



COURT FILE/ESTATE NUMBER 1701 - 04209

COURT COURT OF QUEEN'S BENCH OF ALBERTA
IN BANKRUPTCY

JUDICIAL CENTRE CALGARY

**IN THE MATTER OF THE RECEIVERSHIP OF DMD III
MORTGAGE INVESTMENT CORPORATION**

DOCUMENT **SECOND REPORT OF THE RECEIVER**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Kyle Kashuba
Torys LLP
4600 525 8 Ave. S.W.
Calgary, Alberta T2P 1G1
Phone No.: 403-776-3744
Fax No.: 403-776-3800
E-mail: kkashuba@torys.com
File No.: 34004-2004

APPENDICES

Appendix A

Land title document for 135 – 30 Avenue NW

INTRODUCTION AND BACKGROUND

1. DMD III Mortgage Investment Corporation (“DMD III” or the “Debtor”) was placed into receivership pursuant to a Consent Receivership Order, on April 4, 2017 naming MNP Ltd. as Receiver and Manager (the “Receiver”).
2. DMD III was a mortgage investment corporation. DMD III would use investor funds to purchase residential mortgages in Alberta.
3. Various investment properties had been foreclosed on by DMD III and at the date of receivership, the Debtor was a titled owner or co-owner of eight residential real estate properties.
4. In preparing this second report (the “Second Report”) and making comments herein, the Receiver has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of DMD III, books and records of DMD III, and information from other third-party sources (collectively, the “Information”). The Receiver 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/dmdiii.

PURPOSE OF THE REPORT

6. The Receiver 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. approval to 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 Receiver’s Second Confidential Report.

30 AVE PROPERTY

7. The Owners of the 30 Ave Property are the Debtor, Sun Country Mortgage Investment Corporation – in Bankruptcy and Crossroads - DMD Mortgage Investment Corporation who are together referred to as the “Owners”, on an equal basis.
8. A copy of the land title search is attached as Appendix “A”.
9. The Receiver obtained an independent real estate appraisal of 30 Ave Property. A copy of the real estate appraisal is attached to the Receiver’s Second Confidential Report.
10. The Receiver, 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 Receiver’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. Hepp and Schembri waived conditions on September 21, 2017 and are prepared to close the purchase within 10 days of Court approval.
14. 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

15. With a view to protecting the integrity of the sales process, in the event the transaction contemplated herein does not close, the Receiver respectfully requests and recommends that the Receiver’s Second Confidential Report be sealed (the “Sealing Order”) until the closing of the 30 Ave Property.

RELIEF SOUGHT

16. Based upon the foregoing, the Receiver 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 Receiver's First Confidential Report.

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

MNP Ltd.

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

For:

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

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