

COURT FILE/ESTATE NUMBER 25-2218907

COURT COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY

JUDICIAL CENTRE CALGARY

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

DOCUMENT SECOND REPORT OF THE TRUSTEE

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

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APPENDICES

Appendix A

Land title document for 135 – 30 Avenue NW

Appendix B

Redacted copy of the Minutes of the Eighth Meeting of Inspectors approving the sale of 135 – 30 Avenue NW to Hepp/Schembri

INTRODUCTION AND BACKGROUND

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

PURPOSE OF THE REPORT

6. The Trustee is seeking Court approval to:
 - a. complete the sale of 135 – 30 Ave NW, Calgary, AB (the “30 Ave Property”) to Lauren Hepp and Joseph Schembri;
 - b. pay the closing costs for the sale including but not limited to real estate

commissions;

- c. pay equal shares of the remaining net proceeds to the Owners; and
- d. obtain a Sealing Order in relation to the Trustee's Second Confidential Report.

30 AVE PROPERTY

- 7. The Owners of the 30 Ave Property are the Bankrupt, DMD III Mortgage Investment Corporation in Receivership and Crossroads – DMD Mortgage Investment Corporation (“Crossroads”), who are together referred to as the “Owners”, on an equal basis.
- 8. A copy of the land title search in respect of the 30 Ave Property is attached as Appendix “A”.
- 9. The Estate Inspectors instructed the Trustee to obtain an independent real estate appraisal of the 30 Ave Property. A copy of the real estate appraisal is attached to the Trustee's Second Confidential Report.
- 10. The Trustee, upon instruction from the Estate Inspectors and in agreement with the other Owners, retained Troy Weber of RE/MAX First Real Estate (“Weber”). Weber provided a Comparative Market Analysis to the Owners which is attached to the Trustee's Second Confidential Report.
- 11. The property was listed with Weber on the Multiple Listing Service on August 23, 2017. Weber advised that there were numerous showings and the Owners received one offer from Lauren Hepp and Joseph Schembri (“Hepp and Schembri”) on September 7, 2017.
- 12. After negotiations, an offer from Hepp and Schembri was accepted by the Owners subject to obtaining Court approval and the purchasers' conditions which were:
 - a. financing by September 22, 2017; and
 - b. a satisfactory home inspection by September 22, 2017.
- 13. A redacted copy of the Minutes of the Eighth Meeting of Inspectors approving the sale of the 30 Ave Property to Hepp and Schembri is attached to this report as Appendix “B”.
- 14. Hepp and Schembri waived conditions on September 21, 2017 and are prepared to close

the purchase within 10 days of Court approval.

15. After normal closing adjustments, there will be sufficient net proceeds from the sale of the 30 Ave Property to provide a return to the Owners.

SEALING ORDER APPLICATION

16. With a view to protecting the integrity of the sales process in the event the transaction contemplated herein does not close, the Trustee respectfully requests and recommends that the Trustee's Second Confidential Report be sealed by Order of this Honourable Court (the "Sealing Order") until the closing of the 30 Ave Property.

RELIEF SOUGHT

17. Based upon the foregoing, the Trustee seeks the Court's approval of the following:
 - a. The proposed sale to Hepp and Schembri;
 - b. Pay out the closing costs including, but not limited to, real estate commissions and unpaid property taxes;
 - c. Pay the remaining balance of sale proceeds to the Owners; and
 - d. A Sealing Order in relation to the Trustee's Second Confidential Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 12th day of October 2017.

MNP Ltd.

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

Per: 

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

APPENDIX A



LAND TITLE CERTIFICATE

B
LINC SHORT LEGAL TITLE NUMBER
0013 824 123 3980AM;46;23 081 428 249

LEGAL DESCRIPTION
PLAN 3980AM
BLOCK 46
LOT 23

ESTATE: FEE SIMPLE
ATS REFERENCE: 5;1;24;27;N

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 031 429 082

| REGISTERED OWNER(S) | | | | |
|---------------------|------------|---------------|-----------|---------------|
| REGISTRATION | DATE (DMY) | DOCUMENT TYPE | VALUE | CONSIDERATION |
| 081 428 249 | 17/11/2008 | ORDER | \$538,000 | ORDER |

OWNERS

SUN COUNTRY MORTGAGE INVESTMENT CORP.

