

Clerk's Stamp

COURT FILE NO.

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF 2345137 ALBERTA LTD.,  
2351497 ALBERTA LTD., 2497902 ALBERTA LTD.,  
SUMMIT S AUTO LTD., SUMMIT V AUTO LTD.,  
MK AUTO K-M LTD., 2437342 ALBERTA LTD.,  
1972207 ALBERTA LTD., 1175104 B.C. LTD., 1262113 B.C. LTD.,  
AND 1272986 B.C. LTD.

APPLICANT

BANK OF MONTREAL

DOCUMENT

**AFFIDAVIT**

ADDRESS FOR  
SERVICE AND  
CONTACT

**Gowling WLG (Canada) LLP**  
1600, 421 – 7<sup>th</sup> Avenue SW  
Calgary, AB T2P 4K9

INFORMATION OF  
PARTY FILING  
THIS DOCUMENT

Attn: **Sam Gabor/Cameron Brunet**  
Phone: (403) 298-1946/ (403) 298-1976  
Fax: (403) 263-9193

I, John Gil, of the City of Edmonton, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am a Director, Special Accounts Management Unit (“**SAMU**”) with Bank of Montreal (“**BMO**” or the “**Lender**”) and as such, I have personal knowledge of the facts and matters herein deposed except where stated to be based upon information and belief, and where so stated I verily believe the same to be true.
2. I have reviewed the business records maintained by BMO in respect of the matters at issue, which I verily believe were made in the ordinary and usual course of business, and where I do not have direct personal knowledge of matters deposed herein, my knowledge is derived from my review of the business records of BMO, relevant copies of which are attached to this Affidavit.

3. Where I refer to matters pertaining to the structure and operation of the Summit Auto Group (as defined below), my information is derived from files maintained by BMO, information obtained from the Summit Auto Group either directly or through BDO Canada Limited (“**BDO**”) in its capacity as financial advisor to BMO, or from Full Circle Automotive as financial advisor and Chief Restructuring Officer for the Summit Auto Group (“**Full Circle**” or the “**CRO**”) except Squamish Chrysler and 197 AB (as defined herein), and publicly available data.
4. This is a creditor-initiated application by BMO, as applicant and senior secured creditor, for an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the “**CCAA**”). This Affidavit is sworn in support of such application.
5. I am authorized to make this Affidavit on behalf of BMO. I have been administering the loans and agreements between BMO and the Debtors (as defined herein) since the Summit Auto Group’s accounts were transferred to BMO’s SAMU unit on February 13, 2025.
6. Should the Initial Order be granted, BMO intends to proceed forward with an application on August 27, 2025 before the Honourable Justice Simard, returnable during the initial ten-day stay period (the “**Comeback Hearing**”), seeking an amended and restated Initial Order (“**ARIO**”) among other things: (a) extending the stay of proceedings until September 26, 2025; (b) increasing the administration charge; and (c) increasing the amounts the Monitor may borrow pursuant to Monitor’s borrowing certificates, each as discussed in more detail below.

## **I. OVERVIEW AND INTRODUCTION**

7. The “**Summit Auto Group**” or the “**Debtors**”, as those terms are used in this Affidavit, is comprised of 2345137 Alberta Ltd. (“**Vermilion Chrysler**”), 1262113 B.C. Ltd. (“**Western Sport Products**”), 2497902 Alberta Ltd. (“**Castle Ford**”), 1175104 B.C. Ltd. (“**Cranbrook Mitsubishi**”), 1272986 B.C. Ltd. (“**Sun Valley Nissan**”), Summit V Auto Ltd. (“**Arrow VW**”), 2437342 Alberta Ltd. (“**Squamish Chrysler**”), Summit S Auto Ltd. (“**Real Co**”), MK Auto K-M Ltd. (“**MK Auto**”), 2351497 Alberta Ltd. (“**235 AB**”) and 1972207 Alberta Ltd. (“**197 AB**”).
8. Squamish Chrysler, Vermilion Chrysler, Western Sport Products, Castle Ford, Cranbrook Mitsubishi, Sun Valley Nissan, and Arrow VW are referred to as the “**Operating Debtors**”.

9. Vermilion Chrysler, Western Sport Products, Castle Ford, Cranbrook Mitsubishi, Sun Valley Nissan, Arrow VW, Real Co, MK Auto, and 235 AB are hereinafter also referred to as the “**Omnibus Debtors**”.
10. Squamish Chrysler and 197 AB are hereinafter referred to as the “**Squamish Debtors**.”
11. Each of the Debtors other than 197 AB is controlled by their principal Mr. Michael Koch (“**Mr. Koch**”). Other than 197 AB, Mr. Koch owns the majority of shares directly or indirectly in the Debtors (“**Mr. Koch**”).
12. 197 AB is a holding company owned by Mr. Adam Mouzner. 197 AB holds preferred shares in Squamish Chrysler.
13. Generally speaking, the Summit Auto Group is comprised of seven (7) operating automotive dealerships in Alberta and British Columbia financed by BMO. It is facing severe liquidity issues, driven by high interest costs, slow-moving vehicle sales leading to heavy curtailments, and significant ongoing un-remedied operational issues.
14. The Debtors are in default of their obligations under their loan agreements, security and guarantees with BMO. These defaults include currently approximately \$9.4 million in vehicles having been “sold in violation” (each a “**SIV**”) i.e. sold without the proceeds having been repaid to BMO in breach of the terms of the floorplan facilities established by BMO. This includes approximately \$6.5 million of SIV’s prior to BMO and the Debtors entering into forbearance terms, as discussed below, and currently approximately \$2.9 million of additional ongoing SIVs during the forbearance period. The SIVs per the BMO’s most recent vehicle audits dated August 13, 2025, total approximately \$9.4 million. This is consistent with the updates provided by Full Circle to BMO. Based on information provided by Full Circle to BMO, BMO expects that the SIVs will continue to significantly increase on a weekly basis thereafter if current operational practices remain in place for the Operating Debtors.
15. Vehicles that are “sold in violation” are also commonly described in the floorplan financing industry as having been “sold out of trust” (“**SOT**”). A “SIV” or “SOT” vehicle is a material breach of a floorplan financing facility as collateral is effectively sold without any decrease in exposure to the lender.

