovation or hard construction.</p> <p>Completed Construction is complete, and assets remain to be realized.</p> <p>Exited 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>
----------------	---

No.	Project Name	Number of Investors	Status	Capital Stack (see note 2)	Maturity Date	Project	Enforcement Proceeding
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. 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 ("Victoria Park Assignment") 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	1st: Sorrenti Original \$11.6M 2nd: Sorrenti 3rd \$8M	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, Ontario. All residential units were sold prior to the Trustee's appointment. Shortly after the Trustee's appointment, the borrower requested that the Trustee provide partial discharges in connection with the closing of the final six condominium units to third party purchasers. The Trustee agreed on the condition that the borrower's counsel hold the net closing proceeds in trust. The borrower's legal counsel is currently holding approximately \$2.6M in trust from these sales ("Trust Funds"). 12 commercial units ("Commercial Units") and certain sundry assets remain unsold (collectively the "Sutton Remaining Assets").	The Trustee has been advised that there will be insufficient proceeds to repay the Sutton SMLs in full based on the estimated value of the Sutton Remaining Assets and the Trust Funds. On October 19, 2021, the Trustee issued: (a) a demand letter requiring repayment in full of the outstanding Sutton SMLs, which enclosed a section 244 Notice under the BIA; (b) a demand letter addressed to the Adi Development Group Inc. ("Guarantor") requiring payment in full of the borrower's indebtedness by the Guarantor; and (c) a letter addressed to the borrower and Guarantor requesting the disclosure of certain financial information and demanded that the borrower (i) transfer the Trust Funds to the Trustee and (ii) hold all rent received in respect of the Commercial Units and other amounts relating to the project until the Trustee has given its consent to the release of such funds. On November 18, 2021, the Trustee served the borrower, Guarantor and a wholly owned subsidiary with a Statement of Claim seeking, among other things, repayment in full of the borrower's indebtedness and an order appointing a receiver over the borrower, Guarantor and the wholly owned subsidiary. The Trustee, the borrower and the Guarantor have been engaging in discussions with a view to arriving at a consensual resolution with respect to the amounts owing pursuant to the Sutton SMLs. Despite these efforts, the Trustee, the borrower and the Guarantor have not reached a resolution. Should one not be achieved in the near term, the Trustee will take further enforcement action that it deems appropriate to seek to obtain recovery of the Sutton SMLs from the borrower and the Guarantor.
9	Wismer3 (The Mark, Mount Joy and Eldin)	108	Exited	n/a	n/a	Project consists of 1 condominium tower (The Mark) and 46 townhomes (Mount Joy) located in Markham, Ontario. 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. All remaining units in the Mark have now been sold and closed and the net proceeds were paid to MarshallZehr. MarshallZehr continues to be owed approximately \$15.6M. MarshallZehr advised the Trustee that it anticipates receiving a further, and final, distribution of approximately \$1.5M on account of ancillary assets, including through the release of municipal and Tarion security. Accordingly, there will be insufficient proceeds from the sale of the borrower's real property to repay MarshallZehr in full and therefore, there are no funds available to repay any amounts owing under the Wismer SMLs.	n/a

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

Summary of Project Status as at March 30, 2022

(SC, Unaudited)

Derived from Sorrenti records, information provided by Fortress, project borrowers, and other third parties, as of March 30, 2022.

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

<p>LEGEND: <i>Pre-construction</i> <i>Construction</i> <i>Completed</i> <i>Exited</i></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>
---	--

No.	Project Name	Number of Investors	Status	Capital Stack (see note 2)	Maturity Date	Project	Enforcement Proceeding
10	Unionvillas (Uptowns of Unionville)	145	Exited	n/a	n/a	n/a	<p>On June 9, 2021, on the application of KingSett Mortgage Corporation ("KingSett"), KSV Restructuring Inc. was appointed by the Court as receiver and manager ("Unionvillas Receiver") of the borrower and its property and assets. At the time of the Unionvillas Receiver's appointment, there were five remaining townhouse units in the Unionvillas project, which the Unionvillas Receiver has since sold, with Court approval.</p> <p>The Unionvillas Receiver has investigated the borrower, the principals of the borrower ("Principals") and the circumstances surrounding the project. The Unionvillas Receiver's key findings include, among other things, funds paid by the borrower to related companies and persons including the Principals ("Sunrise Parties"). In light of its findings, the Unionvillas Receiver is considering next steps which may include potential actions against the Principals and the Sunrise Parties ("Potential Actions"). As the KingSett debt has been repaid in full, an initial distribution of \$2M which is net of amounts withheld by the Unionvillas Receiver to fund future receivership costs including with respect to Potential Actions, was paid by the Unionvillas Receiver to the Trustee.</p>

**Sorrenti Law Professional Corporation and Derek Sorrenti ("Sorrenti") Syndicated Mortgage Loan Administration Business
Project Analysis Summary as at March 30, 2022 - 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 March 30, 2022. 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 4:

Notice to Progress Syndicated Mortgage Loan Investors dated March 28, 2022



March 28, 2022

Dear Lender:

Re: Syndicated Mortgage Loan (“Progress Loan”) made to Empire Pace (1088 Progress) Ltd. (“Borrower”) pursuant to a loan agreement dated July 31, 2012 in respect of property located at 1088 Progress Avenue, Scarborough, ON (“Progress Project”)

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 Law Professional Corporation (collectively, “**Sorrenti**”) relating to Sorrenti’s trusteeship and administration of syndicated mortgage loans 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 (“**Representative Counsel**”) to persons who made loans through the syndicated mortgage loans administered by Sorrenti.

We are writing to you in our capacity as Trustee regarding the syndicated mortgage loan made by you and other syndicated mortgage lenders (collectively, the “**Progress SMLs**”) to Sorrenti in respect of the Progress Project and further to our notice dated January 14, 2022 (“**Notice**”).

As was advised in the Notice, the Borrower and the Trustee entered into a listing agreement with Lennard Commercial Realty (“**Listing Agent**”) with respect to the sale of phase 2 of the Progress Project (“**Progress Property**”). Following a comprehensive sale process conducted by the Listing Agent, the Borrower entered into and executed an agreement of purchase and sale (“**APS**”) with a third-party purchaser, Everest Development Group of Companies¹ (“**Original Purchaser**”), in respect of the Progress Property. The Notice also advised that the APS requires the Trustee and Olympia Trust Company (“**OTC**”) to discharge the mortgage in respect of the Progress Loan registered on title to the Progress Property (“**Progress Mortgage**”) upon receipt of the portion of the purchase price set out in the APS that is in excess of: (i) the amounts owed under the Cameron Stephens Mortgage Capital Ltd.

¹ The Original Purchaser agreed with the Borrower to assign the Original Purchaser’s rights under the APS to Lawrence Towers LP (the “Purchaser”), pursuant to section 6.5 of the APS.



(“**Cameron Stephens**”) mortgage, and (ii) reasonable and documented costs properly incurred to effect the closing of the sale transaction (“**Sale Transaction**”) in respect of the Progress Property.

Court Approval

On January 31, 2022, the Borrower sought and obtained an Order, the Progress Approval and Vesting Order that, among other things:

- a) Approved the Sale Transaction and the execution of the Sale Transaction by the Borrower and the Purchaser;
- b) Authorized and directed the Borrower, the Purchaser, the Trustee and OTC to take such additional steps and execute such additional documents as may be necessary for the completion of the Sale Transaction; and
- c) Vested all of the Borrower’s right, title and interest in and to the Progress Property in a nominee of the Original Purchaser, free and clear of and from any and all claims.

Impact of the Sale Transaction on the Progress SMLs

The Sale Transaction closed on March 11, 2022, at a purchase price of \$14 million and the Progress Mortgage was discharged from title to the Progress Property. The proceeds from the Sale Transaction were allocated for distribution as follows:

- a) Approximately \$300,000 in respect of real estate agent commissions, closing adjustments and legal fees;
- b) Approximately \$7.2² million to Cameron Stephens, as first priority mortgagee; and
- c) The remaining proceeds of approximately \$6.5 million to the Trustee (“**Residual Proceeds**”), on behalf of the Progress SMLs.

² Includes approximately \$147,000 paid to Cameron Stephens by a company controlled by certain principals of the Borrower to keep the Cameron Stephens mortgage in good standing pending closing of the Sale Transaction. Such payments represented the December 2021, January 2022 and February 2022 interest and loan extension fees due to Cameron Stephens. The Trustee agreed that this amount would be repaid from the proceeds of the sale of the Progress Property in priority to amounts that would otherwise be payable to the Trustee as the Cameron Stephens mortgage ranked in priority to the Progress Mortgage.



The Residual Proceeds represent a recovery on principal of approximately 37.7%, or 56.8% when accounting for previously paid interest of approximately \$3,341,469.

While the proceeds from the Sale Transaction is the primary recovery available to the Progress SMLs, the Trustee understands that the Borrower has other remaining sundry assets. The Borrower, in consultation with the Trustee, is in the process of attempting to realize on such assets, including certain cash collateral posted in respect of letters of credit issued to the City of Toronto, potential HST refunds and three parking spaces remaining unsold from phase 1 of the Progress Project. The net proceeds of such realizations, if any, would also be payable to the Trustee, on behalf of the Progress SMLs, however, the quantum and timing of such recovery is unknown at this time.

Distribution to Progress SMLs

As was advised in the Notice, the Trustee initially intended to return to Court at the end of February 2022 for its next Omnibus Motion. As the Sale Transaction closing was delayed, the Trustee deferred its February 2022 motion to April 12, 2022 (the “**April Omnibus Hearing**”).

At the April Omnibus Hearing, the Trustee intends to recommend that the Court approve a reduction in the amount retained by the Trustee from Realized Property (as defined in the Appointment Order) to fund the cost of the Sorrenti proceedings (the “**Administrative Holdback**”), which is currently set at 50% of all Realized Property, in accordance with the Order issued by the Court on May 5, 2020. The Trustee will issue a notice to the Progress SMLs once the April Omnibus Hearing motion materials are served, which will contain, among other items, details of the quantum of the proposed Administrative Holdback.

As the April Omnibus Hearing is scheduled to take place shortly, in order to avoid the cost of multiple distributions within a matter of weeks of one another, it is the Trustee’s intention to make a single pro rata distribution of the Residual Proceeds to the Progress SMLs, net of the amended Administrative Holdback, following the April Omnibus Hearing.



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

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

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
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 5:

Notice to Unionvillas Syndicated Mortgage Loan Investors dated June 7, 2021



June 7, 2021

Dear Lender:

Re: Syndicated Mortgage Loans made to Sunrise Acquisitions (Hwy 7) Inc. (“Borrower”) in respect of certain properties located at Highway 7 East in Markham, ON (“Unionvillas Project”)

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 Law Professional Corporation (collectively, “**Sorrenti**”) relating to Sorrenti’s trusteeship and administration of syndicated mortgage loans 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 (“**Representative Counsel**”) to persons who made loans through the syndicated mortgage loans administered by Sorrenti.

We are writing to you in our capacity as Trustee regarding the syndicated mortgage loan made by you and other syndicated mortgage lenders (collectively, “**Unionvillas SMLs**”) to Sorrenti in respect of the Unionvillas Project and further to our third report to Court dated April 23, 2021 (“**Third Report**”). A copy of the Third Report is available on the Trustee’s website at <http://faanmortgageadmin.com>.

The purpose of this notice is to advise of enforcement steps taken by a priority lender in respect of the Unionvillas Project since the date of the Third Report.

Secured Loans made to the Borrower

The Borrower is indebted to the Unionvillas SMLs in the principal amount of \$8 million. As at May 31, 2021, the total amount owing to the Unionvillas SMLs is approximately \$10.7 million, including approximately \$2.7 million of unpaid interest.

In addition to the registered charge in favour of Sorrenti securing its syndicated mortgage loan, there are two prior ranking charges registered on title to the unsold units in 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 May 10, 2021



there was approximately \$1.1 million owing to KingSett in respect of its construction loans and approximately \$823,000 owing in respect of its loan securing certain letters of credit (collectively, the “**KingSett Debt**”).

Information Challenges

As was detailed in the Trustee’s Third Report, since the Trustee’s appointment, the Borrower has repeatedly advised the Trustee that the Unionvillas SMLs would recover, at a minimum, all of their principal advances made to the Borrower.

On March 10, 2021, the Borrower requested a meeting with the Trustee, at which time a recovery analysis was provided, which indicated for the first time that the Unionvillas SMLs would suffer a significant shortfall on their principal advances. The Borrower did not provide a plausible explanation for the sudden and marked decrease in the expected recovery.

On March 11, 2021, the Trustee sent an email to the Borrower, which was followed up by a letter from the Trustee’s legal counsel to legal counsel to the Borrower on March 14, 2021 (“**March 14th Letter**”). The March 14th Letter, among other things, required that the Borrower refrain from completing any further unit closings without the consent of the Trustee and requested information and documents, including, but not limited to, the Borrower’s general ledger, closing documents for completed unit sales, bank statements and copies of related cheques, priority mortgagee loan statements, and information related to letters of credit held by the City of Markham and Tarion Warranty Corporation (“**Tarion**”).

Although the Borrower provided some of the requested information, the Borrower failed to provide several pieces of requested documentation, including one of the most important documents, the general ledger. The general ledger is necessary to review the transaction history of the Borrower including a review of its financial activity and sources and uses of cash. The Borrower also did not provide, among other things, requested information concerning the status of the remaining residential units, cheque copies, and the letters of credit held by the City of Markham and Tarion. As a result, the Trustee, as a Court Officer, has significant concerns with the Borrower’s lack of transparency.

Borrower’s Remaining Assets

The Trustee understands that the remaining assets of the Borrower include five residential units in the Unionvillas Project (“**Remaining Units**”). Each of the five Remaining Units appears to be subject to an executed agreement of purchase and sale that has an unusually large deposit, which collectively total \$2.575 million (“**Deposits**”). In most cases, the applicable Deposit is equal to approximately 50% of the proposed selling price, and at least four of the five Remaining Units that are subject to an executed agreement of purchase and



sale are with parties related to the Borrower. The Borrower has advised the Trustee that the Deposits have been used by the Borrower, though no support or proper accounting has been provided to the Trustee despite the Trustee's request for same.

Based on the Court materials filed by KingSett in connection with the Receivership Application (as defined and discussed below) and the recent information provided by the Borrower, the Trustee understands that the proceeds of sale of the Remaining Units would be sufficient to satisfy the KingSett Debt in full.

Enforcement Steps Taken By KingSett

On May 1, 2021, the Borrower failed to make its required interest payment to KingSett, thereby defaulting under the terms of its loan commitment with KingSett and related security. Following the default, KingSett declared the entire amount of its indebtedness as due and payable. On May 11, 2021, KingSett delivered both a demand letter to the Borrower demanding that its indebtedness be repaid in full by no later than May 21, 2021 and a notice of intention to enforce its security under section 244 of the *Bankruptcy and Insolvency Act*.

On May 28, 2021, the Trustee was served with materials in respect of an application brought by KingSett seeking the appointment of a receiver by the Court over the Borrower and its assets ("**Receivership Application**"). The hearing for this matter is scheduled to take place on June 9, 2021.

