Court File No. CV-13-10362-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SILVER STREAMS HOMES INC., SILVER STREAMS HOMES (PUCCINI) INC., 2148993 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC. AND 2147650 ONTARIO INC.

Applicants

SUPPLEMENT TO THE THIRD REPORT TO COURT OF GRANT THORNTON LIMITED, MONITOR OF THE APPLICANTS UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*

JULY 25, 2014

Grant Thornton

Grant Thornton Limited,
Monitor of the Applicants under the *Companies' Creditors Arrangement Act*

Royal Bank Plaza
200 Bay Street, South Tower, 19th Floor
Toronto, Ontario, M5J 2P9

1. This report (the "**Supplemental Report**") has been prepared by Grant Thornton Limited, in its capacity as the Court-appointed Monitor ("**Monitor**") of the Applicants under the *Companies' Creditors Arrangement Act.*

2. This Supplemental Report supplements the Monitor's third report to Court dated June 24, 2014 (the "**Third Report**").

3. The Third Report advised the Court with respect to:

   i) the status of the CCAA Proceedings, including the details of the activities of the Monitor and the Applicants since the issuance of the Monitor's Second Report to Court dated April 11, 2014;

   ii) the status of the secured Claims Process being conducted by the Monitor, as authorized by the Court;

   iii) the Applicants' revised Cash Flow Projection to January 16, 2015; and

   iv) the Applicants' receipts and disbursements since December 17, 2013 up to and including June 19, 2014 (the "**Interim R&D**").

4. The Third Report was filed in support of the Applicants' motion for an order:

   i) extending the stay of proceedings;

   ii) vesting in the purchasers the Applicants' rights, title and interest in and to Lot 20 and Lot 24, free and clear of any encumbrances, except those contemplated by the respective agreements of purchase and sale;

   iii) authorizing a distribution to BMO, subject to BMO entering into a reimbursement agreement with the Monitor;

   iv) approving the Third Report, the Interim R&D and the Monitor's activities as described therein; and

v) approving the fees and disbursements of the Monitor and its independent counsel, Aird & Berlis LLP ("**Monitor's Counsel**"), as described therein.

5. Capitalized terms not defined in this Supplemental Report have the meanings ascribed to them in the Third Report.

6. The hearing with respect to the Applicants' motion was held on July 22, 2014.

7. At the hearing, counsel to certain of the Applicants' private lenders ("**Private Lenders' Counsel**") requested, among other things, that: (i) the relief set out in paragraphs 4(iv) and 4(v) above be adjourned for one month; and (ii) Monitor's Counsel deliver its working papers to Private Lenders' Counsel.

8. The Honourable Justice Brown agreed to briefly adjourn the relief set out in paragraphs 4(iv) and 4(v) above. The balance of the relief requested by the Applicants was substantially granted. At the hearing, Justice Brown stated that, in the circumstances, he did not believe it was appropriate for Monitor's Counsel to deliver its working papers to Private Lenders' Counsel. Attached as **Appendix "1"** to this Supplemental Report are copies of the issued and entered Orders and Endorsement of Justice Brown dated July 22, 2014.

9. Justice Brown's Endorsement dated July 22, 2014 provided, among other things, that Private Lenders' Counsel shall deliver to the Monitor any questions seeking clarification of the fees and distributions of the Monitor and its counsel (the "**Request**") and the Monitor shall respond (the "**Response**").

10. On July 3, 2014, Private Lenders' Counsel delivered its Request to Monitor's Counsel. Attached as **Appendix "2"** to this Supplemental Report is a copy of the Request.

11. On July 11, 2014, Monitor's Counsel delivered its Response to Private Lenders' Counsel. Attached as **Appendix "3"** to this Supplemental Report is a copy of the Response.

12. Monitor's Counsel subsequently exchanged without prejudice correspondence with Private Lenders' Counsel, who confirmed that the issue regarding the fees and disbursements of Monitor's Counsel remained unresolved.

13. In light of the fact that the tentative July 31, 2014 date for the CRA motion had slipped, this issue needed to be dealt with at an earlier time, pursuant to Justice Brown's Endorsement. Accordingly, a 9:30 a.m. hearing was scheduled before Justice Brown on July 22, 2014 for the purpose of resolving this issue.

14. On July 21, 2014, Private Lender's Counsel sent a letter to Monitor's Counsel (the "**July 21 Letter**") setting out a proposal which contemplated, among other things, the appointment of a third party lawyer to review the fees and disbursements of Monitor's Counsel. Attached as **Appendix "4"** to this Supplemental Report is a copy of the July 21 Letter.

15. At the 9:30 hearing on July 22, 2014, Justice Brown stated that he did not believe the proposal set out in the July 21 Letter was appropriate in the circumstances and held that this issue shall be heard on July 30, 2014 at 2:15 p.m. Justice Brown also directed the Monitor to file a supplemental report describing the recent correspondence set out herein and provided that any additional evidence from Private Lenders' Counsel must be delivered by 3:00 p.m. on July 25, 2014. Attached as **Appendix "5"** to this

Supplemental Report is a copy of Justice Brown's Endorsement dated July 22, 2014.

All of which is respectfully submitted,

GRANT THORNTON LIMITED,
In its capacity as Monitor of the Applicants
under the *Companies' Creditors Arrangements Act*
and not in any other capacity

Per:

Jonathan Krieger, CPA, CA, CIRP
Senior Vice President

18927525.2

APPENDIX 1

Court File No. CV-13-10362-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	THURSDAY, THE 26TH DAY
	)	
JUSTICE D. BROWN	)	OF JUNE, 2014

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SILVER STREAMS HOMES INC., SILVER STREAMS HOMES (PUCCINI) INC., 2148993 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC. AND 2147650 ONTARIO INC.

Applicants

ORDER

THIS MOTION, made by the Applicants for an order among other things:

1. extending the stay period (the "**Stay Period**") as defined in paragraph 11 of the Initial Order of the Honourable Mr. Justice Newbould dated December 17, 2013 (the "**Initial Order**") to and including January 16, 2015;

2. approving a distribution of proceeds from sale of Lot 19 and Lot 20 (as defined in the Affidavit of Imran Jinnah sworn June 19, 2014 (the "**Jinnah Affidavit**")) to Bank of Montreal ("**BMO**") up to the full amount of the Applicants' indebtedness to BMO subject to the Monitor and BMO entering into a reimbursement agreement on terms satisfactory to the Monitor;

3. approving the Third Report of Grant Thornton Limited ("**GTL**") in its capacity as the Court-appointed monitor of the Applicants (the "**Monitor**") dated June 24, 2014 (the

"**Third Report**"), the Monitor's interim statement of the Applicant's receipts and disbursements from December 17, 2013 to and including June 18, 2014 (the "**Interim R&D**") and the activities of the Monitor described therein;

4. approving the fees and disbursements of the Monitor and its counsel; and

5. granting such further and other relief as this Honourable Court may deem just,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Jinnah Affidavit and the Third Report, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor and such other counsel as were present, and on being advised that the Service List was served with the Notice of Motion and Motion Record of the Applicants:

SERVICE

1. **THIS COURT ORDERS** that the time for service of this Motion and Notice of Motion is hereby abridged and validated such that this Motion is properly returnable today and hereby dispenses with further service thereof.

