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**Frequently Asked Questions (FAQ)**  
**Carriage Hills Vacation Owners Association & Carriage Ridge Owners Association**  
**July 9, 2021**

BDO Canada Limited (“**BDO**”) was appointed as Administrator over the Carriage Hills Vacation Owners Association (the “**Carriage Hills Resort**”) and the Carriage Ridge Owners Association (the “**Carriage Ridge Resort**”) and together with Carriage Hills Resort, the “**Resorts**”) pursuant to Court orders granted May 15, 2020. Subsequently, pursuant to Amended and Restated Appointment Orders dated December 11, 2020, BDO was appointed as Receiver, with an effective date of January 6, 2021, over all of the assets, undertakings and properties of the Resorts (the “**Property**”), together with the lands and premises on which the Resorts operate (the “**Lands**” and collectively with the Property, the “**Resorts’ Assets**”).

To assist owners, below is a list of Frequently Asked Questions prepared by the Receiver designed to be responsive to questions or concerns raised by Owners, including the concerns raised in the letter received from Mr. Lou Brezinski dated May 17, 2021.

**1. Why did the Receiver attend before Justice Conway on June 24, 2021 to have the Carriage Hills Approval and Vesting Order (“AVO”) amended?**

Following the issuance of the AVO, the lender to the Sunray Group of Hotels Inc. (the “**Purchaser**”) identified a typographical error in the description in the Lands contained in Schedule ‘A’ of the AVO approved by the Court and required certain minor encumbrances to remain on title. This was a housekeeping matter which was needed to close the transaction. No parties were prejudiced by the amendments. The Land Registrar was content with the requested corrections and the Court amended the AVO.

**2. Is an Owner’s mortgage obligation to any lender for a mortgage obtained in respect of the Owner’s interval interest a liability solely against that Owner?**

Yes, an Owner’s mortgage obligation to any lender is a liability solely against that Owner’s interest in the Lands and the proceeds derived from it. The party which provided the mortgage financing (the “**Mortgagee**”) may have a secured claim against that Owner’s interval interest.

**3. If a Mortgagee has registered a mortgage against an Owner’s interval interest, how will this impact distributions to Owners?**

Assuming the mortgage is valid and enforceable against the Owner, the Receiver will deduct the amount owing under the mortgage from that Owner’s distribution before making any distribution to that Owner.

The Receiver will bring a motion seeking Court approval of all distributions, including those related to outstanding mortgages, prior to making any distribution.

**4. Why will the Receiver distribute funds to Mortgagees for certain Owner’s mortgage obligations?**

The Receiver is an officer of the Court and has a fiduciary responsibility to all stakeholders with an interest in the Resorts’ Assets. This includes Mortgagees. The Receiver has an obligation to distribute any funds in its possession in accordance with each stakeholder’s legal rights and entitlements, including parties with security interests registered against the Lands (i.e. Mortgagees).



**5. When will fiscal 2020 financial statements be shared with Owners?**

Powell Jones LLP has been engaged by the Receiver to complete independent reviews of the 2020 financial statements which remain ongoing. It is estimated the financial statements will be complete in or around late July, 2021. The Receiver will make the 2020 financial statements available to Owners once received.

**6. How many creditor claims were filed with the Receiver pursuant to the Claims Process and Bar Orders?**

Below is a summary of the creditor claims process to date:

	<b>CHVOA</b>	<b>CROA</b>
Claims filed (#)	7	8
Claims filed (\$) [1]	1,390,750	323,996
Claims disallowed (#)	5	7
Claims disallowed (\$)	1,383,394	321,381
Disputes filed (#)	2	1
Disputes filed (\$)	1,359,011	271,070
Claims accepted (#)	2	1
Claims accepted (\$)	7,356	2,615
<u>Notes:</u>		
[1] excludes credits applied against claims by claimant.		

The Receiver is in the process of assessing the disputed claims. The Receiver will provide a more fulsome update with regards to the creditor claims process at the next Court hearing as detailed herein.

**7. How much money has the Receiver collected from delinquent accounts through the Collection Plan Orders?**

Below is a summary of the Collection Plan results to date:

	<b>CHVOA</b>	<b>CROA</b>
Receiver's Claims (\$)	16,968,407	8,566,031
Settlements offered (\$)	10,780,562	4,430,669
Discounts offered (\$)	6,131,208	4,080,601
Claims/Settlements collected (#)	115	66
Claims/Settlements collected (\$)	516,889	304,606
Discounts taken (\$)	218,745	220,922
Notices of Dispute filed (#)	163	68
Notices of Dispute filed (\$)	1,246,367	559,288
Undefended Claims (\$)	14,986,405	7,481,216



The Receiver is in the process of assessing the disputes filed by delinquent Owners. The Receiver will file dispute packages with the Claims Officer for any disputes it intends to pursue in due course. Further, the Receiver is in the process of organizing and submitting the Undefended Claims to the Claims Officer pursuant to the Collection Plan Orders. The Receiver will provide a more fulsome update with regards to the Collection Plan at the next Court hearing.