AND
DMD III MORTGAGE INVESTMENT CORPORATION.

AND
CROSSROADS-DMD MORTGAGE INVESTMENT CORPORATION.

ALL OF:
200,136-17 AVENUE NE
CALGARY
ALBERTA T2E 1L7

ENCUMBRANCES, LIENS & INTERESTS

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

(CONTINUED)

 ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
 # 081 428 249

REGISTRATION

| NUMBER | DATE (D/M/Y) | PARTICULARS |
|-------------|--------------|---|
| 971 285 895 | 25/09/1997 | CAVEAT RE : ENCROACHMENT AGREEMENT |
| 161 079 608 | 04/04/2016 | WRIT CREDITOR - JOSEF MARTINCIC CREDITOR - KATARINA MARTINCIC BOTH OF: C/O 1600,421 7 AVENUE SW CALGARY ALBERTA T2P4K9 DEBTOR - SUN COUNTRY MORTGAGE INVESTMENT CORP. 200, 136 - 17TH AVENUE N.E. CALGARY ALBERTA T2E1L6 AMOUNT: \$2,331,329 AND COSTS IF ANY ACTION NUMBER: 1501-02868 (DATA UPDATED BY: 161197321) (DATA UPDATED BY: 161197325) |
| 161 079 647 | 04/04/2016 | WRIT CREDITOR - JOE MARTINCIC C/O 1600,421 7 AVENUE SW CALGARY ALBERTA T2P4K9 DEBTOR - SUN COUNTRY MORTGAGE INVESTMENT CORP. 200, 136 - 17TH AVENUE N.E. CALGARY ALBERTA T2E1L6 AMOUNT: \$364,618 AND COSTS IF ANY ACTION NUMBER: 1501-02869 |
| 161 079 659 | 04/04/2016 | WRIT CREDITOR - MARK MARTINCIC C/O 1600,421 7 AVENUE SW CALGARY ALBERTA T2P4K9 DEBTOR - SUN COUNTRY MORTGAGE INVESTMENT CORP. 200, 136 - 17TH AVENUE N.E. CALGARY ALBERTA T2E1L6 AMOUNT: \$151,199 AND COSTS IF ANY ACTION NUMBER: 1501-02780 |

TOTAL INSTRUMENTS: 005

(CONTINUED)

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 6 DAY OF MARCH,
2017 AT 03:07 P.M.

ORDER NUMBER: 32432228

CUSTOMER FILE NUMBER: Sun Country



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

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APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
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APPENDIX B

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

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

Date: September 13, 2017
Time: 9:15 AM
Location: via telephone conference call

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

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

The Trustee has received an tentatively accepted an offer to purchase on the 30 Ave property. The realtor acting for the Estate advised that, based on the condition of the property, a better offer would not be expected. The offer that has been accepted subject to Inspector and Court approval is within the range provided by the realtor as being reasonable.

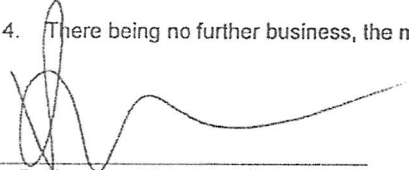
The Inspectors were asked to provide their approval of the offer received [REDACTED].

Motion carried.

2. [REDACTED]
3. [REDACTED]

Motion carried.

4. There being no further business, the meeting was terminated at 9:35 AM.


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

Approved by the Inspectors this 15th day of September, 2017


Sheena Owens, Inspector

Shirley Grieveson, Inspector

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

IN THE MATTER OF THE BANKRUPTCY OF
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The Inspectors were asked to provide their approval of the offer received of [REDACTED]

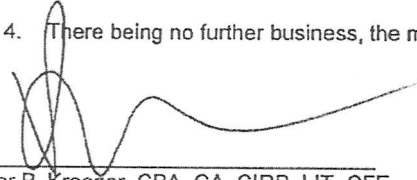
Motion carried.

[REDACTED]

3 [REDACTED]

Motion carried.

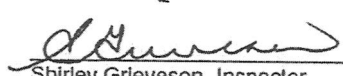
4. There being no further business, the meeting was terminated at 9:35 AM.



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

Approved by the Inspectors this _____ day of _____, 2017

Sheena Owens, Inspector



Shirley Grieverson, Inspector