

2025 01G 0491  
IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR  
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the *Companies Creditors Arrangement Act* R.S.C., 1985 c. C-36 as Amended (the "CCAA"); and

AND IN THE MATTER OF an application of Karwood Contracting Ltd., Karwood Engineering Inc., Karwood Design Group Ltd. and Karwood Ontario Ltd. (the "Applicants")

AFFIDAVIT OF DAVID BOYD

SUMMARY OF CURRENT DOCUMENT	
Court File No:	2025 01G 0491
Date of Filing of Document:	___ October 2025
Name of Filing Party or Person:	Bank of Montreal
Application to which Document being filed relates:	Notice of Motion dated 29 September 2025 filed by the Applicants
Statement of purpose in filing:	To oppose relief sought in Notice of Motion

I, DAVID BOYD, of Halifax, Nova Scotia, MAKE OATH and say as follows:

Context of Affidavit

1. I am the President of Resolve Advisory Services Ltd ("Resolve"), the financial advisor ("Advisor") to the Bank of Montreal (the "Bank") with respect to the Bank's loans to Karwood Contracting Ltd., Karwood Engineering Inc, Karwood Ontario Ltd., and Karwood Design Group Ltd. (collectively, the "Companies"). I am authorized to make this affidavit on behalf of the Bank.
2. The facts set out in this affidavit are within my direct knowledge arising from my position and role with Resolve and the Bank. Where any matter set out in this affidavit

is not within my direct knowledge, I set out the source of my knowledge and believe that the matter is true. Nothing in this affidavit constitutes a waiver of privilege. In particular, where I refer in this affidavit to communications with or advice from lawyers, or to any past or ongoing legal proceedings, I do not intend to waive any privilege and no privilege is waived.

3. Prior to my role with Resolve I was a partner with PricewaterhouseCoopers Inc. ("PWC") for over 25 years, including 15 years as the Atlantic Canadian lead partner with PWC for insolvency and restructuring. I acted as Court appointed Receiver and as Monitor under the *Companies' Creditors Arrangement Act* (the "CCA"). I have approached the preparation of this affidavit in the same manner as I would if I was acting as a Receiver or a Monitor.
4. The contents of this affidavit are not intended to attack or otherwise disparage the Monitor in these proceedings but to provide additional facts and context for the Court's consideration. I am cognizant that the Monitor has not conducted or obtained an independent valuation of real property or personal property nor has it obtained a legal opinion on the recovery of any accounts receivable or outstanding claims. The Monitor has relied on the limited information provided by the Companies and their assessment of various facts.

#### DIP Assessment

5. In my role as Advisor on this proceeding I have directly engaged with representatives of the Companies and the Monitor. I was first asked by the Bank to provide assistance in its assessment of whether to become the Debtor in Possession lender (the "DIP Lender") to the Companies and make advances under a Debtor in Possession loan (the "DIP Loan").
6. The Companies, with the assistance of the Monitor, presented the DIP Lender through me with a listing of assets (the "Non House Assets") available as security in addition to the partially completed homes (the "Homes") specifically addressed throughout the

proceedings. I will prepare a separate confidential affidavit which includes the Non House Assets listing provided by the Companies.

7. The Non House Assets presented by the Companies to the DIP Lender included projected assets related to new contracts in 2025 as well as value for land and buildings owned by a subsidiary company. The DIP Lender did not understand that these assets would be readily available so did not rely on these items as security (the “Excluded Assets”)
8. The DIP Lender did at all times rely on the Companies’ representations that other than the Excluded Assets, all assets would be available to the DIP Lender and that the Non House Assets listing was accurate and complete. In total, the Companies advised the DIP Lender that there were assets having a low value of \$14,939,548 and a high value of \$25,332,548 available as security for the DIP Loan (the “Listed Values”).
9. In addition, the DIP Lender was advised by the Companies that: a) there was equipment and vehicles not specifically listed which would form part of the DIP Lender’s security, and b) that the sale of the Homes would result in equity of \$488,193 per TAB, referred to as “KC Closing Costs”. This amount is calculated as Remaining Balance of \$399,610 plus \$88,583 (Karwood Sales Commission removed).