STAY EXTENSION

2. **THIS COURT ORDERS** that the Stay Period is hereby extended to and including September 26, 2014.

DISTRIBUTION TO BMO

3. **THIS COURT ORDERS** that the Monitor may make a distribution to BMO (the "**BMO Distribution**") up to the full amount of the Applicants' indebtedness to BMO subject to BMO and the Monitor entering into a reimbursement agreement in a form satisfactory to the Monitor (the "**Reimbursement Agreement**"), provided however, that nothing in this paragraph shall affect the rights to or priority of any Person with a Secured Claim against the proceeds subject to the BMO Distribution (the "**Proceeds**"). The rights to or priority of any Person holding a Secured Claim against the Proceeds shall be determined as at the

Filing Date. For greater clarity, nothing in this Order shall impair the rights of any Person to make a claim against the Proceeds in priority to BMO until such time as the Reimbursement Agreement is terminated by further order of this Court. Terms not otherwise defined in this paragraph of the Order shall have the meaning ascribed to those terms in the Claims Process Order made by the Honourable Mr. Justice Wilton-Siegel dated January 15, 2014.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

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IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SILVER STREAMS HOMES INC., SILVER STREAMS HOMES (PUCCINI) INC., 2148993 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC. AND 2147650 ONTARIO INC.

Court File No. 13-10362-00-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at TORONTO

ORDER

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Court File No. 13-10362-00-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR	)	THURSDAY, THE 26TH DAY
	)	
JUSTICE BROWN	)	OF JUNE, 2014

BETWEEN:

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SILVER STREAMS HOMES INC., SILVER STREAMS HOMES (PUCCINI) INC., 2148993 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC. AND 2147650 ONTARIO INC.

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VESTING ORDER
(LOT 20)

THIS MOTION, made by the Applicants for, *inter alia*, an order vesting in Maisom Shirazi and Farzaneh Shirazi (collectively, the "**Purchaser**") the right, title and interest of Silver Streams Homes (Puccini) Inc. ("**Puccini**") in and to the assets (the "**Purchased Assets**") described in the Agreement of Purchase and Sale dated May 25, 2014 between the Purchaser and Puccini (the "**Sale Agreement**"), appended as Exhibit D to the Affidavit of Imran Jinnah sworn June 19, 2014 (the "**Affidavit**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit and the exhibits thereto and the Third Report of Grant Thornton Limited in its capacity as the Court-appointed monitor of the Applicants (the "**Monitor**") and on hearing the submissions of counsel for the Applicants, counsel for the Monitor and counsel for certain lien claimants, and no one appearing for any other person on the service list, although properly served as appears from the affidavit of Lynn Lee sworn June 20, 2014, filed:

1. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's Certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Monitor's Certificate**"), all of Puccini's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Newbould dated December 17, 2013 (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

2. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of York Region (No. 65) of an Application for Vesting Order in the form prescribed by the *Land Titles Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "**Real Property**") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

3. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the

sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

5. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicants and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Applicants;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

6. **THIS COURT ORDERS AND DECLARES** that the transaction contemplated by the Sale Agreement is exempt from the application of the *Bulk Sales Act* (Ontario).

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 Applicants, the Monitor and their 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 Applicants and the Monitor as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and their agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUN 2 3 2014

MB

Schedule A – Form of Monitor's Certificate

Court File No. 13-10362-00-CL

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B E T W E E N:

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Applicants

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 17, 2013, the restructuring proceedings of the Applicants were commenced under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and Grant Thornton Limited was appointed as the Monitor of the Applicants (the "**Monitor**").

B. Pursuant to an Order of the Court dated June 26, 2014, the Court granted an order vesting in Maisom Shirazi and Farzaneh Shirazi (collectively, the "**Purchaser**") the right, title and interest of Silver Streams Homes (Puccini) Inc. ("**Puccini**") in the assets (the "**Purchased Assets**") described in the agreement of purchase and sale made as of May 25, 2014 between Puccini and the Purchaser (the "**Sale Agreement**"), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to closing as set out in the Sale Agreement have been satisfied or waived by Puccini and the Purchaser; and (iii) the transaction contemplated by the Sale Agreement has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and Puccini has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;

2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by Puccini and the Purchaser; and

3. The Transaction has been completed to the satisfaction of the Monitor.

4. This Certificate was delivered by the Monitor at ________ [TIME] on _______ [DATE].

GRANT THORNTON LIMITED, in its capacity as Court-appointed monitor of the Applicants, and not in its personal capacity

Per: ________________________________

Name:

Title:

Schedule B – Purchased Assets

Lot 20 on Plan 65M4331; Town of Richmond Hill; PIN 03206-3503 (LT)

Schedule C – Claims to be deleted and expunged from title to Real Property

1. Instrument No. YR1084937 registered on November 9, 2007 is a Transfer/Deed of Land registered in favour of 2148990 Ontario Inc.

2. Instrument No. YR1273792 registered on January 5, 2009 is a Charge/Mortgage of Land in the principal amount of $12,387,000 in favour of the Bank of Montreal.

3. Instrument No. YR1273793 registered on January 5, 2009 is a Notice of General Assignment of Rents in favour of the Bank of Montreal.

4. Instrument No. YR1315616 registered on March 12, 2009 is a Notice of Agreement Amending Mortgage relating to Instrument No. YR1273792.

5. Instrument No. YR1388186 registered on October 13, 2009 is a Postponement by Bank of Montreal in favour of The Corporation of the Town of Richmond Hill relating to Instrument Nos. YR1273792 to YR1376244.

6. Instrument No. YR1493832 registered on June 10, 2010 is a Notice of Agreement Amending Mortgage relating to Instrument No. YR1273792.

7. Instrument No. YR1562903 registered on October 18, 2010 is a Charge/Mortgage of Land in the principal amount of $2,000,000 in favour of 53 Puccini Mortgage Corp.

8. Instrument No. YR1578126 registered on November 22, 2010 is a Postponement by 53 Puccini Mortgage Corp. in favour of Bank of Montreal relating to Instrument Nos. YR1562903 to YR1273792.