**8. What is the status and findings of the Receiver's review and comparison of the Associations' records against the land titles registry review (the "Title Review")?**

As previously advised, the Receiver has spent considerable time analyzing all of the information available to it in anticipation of an Owners' claims process. Unfortunately, no one source of information is completely accurate. As a result, the Receiver has attempted to reconcile the various sources of information to obtain the best possible list of ownership interests. It is the intention of the Receiver to use this list as the foundation of an Owners' claims process.

The Receiver is continuing to finalize its analysis. The Receiver has been unable to reconcile certain of the intervals between the Associations' records and the Title Review primarily as a result of the following issues:

- A difference exists between the number of intervals reported as owned for particular Owners between the Associations' records and the Title Review;
- There are instances where the ownership interests for particular Owners are reported in the Title Review but not reported in the Associations' records; and
- There are instances where ownership interests for particular Owners are reported in the Associations' records but not reported in the Title Review.

**9. How will the proceeds from the sale of the Resorts' Assets and the recoveries from the Collection Plan be distributed to owners?**

As previously advised, the Receiver must hold the funds until it receives Court approval to make distributions. Distributions will be made to creditors as claims are resolved and Orders obtained. Distributions will be made to Owners once a distribution process has been approved and implemented. There are tax issues in making distributions to parties that are not residents in Canada for tax purposes. Counsel for the Receiver is presently engaged with the Department of Justice to work through these issues.

**10. How much money will be distributed to Owners and when can Owners expect to receive a distribution?**

The Receiver is unable to provide guidance as to the quantum and timing of distributions to Owners at this time. There are a number of variables which will impact both the quantum and timing of distributions, including but not limited to, completion of an Owners' claims process, filing and potential receipt of sales tax refunds related to pre-receivership uncollectible accounts receivable (i.e. bad debts), the payment of admitted creditor claims, the completion of recovery efforts for all assets, and the accrual and/or payment of all costs and fees associated with these proceedings.

**11. What information will the Receiver require from Owners in order for Owners to receive their distribution(s)?**



The Owners' claims process will detail the information which the Receiver will require from Owners prior to making any distribution. The Receiver anticipates that the Owners' claims process will be developed and communicated to Owners at the next Court hearing as detailed herein.

## **12. How will the proceeds from the monetization of the Resorts' Assets be divided between the Owners of the Resorts?**

The Receiver is recording the receipts and disbursements, including the proceeds from the sale of the Resorts' Assets, for each of the Resorts separately.

In general, distributions to Owners will be made using the following methodology for both of the Resorts:

1. Total cash receipts
2. Less: on going costs of the receivership, including professional fees, to the discharge of the Receiver
3. Less: distributions to creditors of the Resorts
4. Equals: net cash available for distribution to Owners subject to any claims in favour of mortgagees or the Associations

Non-delinquent owners will be entitled to a share of the net cash available after all disbursements and creditor distributions based on each Owner's fractional ownership interests in each of the Resorts.

Where an Owner's account is delinquent, the Receiver will assert a right of offset against the said Owner's distribution.

We note that where an Owner has encumbered their ownership interest in the Lands (i.e. obtained a mortgage), the Receiver has an obligation to pay that mortgage prior to paying the residual, if any, to the Owner.

## **13. I would like to receive information on what is happening with the Resorts.**

All information related to the Resorts can be found at the following link to BDO's case website <https://www.bdo.ca/en-ca/extranets/carriage/>. In addition, dedicated email addresses have been created to receive questions any stakeholders may have. The email addresses are:

For Carriage Hill Resort inquiries: [BDOCarriageHills@bdo.ca](mailto:BDOCarriageHills@bdo.ca)  
For Carriage Ridge Resort inquiries: [BDOCarriageRidge@bdo.ca](mailto:BDOCarriageRidge@bdo.ca)

## **14. When is the next Court attendance?**

A Court hearing is scheduled for August 18, 2021 at 12pm (EST). The YouTube link to allow you to view the Court hearing can be found on the following landing page: <https://sites-airdberlis.vuturevx.com/143/3555/landing-pages/livestream-link.asp>