The syndicated mortgage loan administered by Sorrenti in connection with the Unionvillas Project and related security are subject to a standstill agreement in favour of KingSett executed by Sorrenti and, as a result, the Trustee is contractually prohibited from taking any enforcement steps of its own without KingSett's consent. Accordingly, the Trustee has been in frequent communication with KingSett, the proposed receiver, and their respective counsel regarding the status of the Unionvillas Project, including with respect to the Receivership Application, and the Trustee is of the view that the appointment of a receiver is in the best interest of the Unionvillas SMLs in the circumstances. In particular, the Trustee is of the view that the appointment of a receiver will assist in maximizing value with respect to the disposition of the Remaining Units and will result in greater transparency through the receiver taking possession of and reviewing the financial records of the Borrower. Accordingly, on June 1, 2021, the Trustee wrote a letter to KingSett in support of its Receivership Application, which was filed by KingSett with the Court. If a receiver is appointed, the Trustee intends to continue working collaboratively with KingSett and the receiver to maximize value for the benefit of all stakeholders, including the Unionvillas SMLs.

Should the KingSett Debt be repaid, the residual proceeds of disposition of the Remaining Units (as well as any other amounts that may be recovered by the receiver) would be paid to



the Trustee, on behalf of the Unionvillas SMLs. It is unknown at this time what the recovery will be for the Unionvillas SMLs, including the timing and quantum thereof. However, as noted above, a significant shortfall on the principal balance of the loan is anticipated.

The Trustee intends to keep you informed of material developments related to these matters.

Should you have any questions at this time, our contact information is shown below (if you contact us, please reference **Unionvillas 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 **Unionvillas Project**):

Email: Sorrentiinvestors@Chaitons.com

Toll-Free Telephone Number: **1-833-777-0037**

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
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 6:

Notice to Unionvillas Syndicated Mortgage Loan Investors dated June 17, 2021



June 17, 2021

Dear Lender:

Re: Syndicated Mortgage Loans made to Sunrise Acquisitions (Hwy 7) Inc. (“Borrower”) in respect of certain properties located at Highway 7 East in Markham, ON (“Unionvillas Project”)

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 Law Professional Corporation (collectively, “**Sorrenti**”) relating to Sorrenti’s trusteeship and administration of syndicated mortgage loans 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 (“**Representative Counsel**”) to persons who made loans through the syndicated mortgage loans administered by Sorrenti.

We are writing to you in our capacity as Trustee regarding the syndicated mortgage loan made by you and other syndicated mortgage lenders (collectively, “**Unionvillas SMLs**”) to Sorrenti in respect of the Unionvillas Project.

The purpose of this notice is to provide an update regarding the enforcement steps taken by the first priority mortgagee, KingSett Mortgage Corporation (“**KingSett**”) and is further to our notice of June 7, 2021 (“**Notice**”).

As was advised in the Notice, on June 7, 2021, the Trustee was served with materials in respect of an application by KingSett seeking the Court appointment of a receiver (“**Receivership Application**”) over the Borrower and its assets. The Trustee was of the view that the appointment of a receiver was in the best interest of the Unionvillas SMLs. Accordingly, on June 1, 2021, the Trustee wrote a letter to KingSett in support of its Receivership Application, which was filed by KingSett with the Court.

As set out in greater detail in the Notice, based on the Court materials filed by KingSett in connection with the Receivership Application and information provided by the Borrower, the Trustee understands that there are five remaining residential units in the Unionvillas Project (“**Remaining Units**”) and that proceeds of sale of the Remaining Units would likely be sufficient to satisfy the KingSett debt in full.

Since the date of the Notice, the Receivership Application was granted and the Court issued an order dated June 9, 2021 appointing KSV Restructuring Inc. as receiver and manager (“**Receiver**”) of the Borrower and its property and assets, including the Remaining Units (“**Receivership Order**”).

Should the KingSett debt (after accounting for the costs of realization, including all costs of the Receiver and its counsel) be repaid, the residual proceeds of disposition of the Remaining Units (as



well as any other amounts that may be recovered by the Receiver) would be paid to the Trustee, on behalf of the Unionvillas SMLs. It remains unknown at this time what the recovery will be for the Unionvillas SMLs, including the timing and quantum thereof. However, a significant shortfall on the principal balance of the loan is anticipated.

The Trustee intends to continue to work collaboratively with KingSett and the Receiver to maximize value for the benefit of all stakeholders, including the Unionvillas SMLs.

We will keep you informed of material developments related to these matters. Information pertaining to the receivership proceedings, including a copy of the Receivership Order, can be accessed on the Receiver's website at: <https://www.ksvadvisory.com/insolvency-cases/case/sunrise-acquisitions>.

Should you have any questions at this time, our contact information is shown below (if you contact us, please reference **Unionvillas 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 **Unionvillas Project**).

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

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
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:

**Notice to Unionvillas Syndicated Mortgage Loan Investors dated September 27,
2021**



September 27, 2021

Dear Lender:

Re: Syndicated Mortgage Loans made to Sunrise Acquisitions (Hwy 7) Inc. ("Borrower") in respect of certain properties located at Highway 7 East in Markham, ON ("Unionvillas Project")

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 Law Professional Corporation (collectively, "**Sorrenti**") relating to Sorrenti's trusteeship and administration of syndicated mortgage loans 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 ("**Representative Counsel**") to persons who made loans through the syndicated mortgage loans administered by Sorrenti.

We are writing to you in our capacity as Trustee regarding the syndicated mortgage loan made by you and other syndicated mortgage lenders (collectively, "**Unionvillas SMLs**") to Sorrenti in respect of the Unionvillas Project.

The purpose of this notice is to provide an update regarding the Unionvillas Project, specifically with respect to the sale of Lot 43, one of the Remaining Units (as defined below), and is further to our notice of June 17, 2021 ("**Notice**").

As was advised in the Notice, on June 9, 2021, the Court issued an order appointing KSV Restructuring Inc. as receiver and manager ("**Receiver**") of the Borrower and its property and assets, including the five remaining residential units in the Unionvillas Project ("**Remaining Units**"). As was previously advised, in addition to the registered charge in favour of Sorrenti securing its syndicated mortgage loan, there are two prior ranking charges registered on title to the Remaining Units in favour of KingSett Mortgage Corporation ("**KingSett**"), which relate to the construction financing for the Unionvillas Project. The Trustee understands that as of May 10, 2021, KingSett was owed approximately \$1.95 million ("**KingSett Debt**").



Sale of Lot 43

On September 3, 2021, the Receiver served materials in connection with a motion seeking, among other things, Court approval of (i) an agreement of purchase and sale that the Receiver entered into with respect to Lot 43 (“**Sale Transaction**”), and (ii) the distribution of proceeds from the Sale Transaction. The Receiver’s motion materials, including its second report to Court dated September 3, 2021 (“**Report**”), are available on the Receiver’s website at: <https://www.ksvadvisory.com/insolvency-cases/case/sunrise-acquisitions>.

In the Report, the Receiver provided details regarding the sale process leading to the Sale Transaction, including the following:

- i) The Receiver retained a real estate agent (“**Listing Agent**”) to list Lot 43 for sale;
- ii) As part of the marketing process, Lot 43 was marketed by e-mail to the Listing Agent’s database of over 10,000 parties and was posted on the Toronto Real Estate Board Multiple Listing Services;
- iii) The Listing Agent received two offers for Lot 43; and
- iv) The highest and best offer received by the Listing Agent for the sale of Lot 43 was for a purchase price of \$1.29 million (the “**Offer**”). After consulting with KingSett and the Trustee, the Offer was accepted by the Receiver, subject to Court approval.

On September 13, 2021, the Court issued an order, which among other things, approved the Sale Transaction and the distribution of the sale proceeds as follows: first, to the Listing Agent in respect of its commission, and, second, to KingSett in respect of the KingSett Debt. In the Report, the Receiver estimated that there would be approximately \$1 million available for distribution to KingSett after the payment of closing costs, including remitting HST in connection with the Sale Transaction.

Status of the Four Remaining Units

As was previously advised, the Remaining Units (with the exception of Lot 43) are subject to executed purchase and sale agreements. These sale agreements, which are between the Borrower and parties related to the Borrower, contemplate unusually high deposits (in some cases exceeding 50% of the total purchase price). The Receiver’s mandate includes the investigation of these alleged sales. In the Report, the Receiver advised that its investigation remains ongoing and that it is awaiting receipt of certain information from the Borrower or the Borrower’s bank.



The Trustee understands that, once the Receiver's investigation is complete, the Receiver will file a report with the Court outlining the results of its investigation and recommending next steps to be taken by the Receiver. The Trustee intends to engage with the Receiver with respect to its findings, once available.

The Trustee further understands that, should the balance of the KingSett Debt be repaid in full, the residual net proceeds of disposition from the four remaining units (as well as any other amounts that may be recovered by the Receiver) would be repaid to the Trustee, on behalf of the Unionvillas SMLs, subject to the payment of certain costs relating to the administration of the receivership proceedings. It is unknown at this time what the recovery will be for the Unionvillas SMLs, including the timing and quantum thereof. However, as previously advised, a significant shortfall on the principal balance of the syndicated mortgage loan made to the Borrower is anticipated.

We will keep you informed of material developments related to these matters.

Should you have any questions at this time, our contact information is shown below (if you contact us, please reference **Unionvillas 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 **Unionvillas Project**):

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

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
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 8:

**Notice to Unionvillas Syndicated Mortgage Loan Investors dated November 5,
2021**



November 5, 2021

Dear Lender:

Re: Syndicated Mortgage Loan (“Loan Agreement”) made to Sunrise Acquisitions (Hwy 7) Inc. (“Borrower”) in respect of certain properties located at Highway 7 East in Markham, ON (“Unionvillas Project”)

As you are aware, on September 30, 2019, pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) (“**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 Law Professional Corporation (collectively, “**Sorrenti**”) relating to Sorrenti’s trusteeship and administration of syndicated mortgage loans 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 (“**Representative Counsel**”) to persons who made loans through the syndicated mortgage loans administered by Sorrenti.

We are writing to you in our capacity as Trustee regarding the syndicated mortgage loan (“**Sorrenti Loan**”) made by you and other syndicated mortgage lenders (collectively, “**Unionvillas SMLs**”) through Sorrenti in respect of the Unionvillas Project and further to our notice dated September 27, 2021 (“**Notice**”).

The purpose of this notice is to provide an update regarding the Unionvillas Project, specifically with respect to the Remaining Units (as defined below).

As was advised in the Notice, on June 9, 2021, the Court issued an order appointing KSV Restructuring Inc. as receiver and manager (“**Receiver**”) of the Borrower and its property and assets, including the five remaining residential units in the Unionvillas Project. As was previously advised, in addition to the registered charge in favour of Sorrenti securing the Sorrenti Loan, there are two charges in favour of KingSett Mortgage Corporation (“**KingSett**”), which rank in priority to the Sorrenti Loan.

On September 13, 2021, an Order was granted approving the sale of Lot 43 (“**Lot 43**”), being one of the five remaining units, to a third-party purchaser. On September 28, 2021, the Lot 43 transaction closed, and the Receiver distributed \$1 million to KingSett from the closing proceeds.

As set out in the Receiver's Third Report (as defined below), the Borrower's remaining indebtedness to KingSett is approximately \$1.1 million (including accrued interest and costs) ("**KingSett Debt**"), which relates primarily to a letter of credit ("**LC**") posted in favour of the City of Markham ("**City**") in connection with the Unionvillas Project. The Receiver further advised that \$823,000 is being held by the City as cash collateral in connection with the LC, which amount would be refundable to the Borrower absent a claim by the City under the LC. It is unknown at this time whether any claims will be made against those funds.

Following the closing of the Lot 43 transaction, the remaining real property owned by the Borrower is comprised of four townhome units ("**Remaining Units**").

Status of the Remaining Units

On October 20, 2021, the Receiver served materials in connection with a motion seeking, among other things, Court approval of: (i) a sale process to be commenced for the Remaining Units; (ii) the termination of the existing purchase and sale agreements that the Remaining Units are subject to ("**PSAs**"); (iii) the Receiver entering into and completing sale transactions for the Remaining Units without seeking further approval of the Court; and (iv) the distribution of the proceeds to be realized from the Remaining Units, first to the realtor to be engaged by the Receiver, second to KingSett, and third to the Trustee on behalf of the Unionvillas SMLs (after the KingSett Debt has been paid in full), subject to the payment of certain costs relating to the administration of the receivership proceedings. The Receiver's motion materials, including its third report to Court dated October 20, 2021 ("**Third Report**"), are available on the Receiver's website at: <https://www.ksvadvisory.com/insolvency-cases/case/sunrise-acquisitions>.

In the Third Report, the Receiver provided information in support of its request for its orders, including the following:

- i) details of the PSAs, including the reasons the Receiver recommended that the PSAs be terminated, repudiated and/or disclaimed ("**Disclaimers**");
- ii) a summary of the proposed Sale Process (as defined below) for the Remaining Units.
- iii) an update on the Receiver's investigation relating to the Borrower, the principals of the Borrower and the Unionvillas Project.

The Third Report advised that the four PSAs are between the Borrower and the spouses of the Borrower's principals ("**Spouses**"), each at a purchase price of \$950,000 which the Receiver advised is significantly below their current market value. The PSAs contain terms

which required unusually high deposits (\$500,000 for each Remaining Unit), as discussed further below, along with a requirement for payment of monthly occupancy fees (“**Occupancy Fees**”) to the Borrower until the sale transaction closes, which Occupancy Fees to the Receiver’s knowledge were not paid.

Sale Process for the Remaining Units

The Receiver advised in its Third Report that it intends to list the Remaining Units for sale with a commercial realtor (“**Listing Agent**”) at prices similar to Lot 43, which sold for \$1.29 million. The Listing Agent will, among other things, (i) prepare a brochure for each of the Remaining Units; (ii) post each unit on the Toronto Real Estate Board Multiple Listing Services (MLS); and (iii) hold open houses (“**Sale Process**”). The Receiver further sought authority from the Court to complete transactions for the Remaining Units, without seeking further approval of the Court, provided the Receiver is satisfied with the purchase prices and other terms of the transactions and receives consent from KingSett (only until KingSett has been repaid in full), and the Trustee.

Results of the Receiver’s Investigation

The Receiver is in the process of investigating the Borrower, the principals of the Borrower and the circumstances surrounding the Unionvillas Project. In its second report to Court, the Receiver advised that its investigation remained ongoing and that it was awaiting receipt of certain information from the Borrower or the Borrower’s bank.

After the issuance of its second report, the Receiver was provided with the requested information that the Borrower’s bank had in its possession (“**Bank Information**”). Based on its review of the Bank Information and a review of the Borrower’s unaudited general ledger, the Receiver uncovered several material issues of concern, which are outlined in detail in the Third Report.

The Receiver’s key findings include, among other things, the following:

- a) the Borrower appears to have paid related companies and persons, including the principals of the Borrower (collectively, the “**Sunrise Parties**”) a net amount of \$11.4 million, which appears to be in contravention of the Loan Agreement and KingSett’s commitment letter;
- b) the Borrower appears to have deliberately attempted to mislead the Receiver’s investigation by providing inaccurate and incomplete information, including by making it appear in its general ledger that the Sunrise Parties received significantly less money from the Borrower;

- c) the PSAs contain deposits of \$500,000 each, which is more than 50% of the total purchase price (“**Deposits**”), while the balance of the purchase and sale agreements for the Unionvillas Project had deposits which ranged from \$100,000 to \$200,000;
- d) the Deposits were all funded by one of Borrower’s principals rather than the Spouses. Further, the Receiver noted that it was of the view that the Deposits were actually equity contributions required by the principals to fund construction as a result of having previously paid out the significant sums to related parties as noted above; and
- e) the Spouses appear to have breached the terms of their PSAs by not paying the required Occupancy Fees to the Borrower while personally benefiting for a period of beyond one year from rent payments they collected pursuant to lease agreements they entered into with respect to the Remaining Units.