16. In addition to an alarming amount of SIVs, it has recently been discovered by BMO based on information provided by Full Circle that, with the exception of Squamish Chrysler in which there is no CRO engaged over, the Operating Debtors have been selling BMO floor plan financed vehicles on a wholesale basis at a significant loss. BMO has been advised by Full Circle that between January 1, 2025 and August 14, 2025 vehicles were sold on a wholesale basis at an aggregate loss of approximately \$1.41 million (~\$616,000 of which occurred after the Forbearance Agreements (as defined herein) were entered into). BMO has also been advised by Full Circle that with the exception of Squamish Chrysler, the Operating Debtors, sold \$500,000 worth of vehicles on a wholesale basis during the weekend of August 9 and 10 that resulted in losses of approximately \$120,000 on Friday, August 8 alone. In addition to generating losses, these wholesale transactions have resulted in further SIVs occurring, as the proceeds of sale were not used to repay fully BMO's floor plan financing.
17. The Operating Debtors are suffering significant financial losses. SIVs and the wholesaling of vehicles are deteriorating BMO's secured position on a daily basis and placing its collateral in jeopardy. The Debtors are insolvent. In the circumstances, it is urgent that a Monitor with enhanced powers be appointed so immediate operational controls can be put in place that mitigate BMO's ongoing financial exposure.
18. On a cumulative basis, the Debtors as of August 12, 2025 owe BMO in excess of \$58 million plus accrued legal and professional fees on a solicitor and own client basis, costs, charges, disbursements and expenses incurred by BMO and its agents, plus further accruing costs and interest thereafter (the "**Indebtedness**"). A summary of the indebtedness by facility is attached as **Exhibit "1"**.
19. As discussed below, in June of 2025, BMO and the Summit Auto Group entered into two separate forbearance agreements. Among other things, BMO agreed to forbear from exercising its rights and remedies until the earlier of September 12, 2025 (the "**Outside Forbearance Date**") or the occurrence of a Termination Event (as defined below) to provide the Summit Auto Group's management with an opportunity to complete transactions to sell the Operating Debtors' dealerships and repay the Indebtedness.
20. The Operating Debtors have been working with a sales agent, the Tim Lamb Group (the "**Tim Lamb Group**") through an out of court sales process and certain transactions are in the process

of being negotiated. However, as discussed in more detail below, numerous Termination Events continue to occur, including SIVs, wholesaling of vehicles at significant losses creating a deterioration of BMO's collateral and reporting breaches.

21. Despite the efforts of the Tim Lamb Group to-date only a single transaction is likely to close prior to the Outside Forbearance Date (a transaction for the Western Sport Products dealership). None of the other dealership sales are contemplated to close prior to Outside Forbearance Date.
22. In all of the circumstances described in this affidavit, I believe that a creditor driven CCAA is the best path forward as it provides the highest probability of BMO preserving its collateral, achieving going-concern sales transactions for the Operating Debtors' dealerships, preserving goodwill and maximizing value for the Summit Auto Group's stakeholders.

**Relief Sought**

23. BMO is seeking orders within the Initial Order, among other things:
  - (a) declaring that each of the Debtors are "debtors" to which the CCAA applies;
  - (b) appointing BDO as Monitor of the Summit Auto Group in these proceedings;
  - (c) approving a Monitor's borrowing certificate mechanism allowing BDO as monitor to borrow funds directly from BMO through the issuance of Monitor's certificates to fund the Operating Debtors' operations;
  - (d) expanding the powers of the Monitor in these proceedings, including authorizing the Monitor to:
    - (i) take actions and steps to manage, operate, and carry on the businesses of the Summit Auto Group, including authority to enter into contractual arrangements on behalf of the Debtors;
    - (ii) continue any current engagement with the Summit Auto Group's current sales agent or alternatively terminate the current sales agent agreement and engage a new sales agent, for and on behalf of the Summit Auto Group;