9. Instrument No. YR1657652 registered on June 2, 2011 is a Notice of Agreement Amending Mortgage relating to Instrument No. YR1562903.

10. Instrument No. YR1657656 registered on June 2, 2011 is a Charge/Mortgage of Land in the principal amount of $3,200,000 in favour of Nastell Investments Limited.

11. Instrument No. YR1783162 registered on February 13, 2012 is a Notice of Agreement Amending Mortgage relating to Instrument No. YR1657656.

12. Instrument No. YR1812191 registered on April 23, 2012 is a Postponement by Bank of Montreal in favour of The Corporation of the Town of Richmond Hill relating to Instrument Nos. YR1273792, YR1273793, YR1315616 and YR1493832 to YR1811419.

13. Instrument No. YR1812192 registered on April 23, 2012 is a Postponement by 53 Puccini Mortgage Corp. in favour of The Corporation of the Town of Richmond Hill relating to Instrument Nos. YR1562903 and YR1657652 to YR1811419.

14. Instrument No. YR1812193 registered on April 23, 2012 is a Postponement by Nastell Investments Limited in favour of The Corporation of the Town of Richmond Hill relating to Instrument Nos. YR1657656 and YR1783162 to YR1811419.

15. Instrument No. YR2016863 registered on August 9, 2013 is a Construction Lien in the amount of $94,837 in favour of Con-Drain Company (1983) Limited.

16. Instrument No. YR2016890 registered on August 9, 2013 is a Notice registered by Con-Drain Company (1983) Limited.

17. Instrument No. YR2043150 registered on October 3, 2013 is a Certificate registered by Con-Drain Company (1983) Ltd. relating to the Construction Lien registered as Instrument No. YR2016863.

18. Instrument No. YR2048904 registered on October 18, 2013 is a Construction Lien in the amount of $135,060 in favour of Argo Lumber Inc.

19. Instrument No. YR2049079 registered on October 18, 2013 is a Construction Lien in the amount of $104,574 in favour of The King-Con Corporation.

20. Instrument No. YR2050277 registered on October 22, 2013 is a Construction Lien in the amount of $67,793 in favour of Newmar Window Manufacturing Inc.

21. Instrument No. YR2056986 registered on November 6, 2013 is a Construction Lien in the amount of $554,354 in favour of Pilbro III Inc.

22. Instrument No. YR2057173 registered on November 6, 2013 is a Construction Lien in the amount of $521,675 in favour of Medi Group Incorporated.

23. Instrument No. YR2057568 registered on November 7, 2013 is a Construction Lien in the amount of $94,922 in favour of Cardell Flooring Ltd.

24. Instrument No. YR2057675 registered on November 7, 2013 is a Construction Lien in the amount of $434,578 in favour of Foremont Drywall Inc., 1382479 Ontario Inc., 1382503 Ontario Inc., and 2203579 Ontario Inc.

25. Instrument No. YR2057676 registered on November 7, 2013 is a Construction Lien in the amount of $216,202 in favour of Canadian Concrete Forming Limited.

26. Instrument No. YR2057677 registered on November 7, 2013 is a Construction Lien in the amount of $227,303 in favour of Pave Plumbing & Heating Inc.

27. Instrument No. YR2058240 registered on November 8, 2013 is a Construction Lien in the amount of $328,674 in favour of E. D. Carpenters Limited.

28. Instrument No. YR2058638 registered on November 12, 2013 is a Construction Lien in the amount of $203,870 in favour of The Sanderson-Harold Company Limited.

29. Instrument No. YR2058688 registered on November 12, 2013 is a Construction Lien in the amount of $186,364 in favour of Solo Electric Ltd.

30. Instrument No. YR2059379 registered on November 13, 2013 is a Construction Lien in the amount of $91,519 in favour of 1865721 Ontario Inc.

31. Instrument No. YR2060246 registered on November 14, 2013 is a Construction Lien in the amount of $108,287 in favour of 669857 Ontario Inc.

32. Instrument No. YR2060384 registered on November 14, 2013 is a Construction Lien in the amount of $29,392 in favour of Renova Recycling (2000) Inc.

33. Instrument No. YR2060546 registered on November 15, 2013 is a Certificate registered by 1865721 Ontario Inc. relating to the Construction Lien registered as Instrument No. YR2059379.

34. Instrument No. YR2060547 registered on November 15, 2013 is a Certificate registered by Medi Group Incorporated relating to the Construction Lien registered as Instrument No. YR2057173.

35. Instrument No. YR2060548 registered on November 15, 2013 is a Certificate registered by Cardell Flooring Ltd. relating to the Construction Lien registered as Instrument No. YR2057568.

36. Instrument No. YR2060549 registered on November 15, 2013 is a Certificate registered by Canadian Concrete Forming Limited relating to the Construction Lien registered as Instrument No. YR2057676.

37. Instrument No. YR2060550 registered on November 15, 2013 is a Certificate registered by Foremont Drywall Inc., 1382479 Ontario Inc., 1382503 Ontario Inc. and 2203579 Ontario Inc., c.o.b. Foremont Drywall Contracting relating to the Construction Lien registered as Instrument No. YR2057675.

38. Instrument No. YR2060551 registered on November 15, 2013 is a Certificate registered by E. D. Carpenters Limited relating to the Construction Lien registered as Instrument No. YR2058240.

39. Instrument No. YR2060571 registered on November 15, 2013 is a Certificate registered by Solo Electric Ltd. relating to the Construction Lien registered as Instrument No. YR2058688.

40. Instrument No. YR2060572 registered on November 15, 2013 is a Certificate registered by Pilbro III Inc. relating to the Construction Lien registered as Instrument No. YR2056986.

41. Instrument No. YR2060573 registered on November 15, 2013 is a Certificate registered by Pave Plumbing & Heating Inc. relating to the Construction Lien registered as Instrument No. YR2057677.

42. Instrument No. YR2061882 registered on November 18, 2013 is a Certificate of Action registered by The King-Con Corporation relating to the Construction Lien registered as YR2049079.

43. Instrument No. YR2062198 registered on November 19, 2013 is a Construction Lien in the amount of $46,559 in favour of GM Exteriors Inc.

44. Instrument No. YR2062199 registered on November 19, 2013 is a Construction Lien in the amount of $82,579 in favour of Giancola Aluminum Contractors Inc.

45. Instrument No. YR2067687 registered on November 29, 2013 is a Certificate of Action registered by Argo Lumber Inc. relating to the Construction Lien registered as Instrument No. YR2048904.

46. Instrument No. YR2067695 registered on November 29, 2013 is a Certificate of Action registered by Newmar Window Manufacturing Inc. relating to the Construction Lien registered as Instrument No. YR2050277.