### The Proceedings

10. In addition to assisting the Bank when deciding to make the DIP Loan, I acted throughout the proceedings and continued with my communication with the Companies and the Monitor.
11. The Companies failed to make any payment during the proceedings against the DIP Loan. I made various inquiries with the Companies on the status of their attempts to sell assets or recover on claims or receivables. The Companies did identify that they were carrying on certain discussions with potential purchasers of real property but at no time did I conclude there were concrete efforts being made in this respect or in relation to the recovery of claims or receivables.

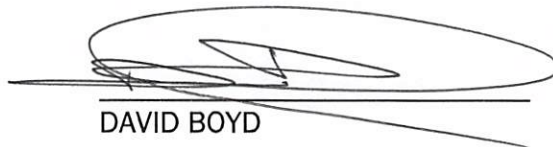
12. The Companies did not identify any reason why they did not list real property for sale or pursue the recovery of claims or receivables in a meaningful manner. I understood from discussions or emails with Randy Oran at the Companies that they remained hopeful to come up with a global solution.
13. Despite the Companies failing to abide by their cash flow or to make any payment to the DIP Lender related to the DIP Loan, the DIP Lender continued to work with the Companies. On July 28, 2025 the DIP Lender wrote to Greg Hussey related to a notice of cancellation of insurance. The DIP Lender did not receive any response from Mr. Hussey or anyone else with the Companies. As a result, the DIP Lender directed legal counsel to contact the Monitor to determine why the insurance had not been paid.
14. On August 6, 2025 the DIP Lender determined it was not satisfied with the lack of a response from the Companies and its continued failure to abide by the terms of the DIP Loan or to proactively address its situation. As a result, the DIP Lender notified the Companies of their defaults.
15. Notwithstanding the defaults by the Companies, the DIP Lender continued to work with all parties with a view to addressing the situation. The Companies failed to provide information which would indicate that they had a plan on how to repay the DIP Loan. As a result, the DIP Lender asked that I revisit the Non House Assets listing and the Listed Values to determine the best path to get the DIP Loan repaid.
16. On August 14, 2025 I forwarded the Monitor the original Non House Assets listing with the Listed Values and included an area for the Companies to provide comment. Later that same day the Monitor returned the excel spreadsheet where the Companies provided comments which included:
  - a. the deletion of the column of Listed Values with the estimated high recovery amount for assets in its entirety,
  - b. the deletion of the estimated low recovery amount for all but one asset listed, and
  - c. deleted and identified two assets previously listed as having a low value of \$400,000 and a high value of \$1,200,000 as being duplicates of other entries.

17. The net effect of the changes made by the Companies to the Non House Assets listing was:
  - a. to reduce the estimated value of assets available to the DIP Lender from low value of \$14,939,548 and a high value of \$25,332,548 to only \$1,291,000,
  - b. to add the comment in relation to the majority of claims or accounts receivable listed to "Collection not expected in short-term" while at the same time setting the value of those items at \$0, and
  - c. reduced one claim from an estimated low value of \$940,000 and a high of \$4,000,000 to less than \$200,000.
  
18. The Companies comment that "Collection not expected in short-term" does not set out the basis for determining the asset has \$0 value. Although recovery on assets may take time and parties need to consider the costs associated with same, the Companies elimination of approximately \$13,600,000 to \$24,000,000 in value is not supported by any appropriate valuation determination.
  
19. The proposed sale presented to the Court is for all of the assets of the Companies save and except for shares in a related company. The proposed sale price is a very small fraction of the value of the assets previously presented to the DIP Lender as being available as security to the DIP Lender. Given the confidential nature of the value being offered as part of the sale I will not make additional comment here but will provide some assessment of same in the confidential affidavit for the Court's consideration.
  
20. I have confirmed with Raffael Raffaele Di Genova of the Bank that the balance of the DIP Loan as of today is \$811,522.11 plus legal and advisory expenses of \$82,845.91 until July 31, 2025 resulting in the total amount of \$894,368.02 plus unbilled professional fees being due and payable.

SWORN before me at Halifax, Nova Scotia, this 10<sup>th</sup> day of October, 2025



**ATOSA ASADI KAPOOR CHALI**  
A Barrister of the Supreme  
Court of Nova Scotia



**DAVID BOYD**