- (iii) continue the Omnibus Debtors engagement with Full Circle as CRO within these CCAA proceedings and amend the engagement with Full Circle as necessary, including to add Squamish Chrysler under its engagement;
  - (iv) take possession of, preserve, protect, and exercise control over the property of the Summit Auto Group including the Debtors' bank accounts;
  - (v) report to, meet, discuss, and share information with affected persons on all matters relating to the Summit Auto Group's businesses and property;
  - (vi) oversee and direct the preparation and dissemination of financial and other information of the Summit Auto Group, including cash flow statements; and
  - (vii) proceed to continue negotiations for the sale of the Operating Debtors' dealerships; and
  - (viii) market and sell the assets of the Summit Auto Group;
- (e) granting an Administration Charge (as defined below) in the amount of \$350,000 in favor of the Monitor, the Monitor's counsel, the CRO and the CRO's counsel; and
  - (f) seeking to the Monitor's borrowing powers to borrow up to the amount of \$500,000;
  - (g) seeking a Director's Charge up to the amount of \$250,000; and
  - (h) granting an initial stay of proceedings to and including September 1, 2025 (the "**Stay Period**").
24. BMO will subsequently seek orders within the ARIO at the Comeback hearing, among other things:
- (a) extending the stay of proceedings until September 26, 2025;
  - (b) seeking an increase to the Administration Charge to the amount of \$750,000;
  - (c) seeking to increase the Monitor's borrowing powers to borrow up to the amount of \$3.5 million.

## II. THE BUSINESSES OF THE SUMMIT AUTO GROUP

### The Businesses

25. The Operating Debtors form part of the Summit Auto Group which is an automotive dealership group that operates seven (7) BMO financed automotive dealerships in Alberta and British Columbia.
26. One further dealership within the overall Summit Auto Group corporate structure is 2412170 Alberta Ltd. operating as Western Chevrolet Buick GMC, located in Pincher Creek, Alberta (“**Western Chevrolet**”). This dealership is financed by TD Bank. BDO has not performed a review of this dealership as part of its mandate and Full Circle is not the CRO for this dealership. This dealership does not form part of BMOs application.
27. Since its formation, the Summit Auto Group has expanded through acquisitions to position itself as a multi original equipment manufacturer (“**OEM**”) branded dealership group. The Operating Debtors sell cars manufactured by the following OEMs: Volkswagen, Mitsubishi, Nissan, Stellantis and Ford.
28. Generally speaking, the Operating Debtors buy and sell vehicles and vehicle parts, and provides related services including financing and leasing, and maintenance and repairs through on-site service centres. Each of the dealerships within the Summit Auto Group employs retail sales employees. Certain dealerships also employ trained technicians who perform maintenance and handle warranty claims and recall repairs.
29. A detailed description of each of the entities within the Summit Auto Group and the location of their dealerships (collectively, the “**Dealerships**”) is set out below:
  - (a) Vermillion Chrysler operates a showroom and service garage for Stellantis vehicles (Chrysler, Dodge, Jeep, and Ram) vehicles located at 4524 Railway Ave, Vermilion, Alberta (the “**Vermillion Chrysler Dealership**”). Vermillion Chrysler leases its premises from Real Co.
  - (a) Western Sport Products operates a showroom for all terrain vehicles, utility terrain vehicles and other sport and leisure vehicles located at 4520 Railway Ave Vermilion,

Alberta (the “**Western Sport Vermillion Dealership**”). Western Sport Products leases its premises from 1231440 Alberta Ltd.

- (b) Castle Ford operates a showroom and service garage for Ford vehicles located at 1050 Corner Mountain Street Pincher Creek, Alberta (the “**Pincher Dealership**”). Castle Ford leases its premises from Real Co.
- (c) Cranbrook Mitsubishi operates a showroom and service garage for Mitsubishi vehicles located at 2032 Cranbrook St North, Cranbrook, British Columbia (the “**Cranbrook Mitsubishi Dealership**”). Cranbrook Mitsubishi leases its premises from The Scott Group.
- (d) Sun Valley Nissan operates a showroom and service garage for Nissan vehicles located at 2024 Cranbrook St North Cranbrook, British Columbia (the “**Sun Valley Dealership**”). Sun Valley Nissan leases its premises from Real Co.
- (e) Arrow VW operates a showroom and service garage for Volkswagen vehicles located at 2034 Cranbrook Street North, Cranbrook, British Columbia (the “**Cranbrook VW Dealership**”). Arrow VW leases its premises from Real Co.
- (f) Squamish Chrysler operates a showroom and service garage for Stellantis vehicles (Chrysler, Dodge, Jeep, and Ram) located at 1180 Hunter Pl, Squamish, British Columbia (the “**Squamish Chrysler Dealership**”). Squamish Chrysler leases the premises from Ami Tapper.
- (g) Real Co is a real property holding company that owns the properties in which Arrow VW, Vermilion Chrysler, Sun Valley Nissan, and Castle Ford operate. It has no other business or operations and has no employees.
- (h) MK Auto is a corporate guarantor of the Summit Auto Group and owns 100% of the shares in Arrow VW. It has no other business or operations and has no employees.
- (i) 235 AB is a holding company which owns the shares of Vermillion Chrysler and Squamish Chrysler. It has no other business or operations and has no employees.

- (j) 197 AB is a holding company which is a corporate guarantor for Squamish Chrysler. To the best of BMO’s information, it has no other business or operations and has no employees. It is owned by Mr. Adam Mounzer who previously managed Squamish Chrysler in 2024.