47. Instrument No. YR2070295 registered on December 5, 2013 is a Certificate registered by GM Exteriors Inc. relating to the Construction Lien registered as Instrument No. YR2062198.

48. Instrument No. YR2070296 registered on December 5, 2013 is a Certificate registered by Giancola Aluminum Contractors Inc. relating to the Construction Lien registered as Instrument No. YR2062199.

49. Instrument No. YR2075688 registered on December 17, 2013 is a Certificate registered by 669857 Ontario Inc. relating to the Construction Lien registered as Instrument No. YR2060246.

50. Instrument No. YR2095047 registered on February 12, 2014 is a Certificate of Action registered by Renova Recycling (2000) Inc. relating to the Construction Lien registered as Instrument No. YR2060384.

Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants related to the Real Property

(unaffected by the Vesting Order)

1. Instrument No. YR1376244 registered on September 18, 2009 is a Notice of Subdivision Agreement in favour of The Corporation of the Town of Richmond Hill.

2. Instrument No. YR1811419 registered on April 20, 2012 is a Notice of Subdivision Agreement in favour of The Corporation of the Town of Richmond Hill.

3. Instrument No. 65M4331 registered on July 20, 2012 is a Plan of Subdivision.

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SILVER STREAMS HOMES INC., SILVER STREAMS HOMES (PUCCINI) INC., 2148993 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC. AND 2147650 ONTARIO INC.

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Proceedings commenced at TORONTO

VESTING ORDER
(LOT 20)

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THE HONOURABLE MR	)	THURSDAY, THE 26TH DAY
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Applicants

VESTING ORDER
(LOT 24)

THIS MOTION, made by the Applicants for, *inter alia*, an order vesting in Huran Amiri (the "**Purchaser**") the right, title and interest of Silver Streams Homes (Puccini) Inc. ("**Puccini**") in and to the assets described in the Agreement of Purchase and Sale dated May 25, 2014 between Puccini and the Purchaser (the "**Sale Agreement**"), appended as Exhibit C to the Affidavit of Imran Jinnah sworn June 19, 2014 (the "**Affidavit**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit and the exhibits thereto and the Third Report of Grant Thornton Limited in its capacity as the Court-appointed monitor of the Applicants (the "**Monitor**") and on hearing the submissions of counsel for the Applicants, counsel for the Monitor and counsel for certain lien claimants, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Lynn Lee sworn June 20, 2014, filed:

1. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's Certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Monitor's Certificate**"), all of Puccini's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Newbould dated December 17, 2013 (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

2. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of York Region (No. 65) of an Application for Vesting Order in the form prescribed by the *Land Titles Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "**Real Property**") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.

3. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the

sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

5. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicants and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Applicants;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

6. **THIS COURT ORDERS AND DECLARES** that the transaction contemplated by the Sale Agreement is exempt from the application of the *Bulk Sales Act* (Ontario).

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 Applicants, the Monitor and their 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 Applicants and the Monitor as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants and their agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JUN 2 3 2014

MB

Schedule A – Form of Monitor's Certificate

Court File No. 13-10362-00-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SILVER STREAMS HOMES INC., SILVER STREAMS HOMES (PUCCINI) INC., 2148993 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC. AND 2147650 ONTARIO INC.

Applicants

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated December 17, 2013, the restructuring proceedings of the Applicants were commenced under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and Grant Thornton Limited was appointed as the Monitor of the Applicants (the "**Monitor**").

B. Pursuant to an Order of the Court dated June 26, 2014, the Court granted an order vesting in Huran Amiri (the "**Purchaser**") the right, title and interest of Silver Streams Homes (Puccini) Inc. ("**Puccini**") in and to the assets described in the Agreement of Purchase and Sale dated May 25, 2014 between Puccini and the Purchaser (the "**Sale Agreement**"), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to closing as set out in the Sale Agreement have been satisfied or waived by Puccini and the Purchaser; and (iii) the transaction contemplated by the Sale Agreement has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and Puccini has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;

2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by Puccini and the Purchaser; and

3. The Transaction has been completed to the satisfaction of the Monitor.

4. This Certificate was delivered by the Monitor at ________ [TIME] on _______ [DATE].

GRANT THORNTON LIMITED, in its capacity as Court-appointed monitor of the Applicants, and not in its personal capacity

Per: ________________________________

Name:
Title:

Schedule B – Purchased Assets

Lot 24 on Plan 65M4331; Town of Richmond Hill; PIN 03206-3507 (LT)

Schedule C – Claims to be deleted and expunged from title to Real Property

1. Instrument No. YR1084937 registered on November 9, 2007 is a Transfer/Deed of Land registered in favour of 2148990 Ontario Inc.

2. Instrument No. YR1273792 registered on January 5, 2009 is a Charge/Mortgage of Land in the principal amount of $12,387,000 in favour of Bank of Montreal.

3. Instrument No. YR1273793 registered on January 5, 2009 is a Notice of General Assignment of Rents in favour of Bank of Montreal.

4. Instrument No. YR1315616 registered on March 12, 2009 is a Notice of Agreement Amending Mortgage relating to Instrument No. YR1273792.

5. Instrument No. YR1388186 registered on October 13, 2009 is a Postponement by Bank of Montreal in favour of The Corporation of the Town of Richmond Hill relating to Instrument Nos. YR1273792 to YR1376244.

6. Instrument No. YR1493832 registered on June 10, 2010 is a Notice of Agreement Amending Mortgage relating to Instrument No. YR1273792.

7. Instrument No. YR1562903 registered on October 18, 2010 is a Charge/Mortgage of Land in the original principal amount of $2,000,000.00 in favour of 53 Puccini Mortgage Corp.

8. Instrument No. YR1578126 registered on November 22, 2010 is a Postponement by 53 Puccini Mortgage Corp. in favour of Bank of Montreal relating to Instrument Nos. YR1562903 to YR1273792.

9. Instrument No. YR1657652 registered on June 2, 2011 is a Notice of Agreement Amending Mortgage relating to Instrument No. YR1562903.

10. Instrument No. YR1657656 registered on June 2, 2011 is a Charge/Mortgage of Land in the original principal amount of $3,200,000 in favour of Nastell Investments Limited.

11. Instrument No. YR1783162 registered on February 13, 2012 is a Notice of Agreement Amending Mortgage relating to Instrument No. YR1657656.

12. Instrument No. YR1812191 registered on April 23, 2012 is a Postponement by Bank of Montreal in favour of The Corporation of the Town of Richmond Hill relating to Instrument Nos. YR1273792, YR1273793, YR1315616 and YR1493832 to YR1811419.

13. Instrument No. YR1812192 registered on April 23, 2012 is a Postponement by 53 Puccini Mortgage Corp. in favour of The Corporation of the Town of Richmond Hill relating to Instrument Nos. YR1562903 and YR1657652 to YR1811419.

