

## **DMD III MORTGAGE INVESTMENT CORPORATION – IN RECEIVERSHIP**

**25-094765**

### **SECOND INTERIM REPORT OF RECEIVER**

Subsection 246(2) of the *Bankruptcy and Insolvency Act*

#### **BACKGROUND**

Effective April 4, 2017, MNP Ltd. was appointed as receiver and manager (the "Receiver") of the assets, undertakings and properties of DMD III Mortgage Investment Corporation ("DMD III" or the "Company") pursuant to an order (the "Receivership Order") granted by the Court of Queen's Bench of Alberta (the "Court")

DMD III was a mortgage investment corporation. DMD III would use investor funds to purchase residential mortgages in Alberta. Various investment properties had been foreclosed on by DMD III and at the date of receivership, DMD III was a titled owner or co-owner of eight properties, as well as registered second mortgage holder on one other property.

#### **ASSETS**

The Receiver took possession and control of the Company's assets on April 4, 2017. The Receiver had engaged the services of a consulting company to assist in the management of the assets. That agreement was terminated in October 2017.

The Receiver has listed three of the properties and sold two of the co-owned properties to date. The Receiver has also settled the functioning second mortgage with the property owners and co mortgagees. The funds are currently held in trust pending the mortgage discharge. The lone unsold property remains listed for sale, and after consultation with the co-owner, the price has been reduced to attempt to sell this property.

The Receiver has received claims from a related party against funds held in trust by Miles Davison LLP (the Miles Davison Funds"). The Miles Davison Funds are net sale proceeds held in trust for five properties sold prior to the Receivership Order. The Receiver has requested the Miles Davison Funds and to date has not received them, pending the resolution of those claims.

The Receiver had been working with the other titled owners of the remaining properties to resolve various claims and is currently working towards an agreement to list the properties for sale. The Receiver received legal advice confirming the validity of mortgages against all of the properties of the Debtor. Those mortgage amounts resulted in negative equity in all of the properties. The Receiver released those properties to the mortgage holder(s). The Receiver is continuing to work to resolve the Miles Davison Funds matter with the other claimants and once those matters are resolved, the Receiver will be applying to the Court for a potential distribution protocol and its subsequent discharge.

The Receiver has received mortgage claims against all of the properties of the Debtor and upon receiving legal advice, has released the properties to the mortgage holders as all properties were in a negative equity position.

#### **STATEMENT OF RECEIPTS AND DISBURSEMENTS**

The Receiver's Interim Statement of Receipts and Disbursements for the period April 4 to May 11, 2018 is attached as Appendix A.

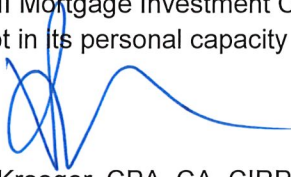
**OTHER**

Further information with respect to the receivership proceedings is available at the Receiver's website ([www.mnpdebt.ca/dmdiii](http://www.mnpdebt.ca/dmdiii)).

Dated at Calgary, Alberta this 11<sup>th</sup> day of May, 2018

MNP Ltd.

In its capacity as Receiver and Manager of  
DMD III Mortgage Investment Corporation.  
and not in its personal capacity



Victor Kroeger, CPA, CA, CIRP, CFE  
Senior Vice President

**DMD III MORTGAGE INVESTMENT CORPORATION  
IN RECEIVERSHIP  
INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD APRIL 4, 2017 TO MAY 11, 2018**

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**RECEIPTS**

Cash on hand	\$ 558,492.32
Sale of properties	196,654.52
Rental Income	2,329.28
Interest earned	<u>1,897.47</u>

**TOTAL RECEIPTS** 759,373.59

**DISBURSEMENTS**

Filing Fees	70.00
Insurance	5,329.20
Change of locks	255.00
Storage Fees	422.70
Appraisal fees	1,650.00
Utilities	2,419.96
Repairs and Maintenance	7,359.07
Consulting fees	22,475.00
Receiver's Fees	85,043.52
Legal Fees	88,885.64
Commissions	13,330.00
GST Paid	<u>10,995.10</u>

**TOTAL DISBURSEMENTS** 238,235.19

**EXCESS RECEIPTS OVER DISBURSEMENTS** \$ 521,138.40