**Corporate Structure**

30. The Summit Auto Group is made up of closely held private corporations.

31. The jurisdiction of incorporation and head office of each member of the Summit Auto Group is set out in the chart below:

<b>Entity</b>	<b>Head Office</b>	<b>Directors</b>	<b>Province of Incorporation</b>	<b>Shareholders According to Corp Searches</b>	<b>Shareholders according to BDO Review with Companies</b>	<b>Exhibit Containing Corporate Profile Report</b>
<i>Vermillion Chrysler</i>	10621 – 124 Street, Edmonton, Alberta	Michael Koch	Alberta	235 AB (100%)	Michael Koch (80%), Don Liddell (20%)	“2”
<i>Western Sport Products</i>	45 – 8th Avenue South, Cranbrook, British Columbia	Michael Koch	British Columbia	Search information does not include SH listing		“3”
<i>Castle Ford</i>	10621 – 124 Street, Edmonton, Alberta	Michael Koch	Alberta	Search information does not include SH listing	Michael Koch (65%), Adam Mouzner (35%)	“4”
<i>Cranbrook Mitsubishi</i>	45 – 8th Avenue South, Cranbrook, British Columbia	Michael Koch	British Columbia	Search information does not include SH listing	Michael Koch (80%), Don Liddell (20%)	“5”

<b>Entity</b>	<b>Head Office</b>	<b>Directors</b>	<b>Province of Incorporation</b>	<b>Shareholders According to Corp Searches</b>	<b>Shareholders according to BDO Review with Companies</b>	<b>Exhibit Containing Corporate Profile Report</b>
<i>Sun Valley Nissan</i>	45 – 8th Avenue South, Cranbrook, British Columbia	Michael Koch	British Columbia	Search information does not include SH listing	Michael Koch (80%), Don Liddell (20%)	“6”
<i>Arrow VW</i>	10621 – 124 Street, Edmonton, Alberta	Michael Koch	Alberta	MK Auto K-M Ltd. (100%)	Michael Koch (80%), Don Liddell (20%)	“7”
<i>Squamish Chrysler</i>	10621 – 124 Street, Edmonton, Alberta	Michael Koch	Alberta	235 AB (100%)	Michael Koch (80%), Adam Mouzner (40%)	“8”
<i>Real Co</i>	45 – 8th Avenue South, Cranbrook, British Columbia	Michael Koch	British Columbia	Search information does not include SH listing		“9”
<i>MK Auto</i>	10621 – 124 Street, Edmonton, Alberta	Michael Koch	Alberta	Michael J. Koch (100%)		“10”
<i>235 Alberta</i>	10621 – 124 Street, Edmonton, Alberta	Michael Koch	Alberta	Michael Koch (100%)		“11”
<i>197 Alberta</i>	6 Edward Place, St. Albert, Alberta	Adam Mounzer	Alberta	Adam Mounzer (100%)		“12”

32. A corporate organization chart based off corporate searches for the Summit Auto Group is attached as **Exhibit “13”**.
33. Mr. Koch is the principal of the Summit Auto Group and makes the primary operational decisions for the Operating Debtors. He resides in Cranbrook, B.C. where the Cranbrook Mitsubishi Dealership, Sun Valley Dealership and Cranbrook VW Dealership are located.

**Employees of the Summit Auto Group**

34. To the best of BMO’s knowledge based on information provided to it by Full Circle, the Operating Debtors have the following number of employees, broken down below by Dealership below:

<b>Dealership</b>	<b>Number of Employees</b>
<i>Vermillion Chrysler</i>	Eight (8)
<i>Western Sport Products</i>	Four (4)
<i>Castle Ford</i>	Fifteen (15)
<i>Cranbrook Mitsubishi</i>	Fifteen (15)
<i>Sun Valley Nissan</i>	Fourteen (14)
<i>Arrow VW</i>	Fifteen (15)
<i>Squamish Chrysler</i>	Thirty-two (32)

35. BMO is aware from Full Circle that for all Dealerships other than Squamish Chrysler, employees are paid the hour and salaried. The hourly rate employees are paid bi-weekly in arrears, and salaried employees are paid semi-monthly. BMO is not aware how Squamish’s employees are paid.
36. BMO has been advised by Full Circle that Full Circle believes that the Operating Debtors are current on their payroll obligations and are current on source deductions owing to Canada Revenue Agency, however Full Circle cannot firmly confirm this to be the case because the

Dealerships employ third party payroll services and Full Circle has been unable to confirm payroll information with the payroll provider at the date of this affidavit.

37. If the Monitor's ability to borrow from BMO pursuant to the Monitor's Borrowing Certificate is approved by the Court, it is intended that borrowings will be used by the Monitor to assist in meeting payroll in the ordinary course in accordance with the cash flow forecast.

**Indebtedness to BMO**

38. BMO is the operating lender for the Operating Debtors and their senior secured lender. BMO also acts as the cash management provider for the Debtors other than 197 AB.
39. In 2023 and 2024, BMO established certain credit facilities in favour of the Summit Auto Group under financing terms sheets and operating loan agreements (collectively, the "**Loan Agreements**") which are further described below. BMO has extended approximately \$64.5 million in credit facilities to the Summit Auto Group.

