ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CL-26-00000332 0000

DATE: Thurs. Aug. 27, 2026

NO. ON LIST: 4 @11am

TITLE OF PROCEEDING: EXTEND FINANCIAL (CV) HOLDINGS INC. ET AL V Evertrust Development (Muskoka) Inc. ET AL
BEFORE: JUSTICE CAVANAGH

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
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For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
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For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Adam Zeldin	(Albert Gelman Inc. - Proposed Receiver)	azeldin@albertgelman.com
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ENDORSEMENT OF JUSTICE CAVANAGH:

[1] The Applicants, Extend Financial (CV) Holdings Inc. ("EFCVH") and Extend Financial Ltd. ("EFL" and together with EFCVH, the "Lender"), bring this Application for the appointment of Albert Gelman Inc. ("AGI" or the "Receiver") as receiver, without security, over eight properties described in the application materials (collectively, the "Properties" and each, a "Property").

[2] This Application arises from ongoing defaults by the Respondents under eight separate loan facilities advanced by the Lender, in connection with the financing of a multi-phase residential development in Bracebridge, Ontario. The loan facilities are secured by, among other security, mortgages registered against the Properties.

[3] The loan facilities were advanced to Evertrust Development (Muskoka) Inc. ("Evertrust"), with Jiancheng Zhou ("Zhou"), 1001158557 Ontario Inc. ("557 Ontario") and 1001158514 Ontario Inc. ("514 Ontario") acting as guarantors of various obligations owing to the Lender under various guarantees.

[4] The Properties were developed as a phase of the Evertrust's large-scale development project referred to as "Upper Vista Muskoka." Each Property is a semi-detached, two-storey residence.

[5] The Evertrust is in default under the loans, and the loan documents and the security granted therein provide for the appointment of a receiver upon default by the Evertrust.

[6] By demand letter dated May 4, 2026, the Lender demanded payment of all amounts owing under the Loans and Guarantees and delivered Notices of Intention to Enforce Security pursuant to section 244 of the *Bankruptcy and Insolvency Act*.

[7] The Properties are vacant newly constructed residential units requiring preservation, management, marketing and sale in an orderly manner, but, as set out in further detail below, the Lender cannot complete sales thereof to new home buyers due to the applicable requirements of Tarion Warranty Company ("Tarion") and the Home Construction Regulatory Authority ("HCRA"). The appointment of a receiver over the Properties would be necessary to permit the completion of the sale of the Properties in compliance with the applicable Tarion and HCRA requirements.

[8] AGI has consented to its appointment as Receiver.

[9] If appointed, the proposed Receiver intends to retain Get Sold Realty Inc. ("Get Sold") as listing agent for the Properties considering its familiarity with the Properties and its ability to commence the Proposed Sale Process (as defined in the materials) without delay.

[10] The proposed Receiver has developed a sale process (the "Proposed Sale Process") whereby the Receiver, with the assistance of Get Sold, will administer, supervise, facilitate and oversee the marketing and sale of the Properties with a view to maximizing realizations for the benefit of all stakeholders. Offers to purchase the Properties will be reviewed by the Receiver as received. The Receiver will have discretion to accept or reject offers, negotiate with prospective purchasers and enter into agreements of purchase and sale, having regard to, among other things, the purchase price, conditions to closing, closing certainty and the proposed closing date.

[11] The proposed order authorizes the Receiver to complete transactions for the Properties, without further order of this Court, provided that the purchase price for any such transaction meets or exceeds the minimum price-

per-square-foot threshold set out in Appendix "B" to the Pre-Filing Report, which threshold was established by the proposed Receiver based on discussions with Get Sold, a review of comparable properties listed for sale and recently sold in the Bracebridge region, recent appraisals and consultation with the Lenders (the "Threshold").

[12] Following the completion of each transaction for the Properties, the Receiver intends to make distributions (the "Proposed Distributions"). The proposed distributions include payment to such parties as required and for amounts that rank in priority to the Lenders' indebtedness, including disbursements required to be paid by the Receiver in connection with the closing of a transaction and payment to the Lender to repay indebtedness under the applicable Mortgages, subject to such holdbacks as the Receiver considers appropriate to fund the receivership.

Is it just or convenient to appoint a receiver?

[13] The test to appoint a receiver under section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. 43, as amended (the "CJA") and section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 as amended (the "BIA") is whether it would be just or convenient to do so.

[14] When deciding to appoint a receiver, the Court must have regard to all of the circumstances but, in particular, the nature of the property and the rights and interests of all parties in relation thereto. The fact that the moving party has a right to appoint a receiver is an important factor to be considered, as is the question of whether or not an appointment by the Court is necessary to enable the receiver to carry out its work and duties more efficiently. See *Bank of Nova Scotia v. Freure Village on Clair Creek*, 1996 CanLII 8258 (Ont. Gen Div. [Commercial List]), at para. 12.

[15] Evertrust opposes the application for an order appointing a receiver. Evertrust does not dispute that its loans are in default, that the security permits the appointment of a receiver on default, and that the required notices have been given. Evertrust submits, however, that the appointment of a receiver is not just or convenient in the circumstances.