Court Approval

After the Receiver served its materials, counsel to the Spouses advised the Receiver that they were of the view that the Deposits should be withheld from the sale proceeds from the Remaining Units and returned to them. As a result of discussions among the parties and in the interest of commencing the Sale Process as soon as possible, the relief sought by the Receiver was modified to require the Receiver to hold \$500,000 from the sale of each of the Remaining Units (\$2 million in total) in its trust account until the dispute regarding the Spouses’ entitlement to the Deposits is resolved (“**Deposit Holdback**”). Should it be resolved in favour of the Receiver, those funds would also be available for distribution by the Receiver.

On October 27, 2021, the Court issued an order, which among other things, approved the Disclaimers, the Sale Process for the Remaining Units and the Deposit Holdback.

Next Steps

Once the balance of the KingSett Debt is repaid in full, the residual proceeds of disposition from the Remaining Units, net of the Deposit Holdback and the payment of certain costs relating to the administration of the receivership proceedings, will be paid to the Trustee, on behalf of the Unionvillas SMLs.

It continues to be unknown at this time what the recovery will be for the Unionvillas SMLs, including the timing and quantum thereof. However, as previously advised, a significant shortfall on the principal balance of the syndicated mortgage loan made to the Borrower is anticipated.

In light of its investigation, the Receiver, in consultation with the Trustee, is considering next



steps with respect to the funds paid to the Sunrise Parties. Such steps may include, but are not limited to, potential actions against the principals of the Borrower and the other Sunrise Parties. The Receiver advised that it intends to file a further report in this regard.

The Trustee will keep you informed of material developments related to these matters.

Should you have any questions at this time, our contact information is shown below (if you contact us, please reference **Unionvillas 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 **Unionvillas Project**):

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

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
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 9:

Notice to Unionvillas Syndicated Mortgage Loan Investors dated March 18, 2022



March 18, 2022

Dear Lender:

Re: Syndicated Mortgage Loan made to Sunrise Acquisitions (Hwy 7) Inc. (“Borrower”) in respect of certain properties located at Highway 7 East in Markham, ON (“Unionvillas Project”)

As you are aware, on September 30, 2019, pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (“**Court**”) (“**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 Law Professional Corporation (collectively, “**Sorrenti**”) relating to Sorrenti’s trusteeship and administration of syndicated mortgage loans 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 (“**Representative Counsel**”) to persons who made loans through the syndicated mortgage loans administered by Sorrenti.

We are writing to you in our capacity as Trustee regarding the syndicated mortgage loan (“**Sorrenti Loan**”) made by you and other syndicated mortgage lenders (collectively, “**Unionvillas SMLs**”) through Sorrenti in respect of the Unionvillas Project and further to our notice dated November 5, 2021 (“**Notice**”).

The purpose of this notice is to provide an update regarding the Unionvillas Project, specifically with respect to the remaining real property previously owned by the Borrower, comprised of four townhouse units (“**Remaining Units**”). The Remaining Units were each subject to agreements of purchase and sale (“**PSAs**”) between the Borrower and the spouses of the Borrower’s principals (“**Spouses**”) with unusually high deposits of \$500,000 for each of the Remaining Units (“**Deposits**”).

As was advised in the Notice, on June 9, 2021, the Court issued an order appointing KSV Restructuring Inc. as receiver and manager (“**Receiver**”) of the Borrower and its property and assets, including the Remaining Units. As was previously advised, in addition to the registered charge in favour of Sorrenti securing the Sorrenti Loan, there were two charges in favour of KingSett Mortgage Corporation (“**KingSett**”), which ranked in priority to the Sorrenti Loan.



As set out in the Receiver's third report to Court dated October 20, 2021 (the "**Third Report**"), the Borrower's remaining indebtedness to KingSett was approximately \$1.1 million (including accrued interest and costs) ("**KingSett Debt**"), which relates primarily to a letter of credit ("**LC**") posted in favour of the City of Markham ("**City**") in connection with the Unionvillas Project. The Receiver further advised that \$823,000 is being held by KingSett as cash collateral in respect of the LC issued in favour of the City, which amount would be refundable to the Receiver absent a claim by the City under the LC. It remains unknown at this time whether any claims will be made against those funds.

On October 27, 2021, an Order was granted ("**October 27th Order**") approving, among other things: (i) the termination of the PSAs; (ii) the Receiver entering into and completing sale transactions for the Remaining Units (without seeking further approval of the Court); and (iii) the requirement for the Receiver to hold \$500,000 from the sale of each of the Remaining Units (\$2 million in total) in its trust account until the dispute regarding the Spouses' entitlement to the Deposits is resolved ("**Deposit Holdback**").

Since the issuance of the Notice, the Receiver has carried out a sale process for the Remaining Units and the sale transactions in respect of all of the Remaining Units have now closed. The sale proceeds from the Remaining Units, net of commissions and other closing costs, were distributed to KingSett, as first priority mortgagee, and the remaining proceeds were held by the Receiver pending the resolution of the Spouses' entitlement to the Deposit Holdback.

Subsequent to the issuance of the October 27th Order, a timetable was established for the principals of the Borrower ("**Principals**") and the Spouses to deliver affidavit evidence to challenge or contradict the findings of the Receiver detailed in the Third Report, and as discussed in the Notice, to support an entitlement, on the part of the Spouses, to the Deposit Holdback. However, the Spouses and the Principals each failed to comply with the agreed upon timetable and filed no materials with the Court.

Accordingly, on February 25, 2022, the Receiver served motion materials, including a Supplement to the Third Report dated February 25, 2022, seeking an Order declaring that the Receiver is no longer required to maintain the Deposit Holdback. On March 10, 2022, the Court granted the Order sought by the Receiver, declaring that the Receiver was no longer obligated to maintain the Deposit Holdback and that the Receiver was authorized to distribute the Deposit Holdback in accordance with the October 27th Order.

Next Steps

As was detailed in the Notice, the Receiver's investigation uncovered several material issues of concern. In light of its investigation, the Receiver, in consultation with the Trustee, is continuing to consider next steps with respect to its findings including with respect to the



funds paid by the Borrower to related companies and persons, including the Principals (collectively the “**Sunrise Parties**”). Such steps may include, but are not limited to, potential legal actions against the Principals and the other Sunrise Parties (“**Potential Actions**”).

As the KingSett Debt has been repaid in full, it is anticipated that all residual proceeds from the Remaining Units net of a provision for certain administrative costs and costs related to the Receiver’s Potential Actions will be paid to the Trustee, on behalf of the Unionvillas SMLs, in the near term. The Trustee is working with the Receiver to determine the amount of the funds available in respect of the Sorrenti Loan and ultimately for the Unionvillas SMLs.

The Trustee will keep you informed of material developments related to these matters.

Should you have any questions at this time, our contact information is shown below (if you contact us, please reference the **Unionvillas 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 **Unionvillas Project**):

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

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
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 10:
Sutton Statement of Claim



Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

Electronically issued : 17-Nov-2021
Délivré par voie électronique : 17-Nov-2021
Toronto

B E I W E I N :

(Court Seal)

FAAN MORTGAGE ADMINISTRATORS INC. IN ITS CAPACITY AS COURT-
APPOINTED TRUSTEE OF DEREK SORRENTI AND SORRENTI PROFESSIONAL LAW
CORPORATION UNDER SECTION 49.47 OF THE *LAW SOCIETY ACT*, RSO 1990, c. L.8
AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, RSO 1990, c. C.43

Plaintiff

- and -

ADI DEVELOPMENTS (LINK) INC., ADI DEVELOPMENT GROUP INC. and
2396674 ONTARIO LIMITED

Defendants

STATEMENT OF CLAIM

TO THE DEFENDANTS

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the Plaintiff.
The Claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a Statement of Defence in Form 18A prescribed by the *Rules of Civil Procedure*, serve it on the Plaintiff's lawyer or, where the Plaintiff does not have a lawyer, serve it on the Plaintiff, and file it, with proof of service in this court office, **WITHIN TWENTY DAYS** after this Statement of Claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your Statement of Defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a Statement of Defence, you may serve and file a Notice of Intent to Defend in Form 18B prescribed by the *Rules of Civil Procedure*. This will entitle you to ten more days within which to serve and file your Statement of Defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY LEGAL FEES,

- 2 -

LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

TAKE NOTICE: THIS ACTION WILL AUTOMATICALLY BE DISMISSED if it has not been set down for trial or terminated by any means within five years after the action was commenced unless otherwise ordered by the court.

Date _____ Issued by _____
Local Registrar

Address of court office: Superior Court of Justice
330 University Avenue 9th
Floor Toronto, ON M5G 1R7

TO: ADI Developments (Link) Inc.
4190 South Service Road, Suite 200
Burlington ON L7L 4X5

AND TO: Adi Development Group Inc.
1100 Burloak Drive, Suite 700
Burlington ON L7L 6B2

AND TO: 2396674 Ontario Limited
4411 Millcroft Park Drive,
Burlington ON L7M 4Y7

- 3 -

CLAIM

1. The Plaintiff, FAAN Mortgage Administrators Inc. (the “**Trustee**”) in its capacity as Court-Appointed Trustee of Derek Sorrenti (“**Sorrenti**”) and Sorrenti Law Professional Corporation (“**SLPC**”), claims:

(a) As against ADI Developments (LINK) Inc. (the “**Borrower**”):

(i) Payment in respect of a debt, as of October 15, 2021:

(1) For unpaid principal of \$11,600,000 plus accrued and unpaid interest of \$5,364,355 (2012 Loan Agreement);

(2) For unpaid principal of \$7,991,000 plus accrued and unpaid interest of \$3,375,753 (2014 Loan Agreement); and

(3) Fees, costs and other allowable charges accrued or accruing, as applicable ((1), (2), (3) and the interest described in (ii) and (iii) below, collectively, the “**Indebtedness**”);

(ii) Pre-judgment interest accruing on both principal amounts pursuant to the Loan Agreements of \$4,353.56/day from October 15, 2021, to the date of judgment in accordance with the Loan Agreements and section 128(4)(g) of the *Courts of Justice Act*, RSO 1990, c C.43, as amended, or, alternatively, pre-judgment interest pursuant to section 128(1) of the *Courts of Justice Act*;

- 4 -

- (iii) Post-judgment interest accruing on both principal amounts pursuant to the Loan Agreements of \$4,353.56/day from the date of judgment to the date of payment in accordance with the Loan Agreements and section 129(5) of the *Courts of Justice Act* or, alternatively, post-judgment interest pursuant to section 129(1) of the *Courts of Justice Act*;
 - (iv) An order pursuant to section 101 of the *Courts of Justice Act* and section 243 of the *Bankruptcy and Insolvency Act* RSC, 1985, c B-3 appointing a receiver of the undertaking, assets and properties of the Borrower;
- (b) As against Adi Development Group Inc. (the “**Guarantor**”):
 - (i) Payment in respect of a debt in the amounts claimed in paragraph 1(a), above, less any amounts paid by the Borrower;
 - (ii) An order pursuant to section 101 of the *Courts of Justice Act* and section 243 of the *Bankruptcy and Insolvency Act* RSC, 1985, c B-3 appointing a receiver of the undertaking, assets and properties of the Guarantor;
- (c) As against 2396674 Ontario Limited (“**239 Ontario**”), an order pursuant to section 101 of the *Courts of Justice Act* appointing a receiver of the undertaking, assets and properties of 239 Ontario; and

- 5 -

- (d) As against the Borrower, the Guarantor and 239 Ontario:
- (i) A declaration that the Trustee is entitled to payment of the Trust Funds (defined below);
 - (ii) A declaration that the Trustee is entitled to payment of the Sutton Rent (as defined below) up to the amount of the Indebtedness;
 - (iii) An interlocutory order prohibiting the payment of the Trust Funds to anyone other than the Trustee;
 - (iv) An interlocutory order prohibiting the payment of the Sutton Rent by any of the defendants or their affiliates, agents or representatives, to anyone other than the Trustee;
 - (v) Payment of the Trust Funds to the Trustee as restitution for unjust enrichment;
 - (vi) Payment of the Sutton Rent up to the amount of the Indebtedness to the Trustee as restitution for unjust enrichment;
 - (vii) An order compelling disclosure of the Required Information (defined below);
 - (viii) The costs of this proceeding on a full indemnity basis, plus all applicable taxes; and
 - (ix) Such further and other Relief as to this Honourable Court may seem just.

- 6 -

The Parties

2. Derek Sorrenti (“**Sorrenti**”) is a lawyer licensed to practice law by the Law Society of Ontario.

3. Sorrenti carried on his professional business as Sorrenti Law Professional Corporation (“**SLPC**”).

4. Sorrenti’s professional business included acting, in his personal capacity or through SLPC, as trustee and mortgage administrator for syndicated mortgage loans in projects associated with Fortress Real Developments Inc. (“**FRDI**”) and all of its direct or indirect affiliates and any entity under common control with FRDI (collectively, “**Fortress**”). This portion of Sorrenti’s professional business is referred to as the “**SML Administration Business**”.

5. The Law Society of Ontario applied for the Trustee’s appointment under Section 49.47 of the *Law Society Act*, RSO 1990. c. L.8, as amended, and section 101 of the *Courts of Justice Act*.

6. By order dated September 30, 2019 (the “**Appointment Order**”), the Honourable Mr. Justice Hailey of the Ontario Superior Court of Justice (Commercial List) appointed the Trustee as trustee over all of the assets, undertakings and properties in the possession, power or control of Sorrenti or SLPC relating to the SML Administration Business (the “**Property**”).

7. The Property includes all of the assets in the possession or under the control of Sorrenti’s 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 syndicated

- 7 -

mortgage loan, brokers, or borrowers, in each case whether or not such property is held in trust or is required to be held in trust.

8. The Loan Agreements and the charges on title relating thereto are included in the definition of Property in the Appointment Order.

9. The defendant, ADI Developments (LINK) Inc. (the Borrower), is a corporation registered under the laws of the Province of Ontario.

10. The Borrower was formed through the amalgamation of ADI Developments (LINK) Inc. and ADI Developments Sutton Inc. (“**ADI Sutton**”).

11. The defendant, ADI Development Group Inc. (the Guarantor), is a corporation registered under the laws of the Province of Ontario.

12. The Guarantor owns the outstanding shares of the Borrower.

13. The defendant, 239 Ontario, is a wholly owned subsidiary of the Guarantor.

14. 239 Ontario is related to the Borrower.

15. Tariq Adi and Saud Adi are officers of each of the Borrower, the Guarantor and 239 Ontario.

16. Since at least August 2012, Tariq has been a director and President of the Borrower.

17. Since at least August 2012, Saud has been a director and Secretary of the Borrower.

18. Since at least August 2012, Tariq has been a director and President of the Guarantor.

- 8 -

19. Since at least August 2012, Saud has been a director and Secretary of the Guarantor.

20. Since at least August 2012, Tariq has been a director and the President of 239 Ontario.

21. Since at least August 2012, Saud has been a director and the Treasurer and Secretary of 239 Ontario.

The Sutton Project

22. The Borrower is the developer of a mixed-use real-estate development project located at 5236, 5226, 5218, 5210 Dundas Street and 2500 Burloak Drive in Burlington, Ontario (the “**Sutton Land**”).

23. The project is fully built and comprises residential condominium towers and a commercial space.

24. The Borrower sold all or almost all of its interest in the residential condominium towers to third parties.

25. The Borrower continues to own the commercial space.

26. In particular, the Borrower owns the property identified on PIN 07184-4641 and PIN 07184-4642 (collectively, the “**Sutton Project**”).