**Vermillion Chrysler Facilities**

40. Vermillion Chrysler is the borrower under a term sheet with BMO dated as of May 2024 ("**Vermillion Chrysler Term Sheet**") pursuant to which BMO established the following credit facilities in favour of Vermillion Chrysler:
- (a) A demand revolving operating facility in the principal amount of \$500,000 (the "**Vermillion Demand Revolving Facility**");
  - (b) A demand wholesale flooring facility for new units in the principal amount of \$9,000,000 subject to certain increase and decrease options contemplated under the term sheet;
  - (c) A demand wholesale flooring facility for used units in the principal amount of \$1,250,000 subject to certain increase and decrease options contemplated under the term sheet;
  - (d) A non revolving equipment facility in the principal amount of \$20,667;
  - (e) A revolving goodwill facility in the amount of \$103,333; and
  - (f) A corporate MasterCard facility in the amount of \$50,000.

41. A copy of the Vermillion Chrysler Term Sheet is attached as **Exhibit “14”**.
42. In connection with the Vermillion Demand Revolving Facility, Vermillion Chrysler and BMO are party to an operating loan agreement dated May 23, 2024 (“**Vermillion Chrysler Operating Agreement**”). A copy of the Vermillion Chrysler Operating Agreement is attached as **Exhibit “15”**.

#### Western Sport Products Facilities

43. Western Sport Products is the borrower under a term sheet with BMO dated as of May 2024 (“**Western Sport Products Term Sheet**”) pursuant to which BMO established the following credit facilities in favour of Western Sport Products:
  - (a) A demand revolving operating facility in the principal amount of \$100,000 (the “**WSP Demand Revolving Facility**”);
  - (b) A demand wholesale flooring facility for new units in the principal amount of \$250,000;  
and
  - (c) A corporate MasterCard facility in the amount of \$50,000.

A copy of the Western Sport Products Term Sheet is attached as **Exhibit “16”**.

44. In connection with the WSP Demand Revolving Facility, Western Sport Products and BMO are party to an operating loan agreement dated May 23, 2024 (“**Western Sport Operating Agreement**”). A copy of the Western Sport Operating Agreement is attached as **Exhibit “17”**.

#### Castle Ford Facilities

45. Castle Ford is the borrower under a term sheet with BMO dated as of May 2024 (“**Castle Ford Term Sheet**”) pursuant to which BMO established the following credit facilities in favour of Castle Ford:
  - (a) A demand revolving operating facility in the principal amount of \$500,000 (the “**Castle Ford Demand Revolving Facility**”);

- (b) A demand wholesale flooring facility for new units in the principal amount of \$6,000,000 subject to certain increase and decrease options contemplated under the term sheet;
- (c) A demand wholesale flooring facility for used units in the principal amount of \$1,500,000 subject to certain increase and decrease options contemplated under the term sheet;
- (d) A goodwill facility in the amount of \$1,866,667; and
- (e) A corporate MasterCard facility in the amount of \$50,000.

A copy of the Castle Ford Term Sheet is attached as **Exhibit “18”**.

46. In connection with the Castle Ford Demand Revolving Facility, Castle Ford and BMO are party to an operating loan agreement dated May 19, 2023 (the “**Castle Ford Operating Agreement**”). A copy of the Castle Operating Agreement is attached as **Exhibit “19”**.

#### Cranbrook Mitsubishi Facilities

47. Cranbrook Mitsubishi is the borrower under a term sheet with BMO dated as of May 2024 (“**Cranbrook Mitsubishi Term Sheet**”) pursuant to which BMO established the following credit facilities in favour of Cranbrook Mitsubishi:

- (a) A demand revolving operating facility in the principal amount of \$500,000 (the “**Cranbrook Demand Revolving Facility**”);
- (b) A demand wholesale flooring facility for new units in the principal amount of \$2,000,000, subject to certain increase and decrease options contemplated under the term sheet;
- (c) A demand wholesale flooring facility for used units in the principal amount of \$1,250,000 subject to certain increase and decrease options contemplated under the term sheet;
- (d) A non revolving equipment facility in the principal amount of \$49,186;
- (e) A master lease agreement demand facility in the amount of \$58,357; and
- (f) A corporate MasterCard facility in the amount of \$50,000.

A copy of the Cranbrook Mitsubishi Term Sheet is attached as **Exhibit “20”**.

48. In connection with the Cranbrook Demand Revolving Facility, Cranbrook Mitsubishi and BMO are party to an operating loan agreement dated May 23, 2024 (the “**Cranbrook Mitsubishi Operating Agreement**”). A copy of the Cranbrook Mitsubishi Operating Agreement is attached as **Exhibit “21”**.

Sun Valley Nissan Facilities

49. Sun Valley Nissan is the borrower under a term sheet with BMO dated as of May 2024 (“**Sun Valley Nissan Term Sheet**”) pursuant to which BMO established the following credit facilities in favour of Sun Valley Nissan:

- (a) A demand revolving operating facility in the principal amount of \$500,000 (the “**Sun Valley Demand Revolving Facility**”);
- (b) A demand wholesale flooring facility for new units in the principal amount of \$3,500,000 subject to certain increase and decrease options contemplated under the term sheet;
- (c) A demand wholesale flooring facility for used units in the principal amount of \$1,250,000 subject to certain increase and decrease options contemplated under the term sheet;
- (d) A non revolving equipment facility in the principal amount of \$75,834;
- (e) A master lease agreement demand facility in the amount of \$20,000;
- (f) A master lease agreement demand facility in the amount of \$341,525; and
- (g) A corporate MasterCard facility in the amount of \$50,000.