14. Instrument No. YR1812193 registered on April 23, 2012 is a Postponement by Nastell Investments Limited in favour of The Corporation of the Town of Richmond Hill relating to Instrument Nos. YR1657656 and YR1783162 to YR1811419.

15. Instrument No. YR1858123 registered on July 23, 2012 is a Postponement from Bank of Montreal in favour of The Corporation of the Town of Richmond Hill relating to Instrument Nos. YR1273792, YR1273793, YR1315616 and YR1493832 to YR1858108.

16. Instrument No. YR1858124 registered on July 23, 2012 is a Postponement from 53 Puccini Mortgage Corp. in favour of The Corporation of the Town of Richmond Hill relating to Instrument Nos. YR1562903 and YR1657652 to YR1858108.

17. Instrument No. YR1858125 registered on July 23, 2012 is a Postponement from Nastell Investments Limited in favour of The Corporation of the Town of Richmond Hill relating to Instrument Nos. YR1657656 and YR1783162 to YR1858108.

18. Instrument No. YR2016863 registered on August 9, 2013 is a Construction Lien in the amount of $94,837 in favour of Con-Drain Company (1983) Limited.

19. Instrument No. YR2016890 registered on August 9, 2013 is a Notice registered by Con-Drain Company (1983) Limited.

20. Instrument No. YR2043150 registered on October 3, 2013 is a Certificate registered by Con-Drain Company (1983) Ltd. relating to Instrument No. YR2016863.

21. Instrument No. YR2048904 registered on October 18, 2013 is a Construction Lien in the amount of $135,060 registered by Argo Lumber Inc.

22. Instrument No. YR2049079 registered on October 18, 2013 is a Construction Lien in the amount of $104,574 registered by The King-Con Corporation.

23. Instrument No. YR2050277 registered on October 22, 2013 is a Construction Lien in the amount of $67,793 registered by Newmar Window Manufacturing Inc.

24. Instrument No. YR2050961 registered on October 23, 2013 is a Construction Lien in the amount of $22,568 registered by Trustees of the Labourers' Union of North America Local 183 Members' Benefit Trust Fund.

25. Instrument No. YR2056986 registered on November 6, 2013 is a Construction Lien in the amount of $554,354 registered by Pilbro III Inc.

26. Instrument No. YR2057173 registered on November 6, 2013 is a Construction Lien in the amount of $521,675 registered by Medi Group Incorporated.

27. Instrument No. YR2057568 registered on November 7, 2013 is a Construction Lien in the amount of $94,922 registered by Cardell Flooring Ltd.

28. Instrument No. YR2057675 registered on November 7, 2013 is a Construction Lien in the amount of $434,578 registered by Foremont Drywall Inc., 1382479 Ontario Inc., 1382503 Ontario Inc. and 2203579 Ontario Inc.

29. Instrument No. YR2057676 registered on November 7, 2013 is a Construction Lien in the amount of $216,202 registered by Canadian Concrete Forming Limited.

30. Instrument No. YR2057677 registered on November 7, 2013 is a Construction Lien in the amount of $227,303 registered by Pave Plumbing & Heating Inc.

31. Instrument No. YR2058240 registered on November 8, 2013 is a Construction Lien in the amount of $328,674 registered by E. D. Carpenters Limited.

32. Instrument No. YR2058688 registered on November 12, 2013 is a Construction Lien in the amount of $186,364 registered by Solo Electric Ltd.

33. Instrument No. YR2059379 registered on November 13, 2013 is a Construction Lien in the amount of $91,519 registered by 1865721 Ontario Inc.

34. Instrument No. YR2060246 registered on November 14, 2013 is a Construction Lien in the amount of $108,287 registered by 669857 Ontario Inc.

35. Instrument No. YR2060384 registered on November 14, 2013 is a Construction Lien in the amount of $29,392 registered by Renova Recycling (2000) Inc.

36. Instrument No. YR2060546 registered on November 15, 2013 is a Certificate registered by 1865721 Ontario Inc. relating to the Construction Lien registered as Instrument No. YR2059379.

37. Instrument No. YR2060547 registered on November 15, 2013 is a Certificate registered by Medi Group Incorporated relating to the Construction Lien registered as Instrument No. YR2057173.

38. Instrument No. YR2060548 registered on November 15, 2013 is a Certificate registered by Cardell Flooring Ltd. relating to the Construction Lien registered as Instrument No. YR2057568.

39. Instrument No. YR2060549 registered on November 15, 2013 is a Certificate registered by Canadian Concrete Forming Limited relating to the Construction Lien registered as Instrument No. YR2057676.

40. Instrument No. YR2060550 registered on November 15, 2013 is a Certificate registered by Foremont Drywall Inc., 1382479 Ontario Inc., 1382503 Ontario Inc. and 2203579 Ontario Inc. c.o.b. Foremont Drywall Contracting relating to the Construction Lien registered as Instrument No. YR2057675.

41. Instrument No. YR2060551 registered on November 15, 2013 is a Certificate registered by E. D. Carpenters Limited relating to the Construction Lien registered as Instrument No. YR2058240.

42. Instrument No. YR2060571 registered on November 15, 2013 is a Certificate registered by Solo Electric Ltd. relating to the Construction Lien registered as Instrument No. YR2058688.

43. Instrument No. YR2060572 registered on November 15, 2013 is a Certificate registered by Pilbro III Inc. relating to the Construction Lien registered as Instrument No. YR2056986.

44. Instrument No. YR2060573 registered on November 15, 2013 is a Certificate registered by Pave Plumbing & Heating Inc. relating to the Construction Lien registered as Instrument No. YR2057677.

45. Instrument No. YR2061882 registered on November 18, 2013 is a Certificate of Action registered by The King-Con Corporation relating to the Construction Lien registered as Instrument No. YR2049079.

46. Instrument No. YR2062198 registered on November 19, 2013 is a Construction Lien in the amount of $46,559 registered by GM Exteriors Inc.

47. Instrument No. YR2062199 registered on November 19, 2013 is a Construction Lien in the amount of $82,579 registered by Giancola Aluminum Contractors Inc.

48. Instrument No. YR2067687 registered on November 29, 2013 is a Certificate of Action registered by Argo Lumber Inc. relating to the Construction Lien registered as Instrument No. YR2048904.

49. Instrument No. YR2067695 registered on November 29, 2013 is a Certificate of Action registered by Newmar Window Manufacturing Inc. relating to the Construction Lien registered as Instrument No. YR2050277.

50. Instrument No. YR2070295 registered on December 5, 2013 is a Certificate registered by GM Exteriors Inc. relating to the Construction Lien registered as Instrument No. YR2062198.