The 2012 Loan Agreement and 2012 Guarantee

27. On September 4, 2012, Sorrenti, in trust for and on behalf of certain persons/entities, and their respective successors and assigns, as lender entered into an agreement (as amended,

- 9 -

supplemented, or otherwise modified from time to time, the “**2012 Loan Agreement**”) with ADI Sutton (as borrower) and the Guarantor.

28. Pursuant to the 2012 Loan Agreement, Sorrenti agreed to advance a non-revolving loan in an amount up to and including the sum of \$11,600,000 (Section 3) (the “**2012 Loan**”) to ADI Sutton in connection with the Sutton Project.

29. Sorrenti advanced a total of \$11,600,000 to ADI Sutton in multiple tranches.

30. The interest rate on the 2012 Loan is calculated at 8% per annum, payable quarterly (Sections 5 and 6).

31. The 2012 Loan was secured in various ways (the “**2012 Security**”), including, but not limited to:

- (a) A mortgage in favour of Sorrenti registered as a charge on title to the Sutton Land that was receipted as Instrument No. HR1062915 in the initial principal amount of \$5.6 million (and subsequently increased to a principal amount of \$11.6 million pursuant to Instrument No. HR1163239 and as variously transferred, amended, supplemented, or otherwise modified from time to time, the “**2012 First Charge**”);
- (b) A mortgage in favour of Sorrenti registered as a charge on title to the Sutton Land that was receipted as Instrument No. HR1163232 in the initial principal amount of \$10.25 million (as variously transferred, amended, supplemented, or otherwise modified from time to time, the “**2012 Second Charge**”);

- 10 -

(c) A General Security Agreement (“**GSA**”) in favour of Sorrenti executed by the Borrower on September 4, 2012; and

(d) A guarantee agreement executed by the Guarantor guaranteeing the Borrower’s payment and performance of its obligations pursuant to the 2012 Loan Agreement, among other things.

32. The Borrower signed the 2012 Loan Agreement.

33. The Guarantor signed the 2012 Loan Agreement.

34. In addition, by Guarantee dated November 7, 2012 (the “**2012 Guarantee**”), the Guarantor absolutely and unconditionally guaranteed to Sorrenti the due payment and performance by the Borrower of the 2012 Loan and all other obligations pursuant to 2012 Loan Agreement, amongst other things.

35. The 2012 Loan Agreement had a maturity date of October 4, 2015, that could be extended at the Borrower’s option for an additional six months to April 4, 2016 (Section 4).

36. On July 1, 2015, the Borrower exercised its option in writing not less than three months before the original maturity date and extended that maturity date to April 4, 2016 (Section 4).

The 2014 Loan Agreement and 2014 Guarantee

37. On April 4, 2014, SLPC, in trust for and on behalf of certain persons/entities, and their respective successors and assigns, as lender entered into a second loan agreement (the “**2014 Loan Agreement**”) with the Borrower and the Guarantor.

- 11 -

38. Pursuant to the 2014 Loan Agreement, SLPC agreed to advance a non-revolving loan in an amount up to and including the sum of \$17,600,000 (Section 3) (the “**2012 Loan**”) to the Borrower in connection with the Sutton Project.

39. Sorrenti advanced a total of \$7.991 million to the Borrower in multiple tranches.

40. The interest rate on the 2014 Loan is calculated at 8% per annum, payable quarterly (Sections 5 and 6).

41. The 2014 Loan was secured in various ways (the “**2014 Security**”), including, but not limited to:

- (a) A mortgage in favour of SLPC registered as a charge on title to the Sutton Land that was receipted as Instrument No. HR1174204 in the initial principal amount of \$3.5 million (and subsequently increased to a principal amount of \$8 million pursuant to Instrument No. HR1262284 and as variously transferred, amended, supplemented, or otherwise modified from time to time, the “**2014 Charge**”);
- (b) A GSA in favour of SLPC executed by the Borrower on April 4, 2014 (as amended or otherwise modified from time to time, the “**2014 GSA**”); and
- (c) A guarantee agreement executed by the Guarantor guaranteeing the Borrower’s payment and performance of its obligations pursuant to the 2014 Loan Agreement, among other things.

42. The Borrower signed the 2014 Loan Agreement.

- 12 -

43. The Guarantor signed the 2014 Loan Agreement.

44. In addition, by Guarantee dated April 4, 2014 (the “**2014 Guarantee**”), the Guarantor absolutely and unconditionally guaranteed to Sorrenti the due payment and performance by the Borrower of all covenants and obligations in the 2014 Charge, amongst other things.

45. The 2014 Loan Agreement had a maturity date of April 4, 2016 (Section 4).

The 2012 and 2014 Loan Agreements Are In Default and the Indebtedness Has Not Been Repaid

46. The Borrower did not pay the Indebtedness.

47. The Borrower breached the 2012 Loan Agreement by failing to pay the accrued interest, principal and other amounts owing on the maturity date (April 4, 2016).

48. For example, the Borrower breached Section 8 of the 2012 Loan Agreement, which required repayment of the outstanding loan principal together with accrued interest and all other amounts due and owing on the maturity date.

49. The Borrower breached the 2014 Loan Agreement by failing to pay the accrued interest, principal and other amounts owing on the maturity date (April 4, 2016).

50. For example, the Borrower breached Section 8 of the 2014 Loan Agreement, which required repayment of the outstanding loan principal together with accrued interest and all other amounts due and owing on the maturity date.

- 13 -

51. As of October 15, 2021, the Borrower was indebted:
- (a) To Sorrenti under the 2012 Loan Agreement for the principal amount of \$11,600,000 plus accrued and unpaid interest of \$5,364,355;
 - (b) To SLPC under the 2014 Loan Agreement for the principal amount of \$7,991,000 plus accrued and unpaid interest of \$3,375,753; and
 - (c) To both Sorrenti and SLPC for additional interest, fees, costs and other allowable charges accrued or accruing, as applicable ((a), (b) and (c) are the Indebtedness).
52. Interest continues to accrue pursuant to the terms of the Loan Agreements.

The Trustee's Demand and Section 244 Notice

53. On October 19, 2021, the Trustee sent a written demand to the Borrower for payment of the Indebtedness.
54. The Trustee delivered a copy of the October 19, 2021 demand letter to the Guarantor and noted that the Guarantor had guaranteed all of the Borrower's obligations under the Loan Agreements, including in the 2012 Guarantee and the 2014 Guarantee.
55. Concurrently, the Trustee delivered to the Borrower a Notice of Intention to Enforce a Security pursuant to section 244 of the *Bankruptcy and Insolvency Act* (the "**244 Notice**").
56. More than ten days have passed since the 244 Notice was delivered to the Borrower.
57. The Borrower has not repaid the Indebtedness.

- 14 -

The Outstanding Debt under the Guarantees

58. On November 15, 2021, the Trustee demanded from the Guarantor payment of the Indebtedness.

59. The Guarantor has not repaid the Indebtedness.

60. By failing to repay the Indebtedness, the Guarantor has breached the Loan Agreements, the 2012 Guarantee and the 2014 Guarantee.

Withheld Trust Funds

61. Shortly after the Appointment Order, the Borrower asked the Trustee for partial discharges in connection with the sale of various condominium units to third party purchasers.

62. The Trustee agreed to provide the requested discharges on the condition that the Borrower's legal counsel hold the net closing proceeds in trust pending the consent of the Trustee to the release of same.

63. As of September 27, 2021, the Borrower's real estate counsel, Spadafora and Murphy LLP, was holding \$2,618,342.84 in trust as proceeds of such sales (the "**Trust Funds**").

64. The Trustee is the first-ranking secured creditor of the Borrower and has a first-priority claim to the Trust Funds and the proceeds of sale of all other property of the Borrower.

65. On October 19, 2021, the Trustee demanded that the Borrower transfer, or cause to be transferred, the Trust Funds to the Trustee.

- 15 -

66. Paragraph 11 of the Appointment Order requires all persons to deliver to the Trustee any and all monies held in trust that are related to the SML Administration Business.
67. The defendants have not transferred the Trust Funds to the Trustee.
68. The defendants have been enriched by receipt of the Trust Funds.
69. The defendants have not released the Trust Funds to the Trustee.
70. The Trustee has been deprived payment of the Trust Funds.
71. There is no juristic reason for the defendants to retain the Trust Funds.

Diversion of Rental Income

72. The Borrower owns the Sutton Project.
73. 239 Ontario does not own the Sutton Project.
74. The majority of the units in the Sutton Project have been leased (the “**Sutton Leases**”) by various tenants (the “**Sutton Tenants**”).
75. 239 Ontario signed the Sutton Leases in trust for the Borrower.
76. 239 Ontario has received rental payments from the Sutton Tenants (the “**Sutton Rent**”).
77. On October 19, 2021, the Trustee asked the Borrower and any of its representatives, including its counsel, to hold in trust all rent and other amounts relating to the Sutton Project

- 16 -

received by them or coming into any of their possession or control until the Trustee has given its consent to a release of any such funds.

78. The Borrower has not confirmed that it or 239 Ontario is holding in trust any amounts received relating to the Sutton Project.

79. The defendants have been enriched by receipt of the Sutton Rent.

80. The defendants have not released the Sutton Rent to the Trustee.

81. The Trustee has been deprived payment of the Sutton Rent.

82. There is no juristic reason for the defendants to retain the Sutton Rent.

The Borrower and Guarantor's Breaches by Failing to Provide Required Information

83. The Borrower and the Guarantor are contractually obliged to provide certain financial information to the Trustee, including pursuant to Subsection 14(t) of the 2012 Loan Agreement, Section 14(t) of the 2014 Loan Agreement, and, with respect to the Guarantor, Sections 13(a) and (b) of the 2012 Guarantee (collectively, the "**Disclosure Provisions**").

84. In addition, the Borrower and Guarantor are obliged by sections 4, 6 and 7 of the Appointment Order to cooperate with and provide information to the Trustee.

85. The Borrower and the Guarantor have breached the Disclosure Provisions.

- 17 -

86. Despite requests by the Trustee, the Borrower and Guarantor have failed to provide:
- (a) Copies of the Sutton Leases between the Borrower and any current and former Sutton Tenants, together with any amendments, renewals, and other documents relating thereto;
 - (b) Details and supporting documentation in respect of all Sutton Tenants' accommodations or rent subsidy programs that affect or modify any of the Leases;
 - (c) A summary of receipts and disbursements with respect to the Borrower's owned retail space, including the rent collected from the Sutton Tenants from the first occupation to date, details regarding how any such funds have been used, and the balance of funds remaining in the Borrower's possession or control;
 - (d) Copies of the Borrower's bank statement(s) for all of its bank(s) and account(s);
 - (e) Details regarding the Borrower's efforts to sell the Sutton Project;
 - (f) Year-to-date financial statements for the Guarantor and each of its subsidiaries;
 - (g) Financial statements for the Borrower for its fiscal year ended 2020 as well as year-to-date financial statements for 2021;
 - (h) Details (including municipal address and PINs) for all real property and projects owned by any of the Guarantor or its subsidiaries;
 - (i) Appraisals for all real property and projects owned by any of the Guarantor or its subsidiaries; and

- 18 -

- (j) Details and supporting documentation regarding the development and/or construction status of each project owned by any of the Guarantor or its subsidiaries (collectively, (a) to (j) is the “**Required Information**”).

87. Despite repeated requests, and the Trustee’s willingness to enter into a confidentiality agreement at the request of the Guarantor, which was executed on December 8, 2020, the Borrower and the Guarantor have failed to provide the Required Information.

Place of Trial

88. The Plaintiff proposes that this action be tried at Toronto, Ontario.

November 17, 2021

OSLER, HOSKIN & HARCOURT LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Michael De Lellis (LSO# 48038U)
Tel: 416.862.5997
Email: mdelellis@osler.com

Jeremy Dacks (LSO# 41851R)
Tel: 416.862.4923
Email: jdacks@osler.com

Mary Paterson (LSO# 51572P)
Tel: 416.862.4924
Fax: 416.862.6666
Email: mpaterson@osler.com

Lawyers for the Plaintiff, FAAN Mortgage
Administrators Inc. in its capacity as Court-Appointed
Trustee of Derek Sorrenti and Sorrenti Professional
Law Corporation

**FAAN MORTGAGE ADMINISTRATORS INC. IN ITS CAPACITY
AS COURT-APPOINTED TRUSTEE OF DEREK SORRENTI AND
SORRENTI PROFESSIONAL LAW CORPORATION**
Plaintiff

and **ADI DEVELOPMENT GROUP INC. ET AL.**
Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

STATEMENT OF CLAIM

OSLER, HOSKIN & HARCOURT LLP

100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Michael De Lellis (LSO# 48038U)

Tel: 416.862.5997

Email: mdelellis@osler.com

Jeremy Dacks (LSO# 41851R)

Tel: 416.862.4923

Email: jdacks@osler.com

Mary Paterson (LSO# 51572P)

Tel: 416.862.4924

Email: mpaterson@osler.com

Lawyers for the Plaintiff, FAAN Mortgage Administrators Inc.
in its capacity as Court-Appointed Trustee of Derek Sorrenti
and Sorrenti Professional Law Corporation

Appendix 11:

**Notices to Sutton/Link Syndicated Mortgage Loan Investors dated February 8,
2022**



February 8, 2022

Dear Lender:

Re: Syndicated Mortgage Loans made to Adi Developments (LINK) Inc.¹ (“Borrower”) in respect of properties located at 2477 Sutton Drive in Burlington, ON (“Sutton Project”)

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 (“**Representative Counsel**”) to persons who made loans through the Sorrenti SMLs.

We are writing to you in our capacity as Trustee regarding the syndicated mortgage loan made by you to Sorrenti in respect of the Sutton Project (“**Sutton SMLs**”) and further to our third report to Court dated April 23, 2021 (“**Third Report**”). The purpose of this notice is to advise you of steps taken by the Trustee in respect of the Sutton Project since the Third Report.

Sorrenti Loans

The Borrower is indebted to Sorrenti in the total principal amount of approximately \$19.6 million in respect of two separate syndicated mortgage loan facilities made pursuant to: (i) a Loan Agreement between Sorrenti, the Borrower and the Guarantor (defined below) dated September 4, 2012 (“**Original Loan**”) and (ii) a Loan Agreement between Sorrenti, the Borrower and the Guarantor dated April 4, 2014 (“**Sutton 2 Loan**”, jointly the “**Sutton Loans**”).

Adi Development Group Inc. (“**Guarantor**”), an entity related to the Borrower, has guaranteed the Borrower’s obligations under the Sutton Loans (“**Guarantees**”).

¹ The Borrower is a corporation registered under the laws of the Province of Ontario and is an amalgamation of ADI Developments (LINK) Inc. and ADI Developments Sutton Inc. The Original Loan states that ADI Developments Sutton Inc. is the borrower.



Details related to each of the loans are provided in the table below:

	Original	Sutton 2	Total
Principal Balance (A)	11,600,000	7,991,000	19,591,000
Accrued Interest (at December 31, 2021) (B)	5,562,845 ²	3,512,488 ³	9,075,333
Total Owing (A+B)	\$17,162,845	\$11,503,488	\$28,666,333
Paid Interest	\$2,449,120	\$1,014,394	\$3,463,514

Sorrenti is now the first ranking secured creditor of the Borrower and the Sutton Project and no known indebtedness ranks in priority to the Sutton SMLs. Based upon a review of a current title search and advice from the Borrower, the Trustee understands that the two other entities which previously ranked ahead of the Sutton SMLs on title have been repaid in full and have discharged their security.