A copy of the Sun Valley Term Sheet is attached as **Exhibit “22”**.

50. In connection with the Sun Valley Demand Revolving Facility, Sun Valley and BMO are party to an operating loan agreement dated May 23, 2024 (the “**Sun Valley Operating Agreement**”). A copy of the Sun Valley Operating Agreement is attached as **Exhibit “23”**.

Arrow VW Facilities

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51. Arrow VW is the borrower under a term sheet with BMO dated as of May 2024 (“**Arrow VW Term Sheet**”) pursuant to which BMO established the following credit facilities in favour of Arrow VW:

- (a) A demand revolving operating facility in the principal amount of \$500,000 (the “**Arrow VW Demand Revolving Facility**”);
- (b) A demand wholesale flooring facility for new units in the principal amount of \$3,000,000 subject to certain increase and decrease options contemplated under the term sheet;
- (c) A demand wholesale flooring facility for used units in the principal amount of \$1,500,000 subject to certain increase and decrease options contemplated under the term sheet; and
- (d) A corporate MasterCard facility in the amount of \$50,000.

A copy of the Arrow VW Term Sheet is attached as **Exhibit “24”**.

52. In connection with the Arrow VW Demand Revolving Facility, Arrow VW and BMO are party to an operating loan agreement dated May 2024 (the “**Arrow VW Operating Agreement**”). A copy of the Arrow VW Operating Agreement is attached as **Exhibit “25”**.

#### Squamish Chrysler Facilities

53. Squamish Chrysler is the borrower under a term sheet with BMO dated as of December 2023 (“**Squamish Chrysler Term Sheet**”) pursuant to which BMO established the following credit facilities in favour of Squamish Chrysler:

- (a) A demand revolving operating facility in the principal amount of \$1,000,000 (the “**Squamish Demand Revolving Facility**”);
- (b) A demand wholesale flooring facility for new units in the principal amount of \$9,000,000 subject to certain increase and decrease options contemplated under the term sheet;
- (c) A demand wholesale flooring facility for used units in the principal amount of \$2,750,000 subject to certain increase and decrease options contemplated under the term sheet;
- (d) A demand loan revolving lease line of \$1,000,000;

- (e) A goodwill facility in the amount of \$2,535,000;
- (f) A demand non revolving equipment loan of \$62,679;
- (g) A corporate MasterCard facility in the amount of \$50,000.

A copy of the Squamish Chrysler Term Sheet is attached as **Exhibit “26”**.

54. In connection with the Squamish Demand Revolving Facility, Squamish Chrysler and BMO are party to an operating loan agreement dated February 23, 2023 (the “**Squamish Chrysler Operating Agreement**”). A copy of the Squamish Chrysler Operating Agreement is attached as **Exhibit “27”**.

#### Real Co Facilities

55. Real Co is the borrower under a term sheet with BMO dated as of May 2024 (“**Real Co Term Sheet**”) pursuant to which BMO established the following credit facilities in favour of Real Co:
- (a) A real estate loan in the principal amount of \$2,188,333;
  - (b) An equity draw facility in the principal amount of \$378,042;
  - (c) An equity draw facility in the principal amount of \$517,000;
  - (d) A real estate loan in the principal amount of \$847,517;
  - (e) A real estate acquisition loan in the principal amount of \$5,060,000;
  - (f) A real estate acquisition loan in the principal amount of \$115,600;
  - (g) A real estate acquisition loan in the principal amount of \$5,860,000;
  - (h) An equity draw facility in the principal amount of \$1,124,143;
  - (i) A real estate acquisition loan in the principal amount of \$765,312;
  - (j) A non revolving demand construction facility in the principal amount of \$1,200,000; and

- (k) A demand revolving operating facility in the principal amount of \$100,000 (the “**Real Co Demand Revolving Facility**”).

A copy of the Real Co Term Sheet is attached as **Exhibit “28”**.

56. In connection with the Real Co Demand Revolving Facility, Squamish Chrysler and BMO are party to an operating loan agreement dated May, 2023 (the “**Real Co Operating Agreement**”). A copy of the Real Co Operating Agreement is attached as **Exhibit “29”**.

### 235 AB Facilities

57. 235 AB is the borrower under a term sheet dated as of May 2024 (“**235 AB Term Sheet**”) pursuant to which BMO established a goodwill facility in favour of 235 AB in the principal amount of \$1,500,000. A copy of the 235 AB Term Sheet is attached as **Exhibit “30”**. I understand from speaking to Mr. Koch that this amount was injected into Squamish Chrysler by 235 AB.