51. Instrument No. YR2070296 registered on December 5, 2013 is a Certificate registered by Giancola Aluminum Contractors Inc. relating to the Construction Lien registered as Instrument No. YR2062199.

52. Instrument No. YR2071421 registered on December 9, 2013 is a Certificate registered by the Trustees of the Labourers' International Union of North America Local 183 Members' Benefit Trust Fund relating to the Construction Lien registered as Instrument No. YR2050961.

53. Instrument No. YR2073073 registered on December 12, 2013 is a Construction Lien in the amount of $31,745 registered by Trudel & Sons Roofing Ltd.

54. Instrument No. YR2074472 registered on December 16, 2013 is a Construction Lien in the amount of $27,730 registered by Canator Exteriors Inc.

55. Instrument No. YR2075688 registered on December 17, 2013 is a Certificate registered by 669857 Ontario Inc. relating to the Construction Lien registered as Instrument No. YR2060246.

56. Instrument No. YR2091581 registered on February 3, 2014 is a Certificate of Action registered by Trudel & Sons Roofing Ltd. relating to the Construction Lien registered as Instrument No. 2073073.

57. Instrument No. YR2095047 registered on February 12, 2014 is a Certificate of Action registered by Renova Recycling (2000) Inc. relating to the Construction Lien registered as Instrument No. 2060384.

Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants related to the Real Property

(unaffected by the Vesting Order)

1. Instrument No. YR1376244 registered on September 18, 2009 is a Notice of Subdivision Agreement in favour of The Corporation of the Town of Richmond Hill.
2. Instrument No. YR1811419 registered on April 20, 2012 is a Notice of Subdivision Agreement in favour of The Corporation of the Town of Richmond Hill.
3. Instrument No. 65M4331 registered on July 20, 2012 is a Plan of Subdivision.
4. Instrument No. 65R33751 registered on July 20, 2012 is a Reference Plan.
5. Instrument No. YR1858108 registered on July 23, 2012 is a Transfer Easement in favour of The Corporation of the Town of Richmond Hill.

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SILVER STREAMS HOMES INC., SILVER STREAMS HOMES (PUCCINI) INC., 2148993 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC. AND 2147650 ONTARIO INC.

Court File No. 13-10362-00-CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at TORONTO

VESTING ORDER
(LOT 24)

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Barristers and Solicitors
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Lawyers for the Applicants

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SILVER STREAMS HOMES INC., SILVER STREAMS HOMES (PUCCINI) INC., 2148993 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC. AND 2147650 ONTARIO INC.

Court File No. 13-10362-00-CL

June 26-14

June 26/14

① Sale of 2 lots. The evidence satisfies CCAA s 36, and no person opposes. Orders to go in accordance with drafts filed which I have signed.

② Distribution to BMO. The evidence supports the priority of BMO. No person opposes. Order to go in accordance with ~~draft filed~~ my fiat.

③ Monitor's Fees. I grant a brief adjournment of this part of the motion. Mr. Weinstock's client shall deliver to the Monitor any questions seeking clarification of the fees + disbs of the Monitor and its counsel by July 3 and the Monitor shall respond by July 10. If the issue is not resolved, then the request for approval of the fees can be heard on the tentative July 31 motion date or, if that date slips, I will deal with the issue during the week of July 14 on a date to be arranged by counsel.

→ over.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at TORONTO

MOTION RECORD
(RETURNABLE JUNE 26, 2014)

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Lawyers for the Applicants

13

Doc#2886374v1

(4) As to the stay extension, CCAA s. 11.02(3) has been satisfied, but I grant an extension for only 3 months. From the evidence and the submissions of counsel I formed a concern that the claims process may be bogging down with a risk of generating disproportionate costs. Given that the parties foresee a substantial shortfall, I think the court should keep an eye on how the claims process is proceeding, so I extend the stay for only 3 months.

D.M. BROWN J.

APPENDIX 2

Court File No. 13-10362-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE
COMPANIES' CREDITORS ARRANGMENT ACT,
R.S.C. 1985, c. C-36, as ammended

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SILVER STREAMS HOMES INC., SILVER STREAMS HOMES (PUCCINI) INC., 2148893 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC., and 2146750 ONTARIO INC.

APPLICANTS

REQUEST FOR CLARIFICATION/ CONCERNS WITH THE FEES OF THE MONITOR'S COUNSEL

The private mortgagees, Puccini Mortgage Corp., DaPaul Management Limited, 388242 Ontario Limited, 53 Puccini Mortgage Corp., Nastell Investments Limited and Castle Lane Design Group Inc. and the D.I.P. Lender, Sandall Investments Limited ("These Mortgagees") have the following questions and/or concerns with respect to the fees claimed by the Monitor's counsel, Aird & Berlis LLP ("A&B") in response to the accounts included as part of the Monitor's Third Report dated June 24, 2014.

Pursuant to the court order of Justice Wilton-Siegel pronounced on January 16, 2014, a process was established for determinations to be made on the allowance/disallowance of various claims. However, after what appears to be a great deal of time billed by the monitor's lawyers in respect of reviewing the claims of the lien claimants, on June 3, 2014, Monitor's counsel indicated that they would not finalize their notices of allowance/disallowance and suggested alternatives to deal with the claims. As such, no final reports were ever provided or circulated concerning the claims of the lien claimants and no allowance/disallowances were made. The explanation/backup for the "draft" reports was not provided to the "vetting committee" and questions posed by counsel in attendance at a meeting conducted on June 10, 2014 were not answered. The lawyers for the lien claimants and Con-Drain would not accept the findings contained in the drafts. Therefore, it was suggested by A&B that the claims be submitted to another forum for determination, such as arbitration. Mr. Drudi agreed on behalf of These Mortgagees (and still does agree with that proposal).

These Mortgagees have concerns regarding the time and resources apparently spent by the Monitor's lawyers, as reflected in their dockets, on the allowance/disallowance process which they ultimately abandoned, without showing how or why they arrived at their conclusions, draft or otherwise.

1. Claims that These Mortgagees believe are related to the allowance/disallowance process are marked and highlighted in yellow on the attached dockets. Specifically, we need to know:

   a. What was done on the allowance/disallowance process?
   b. How much is being claimed for work done on the allowance/disallowance process?

2. A&B has 6 lawyers and various clerks/students docketing to this file. There is no explanation as to why there was/is a need for all of the lawyers and staff. There also appears to be a great deal of billing for internal discussions amongst the many people at A&B. The concerning dockets are highlighted in orange/green).