The Borrower has also advised the Trustee that there likely will be insufficient proceeds to repay the Sutton SMLs in full based upon the estimated recoveries from the remaining assets of the Sutton Project, being the Trust Funds and the Remaining Commercial Units (discussed and defined further below). Given the anticipated shortfall, the Trustee has been engaged in discussions with the Borrower and Guarantor concerning the amount owing by the Borrower to Sorrenti and the Guarantor's obligations under the Guarantees. As set out below, the Trustee has also commenced legal proceedings against the Borrower and the Guarantor

The Remaining Assets

Sorrenti entered into the Sutton Loans with the Borrower in connection with the construction of four low rise condominiums with approximately 13,300 square feet of ground floor commercial space ("**Commercial Space**"). Shortly after the Trustee's appointment, the 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 Borrower's legal counsel hold the net closing proceeds in trust pending the consent of the Trustee to the release of same. Since these closings, the Trustee has consented to the disbursement of certain necessary project costs from these proceeds and understands that approximately \$2.6 million remains held in trust by the Borrower's real estate counsel ("**Trust Funds**").

² Accrued interest on the Original Loan has continued to accrue at a per diem rate of \$2,577.78.

³ Accrued interest on the Sutton 2 Loan has continued to accrue at a per diem rate of \$1,775.78.



The Trustee understands that all residential units in the Sutton Project have been sold and the transactions have closed. However, all 12 commercial units remain unsold (“**Remaining Commercial Units**”). In order to maximize the recoveries from the sale of the Remaining Commercial Units, the Borrower has been attempting to lease the units to tenants. The Trustee understands that all but one of the commercial units have now been leased.

Actions taken by the Trustee

On October 19, 2021, the Trustee sent various correspondence and issued various demands to the Borrower and the Guarantor as follows:

- (i) A demand letter addressed to the Borrower (“**Demand Letter**”) requiring repayment in full of the Borrower’s outstanding debt to the Sutton SMLs, which as at December 31, 2021 totaled approximately \$28.7 million (“**Borrower’s Indebtedness**”). The Demand Letter also enclosed a Notice of Intention to Enforce a Security issued pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada);
- (ii) A demand letter addressed to the Guarantor requiring payment in full of the Borrower’s Indebtedness by the Guarantor; and
- (iii) A letter addressed to the Borrower and Guarantor requesting the disclosure of certain financial information (“**October 19th Letter**”). In the October 19th Letter, the Trustee also demanded that the Borrower (i) transfer the Trust Funds to the Trustee and (ii) hold all rent received in respect of the Commercial Space and other amounts relating to the Sutton Project received by it or coming into its possession or control until the Trustee has given its consent to the release of such funds.

On November 18, 2021, the Trustee served the Borrower, Guarantor and a wholly owned subsidiary with a Statement of Claim seeking repayment in full of the Borrower’s Indebtedness.

Subsequent to the issuance of the October 19th Letter and the Statement of Claim, the Borrower and Guarantor have provided the Trustee some of the financial information requested and the Trustee is in the process of reviewing such information. Furthermore, the Trustee (in consultation with Representative Counsel), the Borrower and the Guarantor have been engaging in discussions with a view to arriving at a consensual resolution with respect to the amounts owing to the Sutton SMLs. Should a consensual arrangement not be able to be reached, the Trustee will consider what further action it may take with respect to the amounts owing to the Sutton SMLs.



Next Steps

The Trustee will keep you informed of developments related to these matters.

Should you have any questions at this time, our contact information is shown below (if you contact us, please reference the **Sutton 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 the **Sutton Project**):

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

Yours very truly,

Faan Mortgage Administrators Inc.

**FAAN MORTGAGE ADMINISTRATORS INC.
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 12:
Cash flow variance analysis

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

Variance Analysis for the Period April 1, 2021 to October 31, 2021

(Unaudited; \$C)

	Note	Projected	Actual	Variance
Collections and other receipts		4,867	5,674	807
Administrative Holdback		-	-	-
Total receipts		<u>4,867</u>	<u>5,673</u>	<u>806</u>
Personnel		73,689	28,021	45,668
IT costs		9,730	-	9,730
Office expenses		10,500	-	10,500
Bank charges		3,500	859	2,641
Operating costs		<u>97,419</u>	<u>28,880</u>	<u>68,539</u>
Other - payment per Minutes of Settlement	1	-	15,000	(15,000)
Appraisals		12,000	4,746	7,254
Professional fees	2	<u>1,210,708</u>	<u>1,262,039</u>	<u>(51,332)</u>
Total disbursements		<u>1,320,127</u>	<u>1,310,665</u>	<u>9,462</u>
Net cash flow		<u>(1,315,260)</u>	<u>(1,304,992)</u>	<u>10,267</u>

Notes

1. Sorrenti settlement payment is on account of reconciliation amount in respect of the Minutes of Settlement that resolved all claims of Sorrenti made or that could have been made in the Sorrenti Fee Motion (each as defined in the Third Report) and that Sorrenti may have under paragraph 55 of the Appointment Order, as further set out in the Third Report.
2. The minor negative variance is due to higher than anticipated fees resulting from more time spent than projected in connection with the Progress Project and the Unionvillas Project.

Appendix 13:
Cash Flow Projection

Cash Flow Projection for the Period Ending September 30, 2022

(Unaudited; \$C)

		March 12, 2022 to							
	Note	March 31, 2022	April	May	June	July	August	September	Total
Administrative Holdback	1	700,000	-	-	-	-	-	-	700,000
Collections and other receipts		1,322	1,544	1,244	723	653	653	583	6,722
Total receipts		701,322	1,544	1,244	723	653	653	583	706,722
Personnel	2	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
Appraisals	3	-	-	4,000	-	-	4,000	4,000	12,000
Professional fees	4	155,000	708,135	155,000	155,000	155,000	155,000	155,000	1,638,135
Total disbursements		168,917	722,052	172,917	168,917	168,917	172,917	172,917	1,747,554
Net cash flow		532,405	(720,508)	(171,673)	(168,194)	(168,264)	(172,264)	(172,334)	(1,040,832)
Opening balance	5	3,172,930	3,705,335	2,984,827	1,735,757	1,567,563	1,567,563	1,399,300	3,172,930
Net cash inflow (outflow)		532,405	(720,508)	(171,673)	(168,194)	(168,264)	(172,264)	(172,334)	(1,040,832)
Payments on account of Reduction to Administrative Holdback	6	-	-	(1,077,397)	-	-	-	-	(1,077,397)
Closing cash		3,705,335	2,984,827	1,735,757	1,567,563	1,399,300	1,395,300	1,226,966	1,054,702

Notes

1. Represents the proposed amended Administrative Holdback of 35% from the Unionvillas Realized Property, which was received on March 29, 2022. The Trustee notes that progress has also been made with respect to other potential transactions by the Court, a portion of which will be used to offset the projected expenses. Other receipts of Estate Property have not been included during the Cash Flow Period as the timing and likelihood of same are uncertain at this time.
2. Represents gross contractor costs.
3. Estimated fees for services to be provided by appraisal firms, on an as needed basis.
4. 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 owing to the professionals throughout the Cash Flow Period. A portion of the amount projected to be paid in April, 2022 represents services provided during the period from December, 2021 to February, 2022.
5. Balance of Estate Property as of March 11, 2022.
6. Represents the payments to Investors in the Bayview Project, the Gotham Project, the HVS Project, and the Victoria Park Project resulting from the proposed amendment to the Administrative Holdback from 50% to 35% as discussed in the Report.

Appendix 14:
Second Omnibus Order dated May 4, 2021

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)

TUESDAY, THE 4TH

JUSTICE HAINEY)

DAY OF MAY, 2021

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**

SECOND 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) approving the Third Report of the Trustee dated April 23, 2021 (the “**Third Report**”) and the activities of the Trustee described therein, (ii) approving 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, and (iii) sealing certain confidential exhibits to the Fee Affidavits (as defined below), was heard this day by videoconference in accordance with the changes to the operations of the Commercial List in light of the COVID-19 pandemic;

ON READING the Third Report, the affidavit of Naveed Manzoor sworn April 23, 2021 and attached as Appendix “10” to the Third Report (the “**Manzoor Affidavit**”) and the affidavit of Michael De Lellis sworn April 23, 2021 and attached as Appendix “11” to the Third 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 affidavit of service of Sean Stidwill sworn April 23, 2021, filed;

SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record, and the Third 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 Third Report.

TRUSTEE'S REPORTS, ACTIVITIES, FEES AND DISBURSEMENTS

3. **THIS COURT ORDERS** that the Third Report and all the actions, conduct and activities of the Trustee as set out in the Third 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.

4. **THIS COURT ORDERS** that the fees and disbursements of the Trustee and its counsel, as set out in the Third 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 February 1, 2020 to February 28, 2021 are approved: fees of \$617,808.40 (plus applicable taxes of \$80,315.09 for an aggregate amount of \$698,123.49), and
- (b) the following fees and disbursements of Osler, Hoskin & Harcourt LLP, counsel to the Trustee, for the period from February 1, 2020 to February 28, 2021 are approved: fees of \$728,324.20 and disbursements of \$11,335.02 (plus applicable taxes of \$96,147.29 for an aggregate amount of \$835,806.51).

SEALING

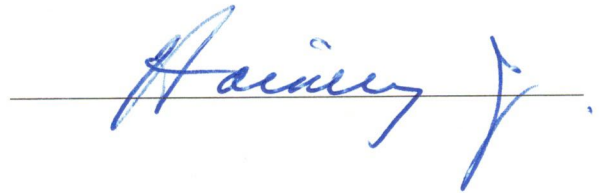
5. **THIS COURT ORDERS** that Exhibit "D" of the Manzoor Affidavit and Exhibit "D" of the De Lellis Affidavit shall be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached 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.

GENERAL

6. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories of Canada.

7. **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.

8. **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.

A handwritten signature in blue ink is written over a horizontal line. The signature is cursive and appears to read "Hainey J.".

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

SECOND OMNIBUS ORDER

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

Michael De Lellis (LSO# 48038U)
Jeremy Dacks (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 15:
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 March 31, 2022)**

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 Fifth Report to Court of the Trustee dated March 31, 2022.

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 March 1, 2021 and February 28, 2022 (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 March 1, 2021 and February 28, 2022 are reasonable and appropriate in the circumstances.

SWORN BEFORE ME over video teleconference this 31st day of March, 2022. The affiant was located in the Town of Oakville in the Province of Ontario and the commissioner was located in the City of Naples in the State of Florida. The affidavit was commissioned remotely as a result of COVID-19.



Commissioner for Taking Affidavits

Naveed Manzoor

THIS IS EXHIBIT "A" REFERRED TO IN
THE AFFIDAVIT OF NAVEED MANZOOR
SWORN BEFORE ME ON THIS 31st DAY OF MARCH, 2022

C. Namana

A Commissioner for Taking Affidavits

Exhibit A



Invoice 1013

March 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 March 1 to 31, 2021

The Trustee’s activities for the period March 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:
 - Sutton Project – Ongoing review of information provided by the borrower and guarantor and review of Sorrenti’s records and email correspondence in respect of the borrower;
 - 1088 Progress Project – Corresponding with the borrower’s legal counsel and reviewing the appraisal obtained by the Trustee;
 - Mapleview Project – Attending to partial discharge requests and reviewing documentation provided by counsel to the borrower and the senior secured creditor;
 - Victoria Park Place Project – Attending call with a director of the borrower and dealing with land registry office direction order registration;
 - Gotham Project – Attending to a title related issue;
 - Soba Project – Corresponding with the borrower regarding funds held in trust. Attending to partial discharge requests and reviewing documentation provided by counsel to the borrower;
 - Unionvillas/Uptowns of Unionville Project
 - Attending at conference calls with the borrower regarding the status of the project and remaining assets;



- Reviewing information provided by the borrower including information related to upcoming closings;
 - Corresponding with the Trustee's legal counsel and the borrower's legal counsel regarding, among other things information to be provided by the borrower;
 - Reviewing and commenting on a letter from the Trustee's counsel to the borrower's counsel;
 - Reviewing information provided by the borrower;
 - Corresponding with Kingsett Mortgage Corporation, the senior secured creditor of the borrower; and
- Providing project specific updates to the investors upon request;

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;



- 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	\$	80,863.70
HST		10,512.28
Total	\$	<u>91,375.98</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period March 1 to 31, 2021

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 545	28.20	\$ 15,369.00
Daniel Sobel	\$ 495	67.90	\$ 33,610.50
Lana Bezner	\$ 495	28.75	\$ 14,231.25
Shelby Draper	\$ 475	0.00	\$ -
Naomi Lieberman	\$ 440	15.93	\$ 7,009.20
Nick Niktikakis	\$ 325	32.75	\$ 10,643.75
Total		173.53	\$ 80,863.70

Average hourly rate	<u>\$ 465.99</u>
---------------------	------------------



Invoice 1014

April 30, 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 April 1 to 30, 2021

The Trustee’s activities for the period April 1 to 30, 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:
 - Harmony Village Sheppard Project – Preparing a notice to investors regarding the distribution of funds to investors; preparing and finalizing the distribution to investors;
 - 1088 Progress Project – Corresponding with and providing information to the appraiser retained by the Trustee. Reviewing correspondence from the borrower’s counsel. Drafting sale process memorandum;
 - Soba Project – Corresponding with the borrower regarding funds held in trust; Reviewing information provided by the borrower;
 - Unionvillas/Uptowns of Unionville Project
 - Reviewing historical banking and other financial information provided by the borrower;
 - Corresponding with the Trustee’s legal counsel and the borrower’s legal counsel regarding, among other things, information to be provided by the borrower;
 - Corresponding with Kingsett Mortgage Corporation, the senior secured creditor to the borrower; and



- Providing project specific updates to the investors upon request;

General Matters

- Responding to and logging numerous investor calls and emails during the Period;
- Drafting, reviewing and finalizing the Trustee’s Third Report to Court dated April 23, 2021, in respect of the motion returnable May 4, 2021 (“**May 4th Motion**”), and corresponding with Osler and Chaitons, extensively regarding same;
- Reviewing and commenting on the draft notice of motion and the draft Court order in respect of the May 4th Motion;
- Preparing and finalizing a notice to investors in respect of the May 4th Motion;
- Finalizing an updated cash flow projection for the proceedings;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding with Chaitons on a periodic basis regarding the 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	\$	113,385.90
HST		14,740.17
Total	\$	<u>128,126.07</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period April 1 to 30, 2021

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 545	32.70	\$ 17,821.50
Daniel Sobel	\$ 495	105.60	\$ 52,272.00
Lana Bezner	\$ 495	32.55	\$ 16,112.25
Shelby Draper	\$ 475	0.00	\$ -
Naomi Lieberman	\$ 440	40.36	\$ 17,758.40
Nick Niktikakis	\$ 325	28.99	\$ 9,421.75
Total		240.20	\$113,385.90
Average hourly rate			<u>\$ 472.05</u>



Invoice 1015

May 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 May 1 to 31, 2021

The Trustee’s activities for the period May 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:
 - Mapleview Project – Attending to partial discharge requests and reviewing documentation provided by counsel to the borrower
 - 1088 Progress Project
 - Reviewing correspondence from the borrower’s counsel;
 - corresponding with the borrower’s counsel and the Trustee’s counsel in a sale process in respect of the borrower’s property;
 - reviewing a cash flow projection provided by the borrower;
 - Victoria Park Place Project – preparing for a distribution to the investors and preparing a notice to investors in respect of same;
 - Soba Project – Corresponding with the borrower regarding funds held in trust. Reviewing information provided by the borrower. Attending to a partial discharge request. Corresponding with the borrower regarding claims of a related party;
 - Unionvillas/Uptowns of Unionville Project
 - Reviewing historical banking and other financial information provided by the borrower;
 - Review and commenting on a demand letter sent to the borrower;



- corresponding on numerous occasions with Kingsett Mortgage Corporation (“**Kingsett**”), the senior secured creditor of the borrower; and
 - Reviewing and commenting on materials prepared by Kingsett’s counsel seeking the appointment of a receiver over the borrower;
 - Correspondence and meetings with Kingsett and the proposed receiver;
 - Drafting a letter in support of Kingsett’s receivership application;
 - Corresponding on numerous occasions with the Trustee’s legal counsel and the borrower’s legal counsel regarding, among other things, information to be provided by the borrower; and
 - Responding to a complaint made to the Financial Services Regulatory Authority by certain investors in respect of the Unionvillas Project.
- Providing project specific updates to the investors upon request.