### **Guarantees Granted to BMO**

58. Pursuant to the Loan Agreements and in consideration for BMO granting the facilities thereunder, BMO was granted guarantees from specific members of the Summit Auto Group of the obligations, liabilities and indebtedness of other members within the Summit Auto Group (the “**Guarantees**”). The Guarantees executed by Vermilion Chrysler, Cranbrook Mitsubishi, Sun Valley Nissan, Western Sport Products, Castle Ford, Arrow VW Real Co and MK Auto (the “**Cross Guarantors**”) have cross-collateralized each of those entities debts to BMO and caused each of the Cross Guarantors to be liable to BMO for each of their total respective indebtedness.
59. The indebtedness of Squamish Chrysler is not guaranteed by the Cross Guarantors and is only guaranteed by 194 AB.
60. The Guarantees held by BMO from the Summit Auto Group are set out below.
61. Vermillion Chrysler: Each of the following entities have provided unlimited guarantees of the indebtedness, liabilities and obligations of Vermilion Chrysler (the “**Vermilion Chrysler Guarantees**”):

- (a) MK Auto;
- (b) Real Co;
- (c) Castle Ford;
- (d) Sun Valley Nissan;
- (e) Cranbrook Mitsubishi;
- (f) 235 AB; and
- (g) Western Sport Products.

The Vermillion Chrysler Guarantees are attached as **Exhibits “31”** through **“37”**.

62. Western Sport Products: Each of the following entities have provided unlimited guarantees of the indebtedness, liabilities and obligations of Western Sport Products (the **“Western Sport Products Guarantees”**):

- (a) Cranbrook Mitsubishi;
- (b) Sun Valley Nissan;
- (c) Arrow VW;
- (d) Vermillion Chrysler;
- (e) Real Co; and
- (f) MK Auto.

The Western Sport Products Guarantees are attached as **Exhibits “38”** through **“43”**.

63. Castle Ford: Each of the following entities have provided unlimited guarantees of the indebtedness, liabilities and obligations of Castle Ford (the **“Castle Ford Guarantees”**):

- (a) Arrow VW;
- (b) Real Co;
- (c) MK Auto;
- (d) 235 AB;
- (e) Vermillion Chrysler;

- (f) Sun Valley Nissan;
- (g) Cranbrook Mitsubishi; and
- (h) Western Sport Products.

The Castle Ford Guarantees are attached as **Exhibits “44”** through **“51”**.

64. Cranbrook Mitsubishi: Each of the following entities have provided unlimited guarantees of the indebtedness, liabilities and obligations of Cranbrook Mitsubishi (the **“Cranbrook Mitsubishi Guarantees”**):

- (a) MK Auto;
- (b) Arrow VW;
- (c) Real Co;
- (d) 235 AB; and
- (e) Western Sport Products.

The Cranbrook Mitsubishi Guarantees are attached as **Exhibits “52”** through **“56”**.

65. Sun Valley Nissan: Each of the following entities have provided unlimited guarantees of the indebtedness, liabilities and obligations of Sun Valley Nissan (the **“Sun Valley Nissan Guarantees”**):

- (a) MK Auto;
- (b) Cranbrook Mitsubishi;
- (c) Real Co;
- (d) 235 AB; and
- (e) Western Sport Products.

The Sun Valley Nissan Guarantees are attached as **Exhibits “57”** through **“61”**.

66. Arrow VW: Each of the following entities have provided unlimited guarantees of the indebtedness, liabilities and obligations of Arrow VW (the **“Arrow VW Guarantees”**):

- (a) Real Co;
- (b) MK Auto;

- (c) Sun Valley Nissan;
- (d) Cranbrook Mitsubishi;
- (e) 235 AB; and
- (f) Western Sport Products.

The Arrow VW Guarantees are attached as **Exhibits “62”** through **“67”**.

67. Squamish Chrysler: 197 AB has provided two unlimited guarantees of the indebtedness, liabilities and obligations of Squamish Chrysler (the **“Squamish Chrysler Guarantee”**), which are attached as **Exhibits “68”** and **“69”**.

68. Real Co: Each of the following entities have provided unlimited guarantees of the indebtedness, liabilities and obligations of Real Co (the **“Real Co Guarantees”**):

- (a) Arrow VW;
- (b) MK Auto;
- (c) Castle Ford;
- (d) Vermillion Chrysler;
- (e) Sun Valley Nissan;
- (f) Cranbrook Mitsubishi;
- (g) 235 AB; and
- (h) Western Sport Products.

The Real Co Guarantees are attached as **Exhibits “70”** through **“77”**.

69. 235 AB: Each of the following entities have provided unlimited guarantees of the indebtedness, liabilities and obligations of 235 AB (the **“235 AB Guarantees”**):

- (a) Vermillion Chrysler;
- (b) MK Auto;
- (c) Arrow VW;
- (d) Sun Valley Nissan;

- (e) Cranbrook Mitsubishi; and
- (f) Real Co.

The 235 AB Guarantees are attached as **Exhibits “78”** through **“83”**.