[16] Evertrust submits that it should be given 90 days to refinance or sell the Properties. It points to the recent completion of a sale of a property in the same development where the proceeds of sale exceeded the mortgage debt. Evertrust relies on this fact to show that it is able to sell the Properties and pay out the mortgage debts. I observe, however, that this sale was made before construction and is not evidence of the likely prices for the Properties in the current market.

[17] Evertrust says that the Properties are in a state of disrepair and require completion or remediation. Evertrust has entered into a contract with a contractor, Core, to undertake the needed work at a cost of $508,000, with a date for substantial completion of October 30, 2026. Evertrust points to an application for refinancing of one of the Properties as an indication that a refinancing may be achieved.

[18] The fact that the Properties remain in a state of disrepair from winter damage is a fact that supports the need for a court-appointed officer to take possession of the Properties and realize on them in the interests of all stakeholders. Evertrust has had many months to effect needed repairs, and to refinance, but has not done so. Evertrust has not presented a plan to repay the indebtedness secured by mortgages on the Properties, other than through the Core contract, and vague plans to sell the Properties. There is no evidence that Evertrust has the financial resources to complete any needed repairs, where it has been unable to keep current on its interest obligations. A receiver would be able to use Core for needed work, if it were to decide that this is in the interests of stakeholders.

[19] The Lender filed a Supplementary Pre-Filing Report of the proposed Receiver in which the proposed Receiver reports that it engaged independent counsel to conduct a review of the mortgage security. The proposed Receiver reports that in connection with the security review, TGF has provided opinions to the Proposed Receiver that, subject to the assumptions and qualifications therein, each the Lender’s mortgages constitutes a valid and

enforceable mortgage of and fixed charge on the Properties, to the extent of the principal, interest and costs secured thereby.

[20] I am satisfied that it is just and convenient for a receiver to be appointed for the following reasons:

a. Evertrust is in default of its obligations under the loans and the security;

b. the indebtedness owing to the Lender is substantial and continues to accrue interest, legal fees, enforcement costs and other amounts pursuant to the loan documentation and security;

c. despite the delivery of the demand notices pursuant to each of the loans, the Respondents have failed to cure the defaults or repay the indebtedness owing under the loans;

d. the terms of the loans and the security expressly permit the appointment of a receiver;

e. the appointment of a receiver will facilitate an orderly and court-supervised realization upon the Properties because, without the appointment of a receiver, the Lender cannot sell the Properties, whether by power of sale or otherwise, in a manner that complies with the applicable Tarion and HCRA requirements. The appointment of the Receiver is therefore necessary to enable the Properties to be marketed and sold in compliance with those regulatory requirements, for the benefit of the Lender and other stakeholders.

Should the proposed sales process be approved?

[21] While the decision to approve a sale process is distinct from the decision to approve the ultimate sale, the Court has held that the reasonableness and adequacy of any sales process proposed by a court-appointed receiver must be assessed in light of the factors that were identified by the Court of Appeal in its decision in *Royal Bank v. Soundair*, namely:

a. whether the receiver has made a sufficient effort to get the best price and has not acted improvidently;

b. whether the interests of all parties have been considered;

c. the efficacy and integrity of the process by which offers are obtained; and

d. whether there has been unfairness in the working out of the process.

[22] I am satisfied that the proposed sales process satisfies these factors. The proposed process is consistent with other sales processes which were approved by this Court. The process of establishing a threshold above which Court approval is not required is reasonable in these circumstances and will reduce Court attendances and minimize unnecessary professional fees. I am satisfied that the proposed sales process is commercially reasonable and appropriate.

Should a sealing order be granted?

[23] The proposed Receiver recommends that Confidential Appendix "1" of its pre-filing report be sealed until the closing of all transactions for the Properties or further Order of this Court for the following reasons: (a) if not sealed, prospective purchasers of a Unit would have access to the floor price that the Receiver is prepared to accept, which would negatively affect realizations; (b) the Receiver believes that no party will be prejudiced if Confidential Appendix "1" is sealed; and (c) the salutary effects of sealing such information from the public record until further Order of the Court greatly outweigh the deleterious effects of not doing so under the circumstances, as disclosure could impair the Receiver's ability to maintain competitive tension and maximize value in the ongoing sale process.

[24] I am satisfied that a limited sealing order should be made. The *Sherman Estate* requirements are met.

Should the Court approve the proposed distributions?

[25] The proposed Receivership Order provides that the Receiver, is authorized, following the completion of any sale transaction in respect of the Properties, to distribute the net sale proceeds from such sale, after payment of any amounts ranking in priority, subject to such holdbacks as the Receiver considers appropriate to fund the receivership, including the fees and disbursements of the Receiver and its counsel.

[26] The proposed Receivership Order provides that all funds received or collected by the Receiver, shall be paid out in accordance with the terms of the Receivership Order or any further Order of the Court.

[27] I am satisfied that the requested distribution order is proper in the circumstances.

Disposition

[28] Order to issue in form of Order signed by me today.

[29] In the Fresh as Amended Notice of Application, the Lender seeks judgment against the guarantors. The Lender does not proceed with this part of the application today. This part of the application is adjourned *sine die*.

Released: Thursday, August 27, 2026