General Matters

- Responding to and logging numerous investor calls and emails during the Period;
- Preparing for and attending at the Court for the Trustee’s May 4, 2021 motion in respect of the Trustee’s Third Report to Court;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding with Chaitons on a periodic basis regarding the 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	\$	45,079.25
HST		5,860.30
Total	\$	<u>50,939.55</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period May 1 to 31, 2021

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 545	18.35	\$ 10,000.75
Daniel Sobel	\$ 495	35.25	\$ 17,448.75
Lana Bezner	\$ 495	4.50	\$ 2,227.50
Shelby Draper	\$ 475	1.55	\$ 736.25
Naomi Lieberman	\$ 440	12.65	\$ 5,566.00
Nick Niktikakis	\$ 325	28.00	\$ 9,100.00
Total		100.30	\$ 45,079.25
Average hourly rate			<u>\$ 449.44</u>



Invoice 1016

June 30, 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 June 1 to 30, 2021

The Trustee’s activities for the period June 1 to 30, 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:
 - Victoria Park Place Project – reviewing and finalizing a distribution schedule and drafting, reviewing and finalizing individual investor notices with respect to the distribution;
 - 1088 Progress Project
 - Reviewing correspondence from the borrower’s counsel;
 - Corresponding with the borrower in respect of the proposed sale process;
 - Along with representatives of the borrower, attending three interviews with prospective real estate agents for the project;
 - Reviewing and commenting on a listing agreement between the borrower, the Trustee and Lennard Commercial Realty Inc. (“**Lennard**”), the selected listing agent;
 - Reviewing and commenting on a confidentiality agreement to be utilized by Lennard;
 - Reviewing Lennard’s marketing materials and dataroom established for the sale process;



- Reviewing the cash flow projection provided by the borrower;
- Soba Project – Reviewing information provided by the borrower regarding costs to complete the project;
- Unionvillas/Uptowns of Unionville Project
 - Preparing and finalizing a notice to investors regarding the appointment of a receiver over the borrower;
 - Attending the hearing in respect of the appointment of the receiver;
 - Reviewing historical banking and other financial information provided by the borrower;
 - Corresponding on numerous occasions with Kingsett Mortgage Corporation the senior secured creditor of the borrower;
 - Correspondence and meetings with the receiver;
 - Responding to a complaint made to the Financial Services Regulatory Authority by certain investors in respect of the Unionvillas project;
- Providing project specific updates to the investors upon request;

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 with Chaitons on a periodic basis regarding the 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	\$	80,523.15
HST		10,468.01
Total	\$	<u>90,991.16</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period June 1 to 30, 2021

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 545	31.50	\$ 17,167.50
Daniel Sobel	\$ 495	62.80	\$ 31,086.00
Shelby Draper	\$ 475	24.40	\$ 11,590.00
Naomi Lieberman	\$ 440	27.61	\$ 12,148.40
Nick Niktikakis	\$ 325	26.25	\$ 8,531.25
Total		172.56	\$ 80,523.15
Average hourly rate			<u>\$ 466.64</u>



Invoice 1017

July 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 July 1 to 31, 2021

The Trustee’s activities for the period July 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:
 - 1088 Progress Project
 - Corresponding with the borrower in respect of the proposed sale process;
 - Reviewing the cash flow projection provided by the borrower;
 - Reviewing and commenting on a listing agreement between the borrower, the Trustee and Lennard Commercial Realty Inc. (“**Listing Agent**”), the selected listing agent;
 - Preparing and finalizing a notice to investors regarding the listing of the property for sale; and
 - Discussions with the agent and the borrower with respect to offers received;
 - Soba Project
 - Internal review and analysis of information provided by the borrower regarding costs to complete the project;
 - Review of general ledger and analysis of use of funds by the borrower;
 - Discussion with Chaitons regarding same;



- Unionvillas/Uptowns of Unionville Project
 - Reviewing historical banking and other financial information provided by the borrower. Corresponding with Osler regarding the same;
 - Discussions with Osler on matters related to the Receivership and on requests received from the Receiver;
 - Corresponding and attending meetings with the Receiver;
 - Reviewing and commenting on Receiver's report to Court;
 - Responding to a complaint made to the Financial Services Regulatory Authority by certain investors in respect of the Unionvillas project; and
- Providing project specific updates to the investors upon request;

General Matters

- Responding to and logging numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding with Chaitons on a periodic basis regarding the 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	\$	24,172.65
HST		3,142.44
Total	\$	<u>27,315.09</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period July 1 to 31, 2021

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 545	7.90	\$ 4,305.50
Daniel Sobel	\$ 495	16.85	\$ 8,340.75
Lana Bezner	\$ 495	0.25	\$ 123.75
Shelby Draper	\$ 475	0.60	\$ 285.00
Naomi Lieberman	\$ 440	7.06	\$ 3,106.40
Nick Niktikakis	\$ 325	24.65	\$ 8,011.25
Total		57.31	\$ 24,172.65

Average hourly rate			<u>\$ 421.79</u>
---------------------	--	--	------------------



Invoice 1018

August 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 August 1 to 31, 2021

The Trustee’s activities for the period August 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:
 - Sutton Project – Responding to queries from class action counsel;
 - 1088 Progress Project
 - Discussions with the borrower and agent with respect to offers received;
 - Internal review and analysis of offers received;
 - Discussions with Osler regarding same;
 - Internal discussions with respect to the sale process and next steps;
 - Unionvillas/Uptowns of Unionville Project
 - Discussions with the Receiver and with Osler on matters related to the Receivership; and
- Providing project specific updates to the investors upon request;

General Matters

- Responding to and logging numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;



- Corresponding with Chaitons on a periodic basis regarding the 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	\$	17,238.45
HST		2,241.00
Total	\$	<u>19,479.45</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period August 1 to 31, 2021

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 545	8.15	\$ 4,441.75
Daniel Sobel	\$ 495	14.35	\$ 7,103.25
Lana Bezner	\$ 495	0.50	\$ 247.50
Shelby Draper	\$ 475	0.00	\$ -
Naomi Lieberman	\$ 440	1.63	\$ 717.20
Nick Niktikakis	\$ 325	14.55	\$ 4,728.75
Total		39.18	\$ 17,238.45

Average hourly rate			<u>\$ 439.98</u>
---------------------	--	--	------------------



Invoice 1019

September 30, 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 September 1 to 30, 2021

The Trustee’s activities for the period September 1 to 30, 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:
 - Sutton Project
 - Attending at the Sutton Project site;
 - Reviewing Sorrenti’s records and email correspondence in respect of discussions with the borrower;
 - Preparing and attending call with Osler regarding class action lawsuit;
 - Internal review and analysis with respect to an appraisal commissioned by the Trustee for the commercial units in Sutton Project. Call and discussion with the appraiser regarding same;
 - Review of rent roll for commercial units and internal discussions on next steps with respect to collecting on the outstanding balance on the Sutton loans;



- Residence of Bayview/Lotus Project
 - Drafting and finalizing email to Borrower's counsel regarding outstanding information requested by the Trustee.
- 1088 Progress Project
 - Reviewing documentation with respect to the priority lender's loan; Discussions and correspondence with the borrower regarding same;
 - Corresponding with the borrower in respect of the sale process;
 - Internal discussions and with Osler regarding the sales process; ongoing discussions with the listing agent regarding same;
- Soba Project – Discussions with Osler regarding vendor claim ranking.
- Unionvillas/Uptowns of Unionville Project
 - Internal review of information and materials obtained from the Receiver including reviewing and commenting on draft Court report of the Receiver;
 - Corresponding and attending meetings with the Receiver;
 - Attending at Court in respect of the Receiver's motion;
 - Preparing and finalizing a notice to investors regarding the Receiver's sale process and the status of the four remaining units for sale; and
- Providing project specific updates to the investors upon request;

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 with Chaitons on a periodic basis regarding the 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	\$	42,539.05
HST		5,530.08
Total	\$	<u>48,069.13</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period September 1 to 30, 2021

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 545	19.00	\$ 10,355.00
Daniel Sobel	\$ 495	33.75	\$ 16,706.25
Lana Bezner	\$ 495	0.40	\$ 198.00
Naomi Lieberman	\$ 440	15.67	\$ 6,894.80
Nick Niktikakis	\$ 325	25.80	\$ 8,385.00
Total		94.62	\$ 42,539.05

Average hourly rate	<u>\$ 449.58</u>
---------------------	------------------



Invoice 1020

October 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 October 1 to 31, 2021

The Trustee's activities for the period October 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:
 - Sutton Project
 - Reviewing information provided by the borrower and guarantor; reviewing Sorrenti's records and email correspondence in respect of the borrower;
 - Drafting, reviewing and finalizing demand letters to the borrower and guarantor as well as a letter addressed to the borrower and guarantor requesting disclosure of certain financial information. Discussions with Osler regarding same;
 - Ongoing review of rent roll for commercial property;
 - Residence of Bayview/Lotus Project
 - Internal discussions regarding response received from borrower's counsel;
 - Attending call with borrower's counsel;
 - Internal discussions with respect to next steps regarding the balance outstanding on the Sorrenti loan;



- 1088 Progress Project
 - Ongoing discussions and correspondence with the borrower and the listing agent with respect to the sale process and the offers received;
 - Corresponding with a prospective purchaser in respect of its offer;
 - Internal review, analysis and discussions and with Osler regarding the sales process and the offers received;
- Unionvillas/Uptowns of Unionville Project
 - Internal review of information and materials obtained from the Receiver; review and commenting on the draft Third Report of the Receiver to Court;
 - Corresponding and attending meetings with the Receiver with respect to the Third Report and the ongoing actions by the Receiver to realize on the remaining units;
 - Attending the hearing in respect of the Receiver's report to court;
 - Drafting and reviewing a notice to investors regarding the Receiver's Third Report to Court, an update on the sale process and the status of the remaining units for sale;
- Wismer/Eldin Project
 - Discussion with Fuller Landau ("**Inspector**");
 - Internal discussions and review of Inspector's findings in its report to Court;
 - drafting and preparing notice to investors regarding status of remaining units in the Wismer Project;
- Providing project specific updates to the investors upon request;

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 with Chaitons on a periodic basis regarding the 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	\$	49,615.65
HST		6,450.03
Total	\$	<u>56,065.68</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period October 1 to 31, 2021

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 545	22.00	\$ 11,990.00
Daniel Sobel	\$ 495	35.80	\$ 17,721.00
Lana Bezner	\$ 495	0.70	\$ 346.50
Shelby Draper	\$ 475	0.50	\$ 237.50
Naomi Lieberman	\$ 440	27.21	\$ 11,972.40
Nick Niktikakis	\$ 325	22.61	\$ 7,348.25
Total		108.82	\$ 49,615.65

Average hourly rate	<u>\$ 455.94</u>
---------------------	------------------



Invoice 1021

November 30, 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 November 1 to 30, 2021

The Trustee’s activities for the period November 1 to 30, 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:
 - Sutton Project
 - Reviewing updated information provided by the borrower and guarantor with respect to the guarantor’s various real estate holdings;
 - Discussions with the borrower and the guarantor regarding the amounts due to the Sutton SML investors and potential options for repayment/resolution;
 - Performing a review and analysis of certain of the guarantor’s assets including a review of available cost consulting reports, general market research and the status of certain development approvals with respect to the guarantor’s various real estate holdings. Discussing same with Osler;
 - Internal discussions with respect to the leases entered into by the borrower in respect of the Commercial Space and review of rent roll and offer to lease for one of the remaining vacant units. Discussions with Osler regarding the same;
 - Drafting, reviewing and finalizing the Statement of Claim served on the borrower, guarantor and a wholly owned subsidiary of the guarantor by the Trustee seeking repayment of the Sutton loans;



- Residence of Bayview/Lotus Project
 - Internal discussions and analysis regarding information received from the borrower's counsel with respect to the cash distribution waterfall;
 - Correspondence and discussions with the Borrower and Borrower's counsel regarding next steps;
 - Analysis of the project loan agreement;
- 1088 Progress Project
 - Ongoing discussions and correspondence with the borrower and the listing agent with respect to the sale process and the offers received;
 - Ongoing internal review and analysis of offers received;
 - Internal review, analysis and discussions and with Osler regarding the sales process;
 - Negotiating terms of the agreement of purchase and sale with the purchaser, related discussions with the borrower;
 - Attending calls with Cameron Stephens, the first priority mortgagee on the project;
- Unionvillas/Uptowns of Unionville Project
 - Reviewing, finalizing and distributing a notice to investors regarding the Receiver's Third report to Court, an update on the sale process and the status of the remaining units for sale;
- Wismer/Eldin Project
 - Corresponding with the priority lender regarding the outstanding balance of its loan;
 - Drafting and preparing notice to investors regarding the sale of the remaining assets in the Wismer project;
- Providing project specific updates to the investors upon request;



General Matters

- Responding to and logging numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding with Chaitons on a periodic basis regarding the 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	\$	98,167.20
HST		12,761.74
Total	\$	<u>110,928.94</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period November 1 to 30, 2021

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 545	27.40	\$ 14,933.00
Daniel Sobel	\$ 495	86.55	\$ 42,842.25
Lana Bezner	\$ 495	10.15	\$ 5,024.25
Shelby Draper	\$ 475	0.50	\$ 237.50
Naomi Lieberman	\$ 440	60.43	\$ 26,589.20
Nick Niktikakis	\$ 325	26.28	\$ 8,541.00
Total		211.31	\$ 98,167.20

Average hourly rate	<u>\$ 464.56</u>
---------------------	------------------



Invoice 1022

December 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 December 1 to 31, 2021

The Trustee’s activities for the period December 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:
 - Sutton Project
 - Reviewing additional information provided by the borrower and guarantor including, among other things, certain financial statements, bank records and rent roll information;
 - Ongoing review and analysis of certain of the guarantor’s assets including a review of available cost consulting reports, general market research and the status of certain development approvals with respect to the guarantor’s various real estate holdings. Discussing same with Osler;
 - Residence of Bayview/Lotus Project
 - Internal discussions and analysis regarding information received from the borrower’s counsel with respect to the cash distribution waterfall;
 - Correspondence and discussions with the borrower and borrower’s counsel regarding next steps;
 - Analysis of the project loan agreement as it relates to the application of the cash distribution waterfall;