3. On a few occasions (as marked on the attached dockets) including April 23/14 – there appears to be meeting between four lawyers at A&B who docketed and for the meeting (except for SG who did not docket) and all docketed different amounts of time for the same meeting (1.8 hrs. for IEA, 2.6 for PPGC and 2.0 for CVR). These dockets are inconsistent and redundant.

4. On page 3 of account #483070, A&B appears to be charging/docketing time at $230/hour to attend at Court to file materials.

5. On page 2 of account # 484355, A&B appear to be charging $230/hour to scan a letter and an attachment.

6. The Major concern is that too many persons are docketing to the file, which cannot be justified given the amounts in issue and the tasks undertaken.

7. The purpose of the claims process was to provide a vehicle in which to review and vet the lien claims efficiently and thoroughly and to issue an allowance or disallowance (as the case may be), with a transparent and well-founded decision on each lien claim.

July 3, 2014

APPENDIX 3

AIRD & BERLIS LLP
Barristers and Solicitors

Steven L. Graff
Direct: 416.865.7726
Email: sgraff@airdberlis.com

July 11, 2014

BY EMAIL (**mdrudi@dakllp.com**, **awainstock@dakllp.com**)

Drudi Alexiou Kuchar LLP
7050 Weston Road, Suite 610
Vaughan, ON L4L 8G7

Attention: Marco Drudi and Adam Wainstock

Dear Sirs,

Re: In the Matter of a Plan of Compromise or Arrangement of Silver Streams Homes Inc., et. al.

This letter is in response to your request for clarification/concerns with our fees as Monitor's counsel in these proceedings dated July 3, 2014 (the "**Letter**") and is delivered in accordance with the endorsement of the court dated June 26, 2014.

As you would no doubt expect, our firm structures work to allocate our resources in order to provide our services in an economic and efficient manner. We are always considerate of cost sensitivity and have been particularly attuned to that issue in this matter. We have emphasized appropriate delegation to juniors, where possible, and have ensured appropriate oversight of the necessary tasks. We believe that our fees are fair and reasonable and that our fees accurately reflect the value of the legal services provided. Where necessary, we have sought in-firm expertise to analyze and respond to the various issues that have arisen in these proceedings in order to provide responsible and appropriate legal services to the Monitor.

As you are aware, in accordance with the Claims Process Order dated January 16, 2014 (the "**Order**"), the Monitor reviewed all of the forty-two (42) claims that were submitted and arrived at certain conclusions with respect to the validity, enforceability and priority of these claims. As you know from your attendance at the meeting that the Monitor held with the Vetting Committee on June 10, 2014, this review process identified several issues with the claims.

As you will recall, our suggested course of action was as follows:

1. Issue the following:

(a) Notices of Allowance to Canada Revenue Agency ("**CRA**") with respect to CRA's two claims for source deductions with the caveat that: (a) the claims are against Silver Streams Homes Inc. ("**Silver Streams**") and Silver Streams Homes (Puccini) Inc. ("**Puccini**"); (b) neither Silver Streams nor Puccini holds any title in the ten lots that existed at the time of the Applicants' application under the *Companies' Creditors Arrangement Act* ("**CCAA**"); and (c) accordingly, the proceeds arising from the sale of said homes are not those to which CRA's deemed trust claims against Silver Streams or Puccini attach;

(b) Notice of Disallowance to CRA with respect to CRA's GST/HST claim on the basis that the claim is an unsecured claim in the CCAA proceedings and the Order established a claims process that was limited to Secured Claims (as such term is defined in the Order); and

(c) Notices of Allowance to each of Bank of Montreal, Home Trust and Foremost with respect to their mortgage claims with the caveat that each of their claims remains subject to the extent of any deficiency in any holdback, if any, required to be maintained under the *Construction Lien Act* and any trust claim that has been or may be made.

The above mentioned Notices of Allowance and Disallowance were issued by the Monitor on June 16th.

2. Advise Michael Mazzuca of Gibson & Barnes LLP, which filed the sole late claim on behalf of Argyle Flooring, that after discussions with the Vetting Committee, the Monitor has decided to reserve its decision of the admission of his claim until the Monitor and the Vetting Committee have more clarity on the amount of funds available for distribution but that, based on the quantum of the mortgages and the construction lien claims, there is unlikely to be any money available for distribution to his client.

This position was communicated to Mr. Mazzuca via letter on June 16th.

3. Have the Con-Drain action heard by a Commercial List judge on an expedited basis outside of the context of the CCAA proceedings. The Monitor and its counsel would not participate in these proceedings. If the approximate amount of $500,000 in dispute is determined to form part of the CCAA estate, it would be delivered to the Monitor for distribution in the context of the CCAA proceedings. In that regard, we asked the relevant parties to deliver us a draft timetable for this litigation.

4. Have the construction lien and related issues determined in the context of binding arbitration by a claims adjudicator. In that regard, we asked the relevant parties to

advise as to their preferred choice of arbitrator and deliver us a draft timetable to have this matter addressed.

We understand from your correspondence that you would like to personally review the work performed to analyze the lien claims. As we have advised previously, the vast majority of our draft documents were provided to you for review as a member of the Vetting Committee (including, without limitation, the summary of claims, our draft disallowances and our short memorandum establishing, among other things, the basis for our draft disallowances or allowances) in advance of the Monitor's meeting with the Vetting Committee. Furthermore, Mr. Justice D. Brown addressed this issue at our last court attendance and made it clear that the Monitor and its counsel were under no obligation to provide you with our additional working papers. Our dockets accurately reflect the work was performed. It was necessary to undertake this claims review process in order to identify these issues and to determine how to best administer these claims. Furthermore, we have suggested that this work product be used in the next forum to deal with these claims. This position aligns with our common concern of minimizing costs in these proceedings and with administering our work in an efficient, fair and reasonable manner.

All of our docket entries are reflective of the time allocated to the task and the work performed. While we have no doubt that you do not intend to imply that our docketing is unrepresentative of the work performed, we would like to take this opportunity to confirm that we conduct ourselves, including recording of our time, in accordance with, among others, Rules 1.03(1) and 6.01(1) of the *Rules of Professional Conduct* and carry out our duties with professionalism and civility and with a view to maintaining the integrity of the profession.

Your concerns regarding the number of lawyers, clerks and students assisting with this matter have been heard, but are unfounded. In order to provide the Monitor with the requisite expertise to properly and fully address the various issues, it was appropriate and beneficial to involve members of different practice groups at our firm. For example, Randy Hooke and Kari Connell of our Real Estate group have assisted with the Agreements of Purchase and Sale; Courtney Raphael, Patrick Copeland and Sonia Duca of our Litigation Group have assisted with construction lien matters. This is accurately reflected in the docket entries provided. Appropriate delegation was exercised by each of the various practice groups, as is reflected by the docket entries and the total hours provided.