- 1088 Progress Project
 - Negotiating final terms with the purchaser with respect to the agreement of purchase and sale (“APS”). Internal due diligence and discussions on the APS. Following up with the purchaser and confirmation of receipt of the deposit. Discussions with Osler and Cameron Stephens, the priority lender regarding same;
 - Corresponding with the borrower and Cameron Stephens regarding the loan extension fee, the next interest instalment and the funding there of;
 - Drafting and finalizing letter to FG Corp with respect to its funding of the Cameron Stephens payments and discussions with Osler regarding same;
 - Drafting and reviewing of a report to court and a notice to investors with respect to the sale transaction entered into by the borrower in respect of phase 2 of the Progress Project;
- Soba Project
 - Attending to partial discharge requests and reviewing documentation provided by counsel to the borrower;
- Wismer/Eldin Project
 - Corresponding with the priority lender regarding the outstanding balance of its loan;
 - Finalizing notice to investors regarding the sale of the remaining assets in the Wismer project;;
- Providing project specific updates to the investors upon request;

General Matters

- Responding to and logging numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding with Chaitons on a periodic basis regarding the 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	\$	97,183.50
HST		12,633.86
Total	\$	<u>109,819.36</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period December 1 to 31, 2021

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 545	35.65	\$ 19,429.25
Daniel Sobel	\$ 495	98.10	\$ 48,559.50
Lana Bezner	\$ 495	1.90	\$ 940.50
Shelby Draper	\$ 475	0.00	\$ -
Naomi Lieberman	\$ 440	51.00	\$ 22,440.00
Nick Niktikakis	\$ 325	17.89	\$ 5,814.25
Total		204.54	\$ 97,183.50

Average hourly rate	<u>\$ 475.13</u>
---------------------	------------------



Invoice 1023

January 31, 2022

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, 2022

The Trustee’s activities for the period January 1 to 31, 2022 (“**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:
 - Sutton Project
 - Preparation for and attending a call with borrower and its counsel. Drafting follow up correspondence to the borrower. Discussing same with Osler and Chaitons;
 - Drafting, reviewing and finalizing a notice to investors regarding enforcement actions undertaken by the Trustee to date in respect of the borrower;
 - Residence of Bayview/Lotus Project
 - Internal discussions and ongoing analysis regarding information received from the borrower’s counsel with respect to the cash distribution waterfall. Review of Sorrenti’s email records in respect of same;
 - Correspondence and discussions with the borrower’s counsel;
 - 1088 Progress Project
 - Attending call with Olympia Trust Company (“**Olympia**”) regarding the agreement of purchase and sale entered into by the borrower with respect to phase 2 of the property;



- Drafting, reviewing and finalizing the Trustee's Fourth Report to Court dated January 14, 2022, in respect of the borrower's motion returnable January 31, 2022 ("**January 31st Motion**"), and corresponding with Osler and Chaitons, extensively regarding same;
- Reviewing and commenting on the draft notice of motion and the draft Court order in respect of the January 31st Motion;
- Preparing and finalizing a notice to investors in respect of the January 31st Motion;
- Attending at the January 31st Motion;
- Discussing and commenting on an assignment agreement requested by the purchaser;
- Multiple discussions with the borrower with respect to the remaining letters of credit provided to the City of Toronto and review of agreements in respect of same;
- Unionvillas/Uptowns of Unionville Project
 - Attending a call with the Receiver and its counsel.
 - Internal review and analysis of documentation received from the Receiver with respect to the expected realizations for the Unionvillas SMLs and other matters.
- Providing project specific updates to the investors upon request;

General Matters

- Planning, drafting and reviewing the Trustee's Fifth Report to Court and corresponding with Osler and Chaitons regarding same;
- Responding to and logging numerous investor calls and emails during the Period;
- Corresponding with Olympia on a periodic basis regarding various matters related to the Sorrenti SMLs;
- Corresponding with Chaitons on a periodic basis regarding the 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	\$	118,917.15
HST		15,459.23
Total	\$	<u>134,376.38</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period January 1 to 31, 2022

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 595	35.60	\$ 21,182.00
Daniel Sobel	\$ 545	89.95	\$ 49,022.75
Lana Bezner	\$ 545	3.95	\$ 2,152.75
Shelby Draper	\$ 495	0.00	\$ -
Naomi Lieberman	\$ 495	72.07	\$ 35,674.65
Nick Niktikakis	\$ 350	31.10	\$ 10,885.00
Total		232.67	\$118,917.15



Invoice 1024

February 28, 2022

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, 2022

The Trustee’s activities for the period February 1 to 28, 2022 (“**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:
 - Sutton Project
 - Preparation for and attending a call with the borrower with respect to information to be provided by the borrower and guarantor and with respect to a potential resolution of the amounts owed to the Sutton investors. Drafting follow up correspondence to the borrower. Discussing same with Osler and Chaitons;
 - Finalizing notice to investors regarding enforcement actions undertaken by the Trustee;
 - Residence of Bayview/Lotus Project
 - Internal discussions and ongoing analysis regarding information received from the borrower’s counsel with respect to the cash distribution waterfall. Cross referencing cash distribution waterfall to correspondence in Sorrenti’s email records regarding same;
 - Correspondence and discussions with the borrower and borrower’s counsel regarding next steps;



- 1088 Progress Project
 - Discussing and commenting on an assignment agreement requested by the purchaser;
 - Multiple discussions with the borrower with respect to the remaining letters of credit provided to the City of Toronto and review of agreements in respect of same;
 - Correspondence with the purchaser and the borrower regarding closing documents and timeline;
- Unionvillas/Uptowns of Unionville Project
 - Ongoing internal review and analysis of documentation received from the Receiver with respect to the expected realizations for the Unionvillas Investors and other matters.
- Providing project specific updates to Investors upon request;

General Matters

- Planning, drafting and reviewing the Trustee's fifth report to Court and corresponding with Osler and Chaitons regarding same;
- Responding to and logging numerous investor calls and emails during the Period;
- Corresponding with Olympia Trust Company on a periodic basis regarding various matters related to the Sorrenti Investors;
- Corresponding with Chaitons on a periodic basis regarding the 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	\$	81,539.65
HST		10,600.15
Total	\$	<u>92,139.80</u>



FAAN Mortgage Administrators Inc.
Derek Sorrenti and Sorrenti Law Professional Corporation
Time Summary
For the period February 1 to 28, 2022

Name	Rate	Hours	Amount
Naveed Manzoor	\$ 595	20.98	\$ 12,483.10
Daniel Sobel	\$ 545	68.65	\$ 37,414.25
Lana Bezner	\$ 545	5.58	\$ 3,041.10
Shelby Draper	\$ 495	0.00	\$ -
Naomi Lieberman	\$ 495	40.86	\$ 20,225.70
Nick Niktikakis	\$ 350	23.93	\$ 8,375.50
Total		160.00	\$ 81,539.65

THIS IS EXHIBIT "B" REFERRED TO IN
THE AFFIDAVIT OF NAVEED MANZOOR
SWORN BEFORE ME ON THIS 31st DAY OF MARCH, 2022

C. Manzoor

A Commissioner for Taking Affidavits

EXHIBIT B

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

Invoice Summary
(Unaudited; \$C)

Invoice No.	Date	Billing Period	Fees	HST	Total
1013	31-Mar-21	March 1 to 31, 2021	80,863.70	10,512.28	91,375.98
1014	30-Apr-21	April 1 to 30, 2021	113,385.90	14,740.17	128,126.07
1015	31-May-21	May 1 to 31, 2021	45,079.25	5,860.30	50,939.55
1016	30-Jun-21	June 1 to 30, 2021	80,523.15	10,468.01	90,991.16
1017	31-Jul-21	July 1 to 31, 2021	24,172.65	3,142.44	27,315.09
1018	31-Aug-21	August 1 to 31, 2021	17,238.45	2,241.00	19,479.45
1019	30-Sep-21	September 1 to 30, 2021	42,539.05	5,530.08	48,069.13
1020	31-Oct-21	October 1 to 31, 2021	49,615.65	6,450.03	56,065.68
1021	30-Nov-21	November 1 to 30, 2021	98,167.20	12,761.74	110,928.94
1022	31-Dec-21	December 1 to 31, 2021	97,183.50	12,633.86	109,817.36
1023	31-Jan-22	January 1 to January 31, 2022	118,917.15	15,459.23	134,376.38
1024	28-Feb-22	February 1 to February 28, 2022	81,539.65	10,600.15	92,139.80
Total			849,225.30	110,399.29	959,624.59

THIS IS EXHIBIT "C" REFERRED TO IN

THE AFFIDAVIT OF NAVEED MANZOOR

SWORN BEFORE ME ON THIS 31st DAY OF MARCH, 2022



A Commissioner for Taking Affidavits

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	545-595	287.43	159,478.35
Daniel Sobel	Managing Director	495-545	715.55	362,127.25
Lana Bezner	Managing Director	495-545	89.23	44,645.35
Shelby Draper	Senior Director	475-495	27.55	13,086.25
Naomi Lieberman	Manager	440-495	372.48	170,102.35
Nick Niktikakis	Manager	325-350	302.80	99,785.75
Total			<u>1,795.04</u>	<u>849,225.30</u>
Average Hourly Rate				<u>473.10</u>

THIS IS CONFIDENTIAL EXHIBIT "D" REFERRED TO IN
THE AFFIDAVIT OF NAVEED MANZOOR
SWORN BEFORE ME ON THIS 31st DAY OF MARCH, 2022

C. Manzoor

A Commissioner for Taking Affidavits

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 March 31, 2022)**

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 16:
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 March 30, 2022)**

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 March 1, 2021 and February 28, 2022 (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 Fifth Report to Court of the Trustee dated March 31, 2022.

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 30th day of March, 2022. The affiant was located in the Town of Oakville in the Province of Ontario and the commissioner was located in the City of Toronto in the Province of Ontario. The affidavit was commissioned remotely as a result of COVID-19.



Commissioner for Taking Affidavits



Michael De Lellis

THIS IS EXHIBIT "A" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 30th DAY OF MARCH 2022

C. Nappano

A Commissioner for Taking Affidavits

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.: **12499888**
Date: **April 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	80,504.50
REIMBURSABLE EXPENSES *	621.25
HST @ 13%	10,529.37
TOTAL (CAD):	91,655.12

* Includes non-taxable expenses of 130.60 CAD

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.: **12499888**
Client No.: 232833
Amount: 91,655.12 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 April 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 between March 1, 2021 to March 31, 2021:

- Class Action Proceedings: Preparing for and participating in case conference and attending on related discussions and correspondence; attending on lift stay order and related correspondence;
- Gotham: Preparing Trustee's Certificate; attending on court order removal matters and related correspondence;
- Maplevue: Attending on discharge and closing matters and related correspondence;
- The Mark: Attending on discharge and closing matters and related correspondence;
- Progress Manors: Conducting diligence, including reviewing documents related to title; preparing for and attending class action case conference with counsel to borrower and attending on related correspondence;
- Soba: Attending on discharge and closing matters and related correspondence;
- Sutton: Attending on information requests and related correspondence; preparing for and attending class action case conference with counsel to borrower and attending on related correspondence;
- Unionvillas: Preparing Trustee's Certificate; attending on closing matters and related correspondence; conducting diligence, including reviewing agreement of purchase and sale, standstill agreement and loan agreement; reviewing and revising draft letter to borrower; attending on internal and client discussions, conference calls, status updates and next steps related to same; attending on discharge matters and related correspondence;
- Victoria Park: Preparing Trustee's certificate; attending to Application to Amend Court Order and related correspondence;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above; engaging with various stakeholders, such as Representative Counsel; attending on internal correspondence and conference calls regarding status updates, outstanding issues and next steps; attending on internal and client discussions regarding litigation and strategic issues; attending on Minutes of Settlement and related correspondence.

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.: **12509809**
Date: **May 18, 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	145,039.00
REIMBURSABLE EXPENSES *	1,096.45
HST @ 13%	18,989.12
TOTAL (CAD):	165,124.57

* Includes non-taxable expenses of 65.30 CAD

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.: **12509809**
Client No.: 232833
Amount: 165,124.57 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 May 18, 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 April 1, 2021 to April 30, 2021:

- Class Action Proceedings: Preparing for and attending case conference and attending to related correspondence; reviewing orders, motion records and documents related to proceedings; engaging with plaintiff's counsel;
- Mapleview: Attending on discharge and closing matters and related correspondence;
- The Mark: Conducting diligence, including with respect to documents registered on title;
- Progress Manors: Attending on payment and priority matters and related correspondence; engaging with counsel to borrower on various matters; conducting diligence including review of agreement of purchase and sale;
- Soba: Attending on closing and discharge matters and related correspondence;
- Unionvillas: Engaging with counsel to borrower; engaging with Trustee regarding multiple matters including discharge requests and attending on related correspondence; conducting diligence including reviewing intercreditor agreement, agreement of purchase and sale documents, and related matters and attending on correspondence regarding same; attending on closing and discharge matters; drafting and registering Application to Amend; drafting Trustee's certificate;
- 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, Fee Affidavit, and various related motion matters, and attending on administrative matters with respect to same; attending on various diligence matters; attending on Investor Notice matters; attending on tax opinion matters; attending on lift stay matters; attending on Sorrenti Notice of Abandonment and related matters; attending on regular status updates and meetings; 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.: **12519168**
Date: **June 28, 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	92,870.50
REIMBURSABLE EXPENSES *	816.25
HST @ 13%	12,129.20
TOTAL (CAD):	105,815.95

* Includes non-taxable expenses of 385.30 CAD

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.: **12519168**
Client No.: 232833
Amount: 105,815.95 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 June 28, 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 May 1, 2021 to May 31, 2021:

- Class Action Proceedings: Attending on correspondence;
- Maplevue: Attending on closing and discharge matters and related correspondence;
- Progress Manors: Attending on various matters related to sales process; including conducting diligence, attending on correspondence, discussions and negotiations, and related administrative matters; engaging with various stakeholders including counsel to borrower, client and Trustee regarding sale and next steps; attending on status updates, internal discussions, and conference calls regarding the foregoing;
- Soba: Attending on closing and discharge matters and related correspondence;
- Unionvillas: Engaging with Trustee on various matters; attending on removal of Appointment Order and related matters and correspondence; attending on matters related to priority mortgagee and related correspondence; attending on receivership matters and related correspondence; attending to Trustee's Certificate and Application to Amend; attending on strategic considerations and status updates and corresponding with client regarding same; attending on status updates, internal discussions, and conference calls related to the foregoing;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above; engaging with various stakeholders, such as Representative Counsel; attending on regular status updates, meetings, and conference calls; attending on Omnibus Report matters including preparing for and attending court hearing; attending on matters related to Sorrenti Notice of Abandonment, lift of stay, and 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.: **12529642**
Date: **July 20, 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	79,193.50
REIMBURSABLE EXPENSES	507.90
HST @ 13%	10,361.18
TOTAL (CAD):	90,062.58

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.: **12529642**
Client No.: 232833
Amount: 90,062.58 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 July 20, 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 June 1, 2021 to June 30, 2021:

- Progress Manors: Attending on sales process, listing agreement, and Investor Notice matters and related correspondence; attending on various diligence matters including relating to the legal description of the property; engaging with various stakeholders including counsel to borrower; attending on status updates, internal discussions, and conference calls regarding the foregoing;
- Soba: Attending on closing and discharge matters and related correspondence; conducting diligence including reviewing acknowledgement, direction, and agreement of purchase and sale, and obtaining updated parcel registers;
- Sutton: Attending on guarantee matters and related correspondence;
- Unionvillas: Attending on receivership matters, including preparing for and attending court hearing, and related correspondence; engaging with the Trustee and Receiver's counsel regarding same; attending on Investor Notice, section 244 notice, and security matters and related correspondence; attending to draft orders and related correspondence; attending on status updates, internal and client discussions, and conference calls regarding the foregoing;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above; engaging with various stakeholders, such as Representative Counsel; attending on various diligence matters; attending on regular status updates, meetings, and conference calls; 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.: **12539136**
Date: **August 25, 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	32,690.00
REIMBURSABLE EXPENSES	43.65
HST @ 13%	4,255.37
TOTAL (CAD):	36,989.02