You had also set out certain specific concerns with the docketing entries made by our articling students. The tasks that they performed are indicated in their dockets.

As is set out by the Honourable Mr. Justice D. Brown in *TNG Acquisition Inc. (Re)*, 2014 ONSC 2754 [Commercial List] ("***TNG Acquisition***"), the court has provided guidance regarding the reasonableness of fees charged. The court indicated in *TNG Acquisition* that:

(i) nature of the work performed should be reviewed; (ii) the fees provide a fair and reasonable measure of services provided; and (iii) services should be administered as economically as possible. In the current matter, it is not disputed that the nature of the work performed was complex, nor is it disputed that the work itself was performed. In our view, this work has been appropriately delegated: both to counsel with appropriate expertise to undertake the task and to the appropriate level of seniority commensurate with the work performed. What largely appears to be the underlying concern in the Letter is the inability of counsel to review the completed work product to determine the value of the work performed. We believe that our work product provides our clients with significant value. We will not be producing the notes taken and working papers developed by our lawyers, which is consistent with Mr. Justice D. Brown's comments at the last court attendance, but you have largely reviewed the work product related to these proceedings. As we already expressed our willingness to do, we would be pleased to set up a meeting between you and Ms. Raphael for an hour, if you require her guidance regarding the review and decision-making process with respect to the allowances and disallowances for this proceeding.

We trust that this provides a satisfactory answer to your client's concerns and that it will not be necessary to use more of the court's time to further consider the approval of our fees and disbursements as counsel to the Monitor in these proceedings.

Yours truly,

AIRD & BERLIS LLP

PER: Steven L. Graff

SLG/bk

18821460.5

APPENDIX 4

DRUDI • ALEXIOU • KUCHAR LLP

BARRISTERS-AT-LAW

Writer's Ext. 232
Secretary's Ext. 230
Writer's Email: awainstock@dakllp.com

WITH PREJUDICE

July 21, 2014
Our File No. 130285

VIA E-MAIL: sgraff@airdberlis.com

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9
Attention: Steven Graff

Dear Sir:

Re: Puccini Mortgage Corp. et al. re CCAA Application
- Request for Clarification of Fees

Further to my email of July 19, 2014, we intend to put the proposal as set out below before Mr. Justice Brown at tomorrow's attendance:

1. We collectively hire a 3rd party lawyer (the "3rd Party") to review the issue of your firm's fees with a cap of $5,000.00 on the fees payable to the 3rd Party (each side to pay $2,500.00 in advance);

2. Each side will make an offer to the other on what is to be paid on the 2 accounts in question which offers cannot be disclosed to the 3rd Party;

3. The 3rd Party will then speak with Jack Greenberg and I regarding my client's position. Thereafter, the 3rd Party will speak with you and Ian Aversa/Courtney Raphael;

4. The 3rd Party will review the dockets and work product for which payment is sought;

5. The 3rd Party will then decide the fair value of the fees being sought and how much must be paid against the two accounts (the "Approved Value"). Both sides are bound by the 3rd Party's determination with no right to appeal;

6. After the 3rd Party makes their determination of the Approved Value, both sides reveal the offers made. The party that made the offer closest to the Approved Value will be reimbursed their contribution of $2,500.00 paid to the 3rd Party from the other side (i.e. if A & B is closer, the Private Lenders pay $2,500.00 on top of the Approved Accounts; or; if the offer from the Private Lenders is closer to the Approved Value, the Private Lenders shall pay to A&B, the Approved Value less $2,500.00.

Please advise.

Yours Truly,

DRUDI ALEXIOU KUCHAR LLP

Per:

Marco Drudi

MD/sf
c.c. Adam Wainstock awainstock@dakllp.com
c.c. client jack@greenberglawyers.ca

APPENDIX 5

Brown J.

Commercial List Court File No. CV-13-10362-00CL

Date filed: July 16, 2014

SUPERIOR COURT OF JUSTICE – COMMERCIAL LIST
9:30 a.m. HEARING REQUEST FORM

A. **PLEASE NOTE: The 9:30 hearing procedure is only for "*ex parte*, urgent, scheduling and consent matters which will take no more than 10 minutes" (Practice Direction, (1995) 24 O.R. (3d) 455; paragraph 24). This restriction will be enforced. This matter is (tick one or more):**

☐ *ex parte* ☐ urgent ☐ scheduling ☐ consent ☒ other (explain)

B. Short Title of Proceedings:

In the Matter of a Plan of Compromise or Arrangement of Silver Streams Homes Inc., et al.

July 22/14 9:30

C. Date(s) Requested

July 22, 2014 before Justice Brown

D. The following is a brief description of the matter to be considered at the 9:30 appointment:

To address the fee issue referred to in the Endorsement of Justice Brown dated June 26, 2014.

E. The following materials will be necessary for the matter to be considered. (It is the responsibility of counsel to confirm that the proper materials are available for the Court.)

Counsel for respondents/moving party:		Counsel for other party (applicants):	
Party:	Grant Thornton Limited, in its capacity as the Court-appointed Monitor of the Applicants	Party:	
Counsel:	IAN AVERSA, AIRD & BERLIS LLP	Counsel:	
Address:	Brookfield Place, Suite 1800, Box 754, 181 Bay Street, Toronto, ON M5J 2T9	Address:	
Phone:	(416) 865-3082	Phone:	
Fax:	(416) 863-1515	Fax:	

(If more than 2 parties involved, add additional signatures and particulars on reverse or separate page)

To be submitted to:
Commercial List Office
330 University Avenue, 7th Floor
Toronto, Ontario M5G 1R7
Telephone No. (416) 327-5043
Fax No. (416) 327-6228
Email: **Toronto.Commerciallist@jus.gov.on.ca**

Endorsement / disposition

July 22/14 The issue of the Receiver's fees shall be heard July 30/14 starting at 2:15 pm for 30 min. The Rec. shall file a Suppl Report outlining the recent correspondence re: fees. If the parties challenging the fees wish to adduce other evidence, it must be delivered by 3pm on Friday, July 25/14.

Brown J.

ntfd Eunice via email July 17/14

18882149.1

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SILVER STREAMS HOMES INC., SILVER STREAMS HOME (PUCCINI) INC., 2148993 ONTARIO INC., 2148990 ONTARIO INC., 2147681 ONTARIO INC. AND 2147650 ONTARIO INC.

Court File No. CV-13-10362-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

SUPPLEMENT TO THE THIRD REPORT TO THE COURT OF GRANT THORNTON LIMITED, MONITOR OF THE APPLICANTS UNDER THE *COMPANIES' CREDITORS ARRANGEMENT ACT*

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Lawyers for Grant Thornton Limited, in its capacity as the Court-appointed Monitor of the Applicants