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.: **12539136**
Client No.: 232833
Amount: 36,989.02 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 August 25, 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 July 1, 2021 to July 31, 2021:

- Progress Manors: Attending on correspondence and status updates regarding project generally;
- Soba: Attending on discharge and closing matters and related correspondence;
- Sutton: Attending on diligence matters and related correspondence;
- Unionvillas: Attending on receivership matters and related correspondence, including preparing for hearing, reviewing court materials, and matters related to Motion Record; engaging with Receiver's counsel regarding same; attending on internal and client discussions, conference calls, and status updates regarding the foregoing;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above; engaging with various stakeholders, such as class action counsel and Representative Counsel; attending on various diligence matters; attending on litigation matters and related correspondence; attending on regular status updates, meetings, and conference calls; 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.: **12548616**
Date: **September 30, 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	28,585.00
REIMBURSABLE EXPENSES *	121.07
HST @ 13%	3,723.30
TOTAL (CAD):	32,429.37

* Includes non-taxable expenses of 65.30 CAD

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.: **12548616**
Client No.: 232833
Amount: 32,429.37 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 September 30, 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 August 1, 2021 to August 31, 2021:

- Progress Manors: Reviewing and considering sales process matters, discussing internally, and corresponding with client regarding same; attending on internal and client status updates, conference calls, and discussions regarding next steps; engaging with counsel to borrower and attending on related correspondence; attending on correspondence related to project costs; reviewing and considering funding requests and attending on related correspondence;
- Soba: Attending on discharge and closing matters and related correspondence;
- Sutton: Attending on correspondence with counsel to borrower; reviewing Amended Statement of Claim in class action and attending on related correspondence;
- Unionvillas: Attending on receivership matters and related correspondence, including preparing submissions and attending motion hearing; engaging with various stakeholders including counsel to Receiver and Trustee regarding same; attending on sales process and related correspondence; reviewing draft letters and notices of lien and attending on related correspondence; attending on removal of appointment order matters and related correspondence; attending on discharge matters and related correspondence; preparing Trustee's Certificate and Application to Amend; attending on various conference calls, discussions, and status updates related to the foregoing.
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above; engaging with various stakeholders, such as Representative Counsel; attending on various diligence matters; attending on regular status updates, meetings, and conference calls; 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.: **12558541**
Date: **October 29, 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	51,184.00
REIMBURSABLE EXPENSES	789.24
HST @ 13%	6,756.53
TOTAL (CAD):	58,729.77

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.: **12558541**
Client No.: 232833
Amount: 58,729.77 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 October 29, 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 September 1, 2021 to September 30, 2021:

- Class Action Proceedings: Preparing for and attending case conference;
- The Mark: Attending on diligence and related correspondence;
- Progress Manors: Attending on payment and funding request matters and related correspondence;
- Soba: Attending on various litigation and motion matters and related correspondence;
- Sutton: Attending on class action matters and related correspondence; engaging with various stakeholders including counsel to borrower and class counsel; engaging with client regarding status updates and next steps; attending on section 244 notice matters and related correspondence; attending on diligence matters and related correspondence including conducting subsearch for ownership of properties and status of registered charges, and conducting corporate profile searches; attending on status updates, internal discussions, and conference calls regarding the foregoing;
- Unionvillas: Attending on receivership matters and related correspondence; attending on Approval and Vesting Order and related matters and correspondence; preparing for and attending court hearing; reviewing correspondence and court endorsement, and participating in internal discussions regarding same; engaging with counsel to Receiver; preparing for and attending status discussions with client; attending on Investor Notice and related correspondence;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above; engaging with various stakeholders, such as Representative Counsel; attending on various diligence matters, including conducting corporate profiles searches and PPSA searches; attending on Omnibus Report matters; attending on regular status updates, meetings, and conference calls; 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.: **12568715**
Date: **November 25, 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	74,937.00
REIMBURSABLE EXPENSES	689.67
HST @ 13%	9,831.46
TOTAL (CAD):	85,458.13

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.: **12568715**
Client No.: 232833
Amount: 85,458.13 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 November 25, 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 October 1, 2021 to October 31, 2021:

- Progress Manors: Attending on sales process matters and related correspondence;
- Sutton: Attending on section 244 notice matters; attending on PPSA registration matters and related diligence; attending on rent and demand letter matters; drafting statement of claim; attending on class action matters and attending case conference; engaging with Trustee, counsel to borrower and guarantor, and class counsel regarding same; attending on correspondence, internal discussions and conference calls related to the foregoing;
- Unionvillas: Attending on receivership and sales process matters and related correspondence; engaging with various stakeholders including Trustee and counsel to Receiver regarding same; attending on various motion matters and related correspondence; preparing for and attending court hearing; reviewing correspondence and court endorsement, and participating in internal discussions regarding same; attending on correspondence, internal discussions and conference calls related to the foregoing;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above; engaging with various stakeholders, such as Representative Counsel; attending on various diligence matters, including conducting corporate profile search; attending on regular status updates, meetings, and conference calls; 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.: **12583502**
Date: **December 17, 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	100,429.00
REIMBURSABLE EXPENSES *	433.54
HST @ 13%	13,082.36
TOTAL (CAD):	113,944.90

* Includes non-taxable expenses of 229.00 CAD

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.: **12583502**
Client No.: 232833
Amount: 113,944.90 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 December 17, 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 November 1, 2021 to November 30, 2021:

- Progress Manors: Attending on matters related to sales process and related correspondence; attending on various diligence matters and related correspondence including review of offers to purchase and conducting corporate profile searches; attending on litigation issues and related correspondence; attending on appraisal matters and related correspondence; attending on various internal and client discussions and conference calls regarding next steps related to the foregoing;
- Sutton: Attending on diligence matters and related correspondence; engaging with various stakeholders and counsel; attending on demand letters and related correspondence; attending on statement of claim including drafting, issuing and serving same; participating in internal and client discussions and conference calls regarding strategic issues, next steps, and status updates related to the foregoing;
- Unionvillas: Attending on Investor Notice matters and related correspondence; attending on receivership matters and related correspondence; attending on internal discussions and status updates regarding the foregoing;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above; engaging with various stakeholders, such as Representative Counsel; engaging with client with respect to various strategic matters and related considerations; attending on various diligence matters; preparing for upcoming motions; attending on matters and correspondence related to the Trustee's Report; attending on correspondence related to class action proceedings; attending on regular status updates, meetings, and conference calls; 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.: **12593595**
Date: **January 21, 2022**
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	64,750.00
REIMBURSABLE EXPENSES	266.40
HST @ 13%	8,452.13
TOTAL (CAD):	73,468.53

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.: **12593595**
Client No.: 232833
Amount: 73,468.53 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 21, 2022

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, 2021 to December 31, 2021:

- The Mark: Attending on diligence matters including search by owner name and preparing chain of title; attending on Investor Notice matters and related correspondence;
- Progress Manors: Attending on various matters related to transaction including reviewing offer terms and purchase agreement; engaging with various stakeholders including Trustee and counsel to borrower; attending on litigation matters and related motion matters; attending on matters with respect to first mortgagee; attending on distribution matters; attending on approval and vesting order matters; attending on correspondence, conference calls, internal and client discussions related to the foregoing;
- Soba: Attending on closing and discharge matters and related correspondence;
- Sutton: Attending on negotiations and related correspondence; attending on matters related to potential next steps and related correspondence and discussions; attending on litigation matters and related correspondence; engaging with various stakeholders including counsel to borrower and class counsel; attending on various discussions and conference calls related to the foregoing;
- Unionvillas: Attending on receivership matters and related correspondence; attending on internal and client discussions and status updates regarding same;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above; engaging with various stakeholders, such as Representative Counsel; attending on correspondence related to class action proceedings; attending on regular status updates, meetings, and conference calls; 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.: **12602832**
Date: **February 8, 2022**
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	139,404.00
REIMBURSABLE EXPENSES	448.05
HST @ 13%	18,180.77
TOTAL (CAD):	158,032.82

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.: **12602832**
Client No.: 232833
Amount: 158,032.82 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 8, 2022

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, 2022 to January 31, 2022:

- Bayview: Attending on discussions and correspondence related to project status and next steps; reviewing and considering Trustee's summary; conducting diligence including review of loan agreement, distributions and PPSA search; attending on loan and waterfall matters and related correspondence;
- Progress Manors: Attending on distribution, assignment, and class action matters and related correspondence; conducting diligence including PPSA and title searches; attending on various matters related to approval and vesting order including motion materials and related administrative matters; engaging with various stakeholders regarding same; preparing for and attending court hearing and attending on related correspondence; attending on collateral agreement, Trustee's Report and Confidential Appendix and related correspondence; attending to letter of credit issue and related correspondence; attending on various internal conference calls, discussions, and status updates regarding the foregoing;
- Sutton: Attending to loan and default matters and related correspondence; attending on class action matters and related correspondence; considering lift stay issues and potential litigation issues and attending on related correspondence; engaging with various stakeholders including counsel to borrower and Trustee; attending on various diligence matters, including review of parcel registers, and related correspondence; participating in meeting with borrower, its counsel and Trustee to discuss outstanding information requests; attending on various internal conference calls, discussions, and status updates regarding the foregoing;
- Unionvillas: Attending on receivership matters and related discussions and correspondence;
- General: Engaging with the Trustee extensively regarding multiple matters, including projects not referred to above; engaging with various stakeholders and counsel; attending on internal correspondence and conference calls regarding status updates, outstanding issues and next steps; attending on internal and client discussions regarding litigation and strategic issues; attending on Omnibus Motion and Fee Affidavit and related correspondence; 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.: **12612697**
Date: **March 24, 2022**
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	58,983.50
REIMBURSABLE EXPENSES *	641.55
HST @ 13%	7,709.66
TOTAL (CAD):	67,334.71

* Includes non-taxable expenses of 320.00 CAD

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: TDOMCATTTOR

Cheque Payments:

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

Invoice No.: **12612697**
Client No.: 232833
Amount: 67,334.71 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 24, 2022

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, 2022 to February 28, 2022:

- Bayview: Attending on correspondence and status updates;
- Progress Manors: Attending to post-hearing matters; engaging with counsel to borrower; reviewing cash collateral agreement and corresponding with client regarding same; reviewing purchase agreement and attending to related correspondence; attending on closing matters and related correspondence; attending on discussions and correspondence related to project status and next steps;
- Soba: Attending on discharge matters and related correspondence;
- Sutton: Attending on Investor Notice and related correspondence; attending on various diligence matters, including review of parcel registers, and related correspondence; attending on various litigation and class action matters and related correspondence; attending on discussions and correspondence related to project status and next steps;
- Unionvillas: Attending on receivership matters, including with respect to Deposit Motion, 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 on internal correspondence and conference calls regarding status updates, outstanding issues and next steps; attending on Trustee's Report, Omnibus Motion and Fee Affidavit and related correspondence; 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 30th DAY OF MARCH 2022

C. Nampara

A Commissioner for Taking Affidavits

EXHIBIT B

Date of Account	For Billing Period Ending	Fees (\$)	Expenses / Disbursements* (\$)	Taxes (\$)	Total (\$)
24-Mar-22	28-Feb-22	58,983.50	641.55	7,709.66	67,334.71
08-Feb-22	31-Jan-22	139,404.00	448.05	18,180.77	158,032.82
21-Jan-22	31-Dec-21	64,750.00	266.40	8,452.13	73,468.53
17-Dec-21	30-Nov-21	100,429.00	433.54	13,082.36	113,944.90
25-Nov-21	31-Oct-21	74,937.00	689.67	9,831.46	85,458.13
29-Oct-21	30-Sept-21	51,184.00	789.24	6,756.53	58,729.77
30-Sep-21	31-Aug-21	28,585.00	121.07	3,723.30	32,429.37
25-Aug-21	31-Jul-21	32,690.00	43.65	4,255.37	36,989.02
20-Jul-21	30-Jun-21	79,193.50	507.90	10,361.18	90,062.58
28-Jun-21	31-May-21	92,870.50	816.25	12,129.20	105,815.95
18-May-21	30-Apr-21	145,039.00	1,096.45	18,989.12	165,124.57
26-Apr-21	31-Mar-21	80,504.50	621.25	10,529.37	91,655.12
Total	-	948,570.00	6475.02	124,000.45	1,079,045.47

*Includes non-taxable expenses

THIS IS EXHIBIT "C" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 30th DAY OF MARCH 2022

C. Manfara

A Commissioner for Taking Affidavits

EXHIBIT C

<u>Name</u>	<u>Year of Call (if applicable)</u>	<u>Billing Rate (\$/Hour)</u>	<u>Hours Worked</u>
Buchanan, Elizabeth E.	N/A	2021: 275 2022: 290	2021: 1.0 2022: 1.1
Dacks, Jeremy	1999	2021: 990 2022: 1,125	2021: 198.0 2022: 34
De Lellis, Michael	2003	2021: 985 2022: 1,075	2021: 226.8 2022: 53.2
Disenhouse, Joshua	2014	2021: 740	2021: 0.3
Erickson, Justine	2016	2022: 735	2022: 2.3
Evans, Sylvia	N/A	2022: 325	2022: 20
Gidari, Lisa	N/A	2021: 420	2021: 1.8
Harvey, Julie	N/A	2021: 270	2021: 3.8
Herceg, Suzanne L.	N/A	2021: 490 2022: 515	2021: 4.5 2022: 0.2
Kanji, Justin	2019	2021: 545 2022: 615	2021: 4.3 2022: 7
MacEachern, Kevin	N/A	2021: 210 2022: 225	2021: 8.5 2022: 1.5
Malik, Waleed	2016	2021: 670	2021: 1.3
Margeson, Adam	2020	2021: 500	2021: 6.3
Morassutti, Paul J.	1988	2021: 1,030	2021: 0.4
Nanfara, Chloe	2020	2021: 500 2022: 570	2021: 45.8 2022: 22.5
Nassab, Bushra	2021	2021: 500 2022: 525	2021: 49.2 2022: 22.1
Nielsen, Ryan	2009	2021: 840	2021: 6.9

<u>Name</u>	<u>Year of Call (if applicable)</u>	<u>Billing Rate (\$/Hour)</u>	<u>Hours Worked</u>
Paterson, Mary	2005	2021: 890 2022: 955	2021: 102.4 2022: 54.1
Popuri, Swetha	2016	2021: 670	2021: 18.5
Read, Charlene	N/A	2021: 325	2021: 1.6
Rotrand, Graeme	2017	2021: 545	2021: 5.5
Rowe, Mary Angela	2015	2022: 775	2022: 15.1
Stidwill, Sean	2016	2021: 670	2021: 203.5
Storm, Lorna	N/A	2021: 325 2022: 350	2021: 32.5 2022: 5
Varlokostas, Sotiri	2020	2021: 500	2021: 5.4
Yeung, Sandy	2003	2021: 700	2021: 0.2
		Total:	1166.6

Blended Rate (excluding expenses / disbursements and HST) $\$948,570.00 \div 1166.6 \text{ hours} =$	\$813.11
---	----------

THIS IS CONFIDENTIAL EXHIBIT "D" REFERRED TO IN
THE AFFIDAVIT OF MICHAEL DE LELLIS
SWORN BEFORE ME ON THIS 30th DAY OF MARCH 2022

C. Manfara

A Commissioner for Taking Affidavits

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 March 30, 2022)

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