### **Security Held by BMO**

#### **Personal Property Security**

70. As continuing security for the Summit Auto Group’s obligations to BMO, the Summit Auto Group has provided, in favour of BMO, (a) security agreements which provide security interests in all present and after acquired personal property; and (b) chattel mortgages described below (collectively, the **“GSAs and Chattel Mortgages”**). The GSAs and Chattel Mortgages are further described below:

#### **General Security Agreements**

- (a) General security agreement from Vermillion Chrysler dated June 19, 2021 attached as **Exhibit “84”**;
- (b) General security agreement from Vermilion Chrysler dated May 29, 2025 attached as **Exhibit “85”**;
- (c) General security agreement, from Western Sport Products dated May 23, 2024 attached as **Exhibit “86”**;
- (d) General security agreement from Castle Ford dated May 19, 2023 attached as **Exhibit “87”**;
- (e) General security agreement from Cranbrook Mitsubishi dated November 27, 2020 attached as **Exhibit “88”**;
- (f) General security agreement from Sun Valley Nissan dated March 10, 2021 attached as **Exhibit “89”**;
- (g) General security agreement from Arrow VW dated November 27, 2020 attached as **Exhibit “90”**;

- (h) General security agreement from Squamish Chrysler dated March 11, 2023 attached as **Exhibit “91”**;
- (i) General security agreement from Real Co dated November 27, 2020 attached as **Exhibit “92”**;
- (j) General security agreement from MK Auto dated November 27, 2020 attached as **Exhibit “93”**;
- (k) General security agreement from 235 AB dated December 20, 2022 attached as **Exhibit “94”**;
- (l) Security agreement from 197 AB dated March 28, 2023 attached as **Exhibit “95”**;

Chattel Mortgages

- (m) Chattel Mortgage (P.P.S.A.) granted by Vermillion Chrysler chattels located at the Vermillion Chrysler Dealership dated July 28, 2021 attached as **Exhibit “96”**;
- (n) Chattel Mortgage (P.P.S.A.) granted by Castle Ford over chattels located at the Cranbrook VW Dealership dated May 19, 2023 attached as **Exhibit “97”**.
- (o) Chattel Mortgage (P.P.S.A.) granted by Cranbrook Mitsubishi over chattels located at 941 Victoria Ave N, Cranbrook, British Columbia dated November 27, 2020 attached as **Exhibit “98”**;
- (p) Chattel Mortgage (P.P.S.A.) granted by Sun Valley Nissan over chattels located at the Sun Valley Dealership dated March 10, 2021 attached as **Exhibit “99”**;
- (q) Chattel Mortgage (P.P.S.A.) granted by Arrow VW over chattels located at the Cranbrook VW Dealership dated November 27, 2020 attached as **Exhibit “100”**; and
- (r) Chattel Mortgage (P.P.S.A.) granted by Squamish Chrysler over chattels located at the Squamish Chrysler Dealership dated March 11, 2023 attached as **Exhibit “101”**.

71. Copies of Alberta Personal Property Registry and British Columbia Property Registry search results (the “**PPR Searches**”) evidencing the registration of BMO’s personal property security

interests as against the Summit Auto Group, current as of August 12, 2025, can be found at **Exhibits “102” to “112”**.

72. A summary of the Alberta Personal Property Registry and British Columbia Property Registry search results can be found at **Exhibit “113”**.

#### Alberta Real Property Mortgages

73. BMO has been granted certain mortgages against real property owned by Real Co in Alberta to secure its obligations, liabilities and indebtedness to BMO (the “**Alberta Mortgages**”). The Alberta Mortgages are set out below:

- (a) Mortgage dated June 1, 2023 in respect of the lands and premises comprised of the Pincher Dealership, in favour of BMO in the principal amount of \$7,600,000. This Mortgage was registered at the Alberta Land Titles Office as Instrument Nos. 231 226 050, as is evidenced by the Land Title Certificate attached as **Exhibit “114”**. This is the retail location of Castle Ford. This Mortgage is attached as **Exhibit “115”**;
- (b) Mortgage dated September 18, 2023 in respect of the lands and premises located at 1104 Chief Mountain Avenue, Pincher Creek, Alberta (“**1104 Chief Mountain**”) in favour of BMO in the principal amount of \$1,010,000. This Mortgage was registered at the Alberta Land Titles Office as Instrument Nos. 231 330 726, as is evidenced by the Land Title Certificate attached as **Exhibit “116”**. This is the retail location of Castle Ford. This Mortgage is attached as **Exhibit “117”**;
- (c) Mortgage dated February 2, 2023, in respect on the lands and premises located at 5417 52<sup>nd</sup> Avenue, Mannville, Alberta, in favour of BMO in the principal amount of \$160,000. This Mortgage was registered at the Alberta Land Titles Office as Instrument Nos. 232 128 034 as is evidenced by the Land Title Certificate attached as **Exhibit “118”**. This Mortgage is attached as **Exhibit “119”**;
- (d) Mortgage dated August 4, 2021 in respect of the lands and premises located at Vermillion Chrysler Dealership, in favour of BMO in the principal amount of \$1,285,000. This Mortgage was registered at the Alberta Land Titles Office as Instrument Nos. 212 230

270, as is evidenced by the Land Title Certificate attached as **Exhibit “120”**. This is the retail location of Vermilion Chrysler. This Mortgage is attached as **Exhibit “121”**;

- (e) Mortgage dated May 29, 2025 in respect of the lands and premises located at the Vermillion Chrysler Dealership, the Pincher Dealership, 1104 Chief Mountain, in favour of BMO in the principal amount of \$28,150,000. This Mortgage is currently in the queue at the applicable Land Titles Office awaiting registration, and is attached as **Exhibit “122”**. This mortgage was granted pursuant to the Omnibus Forbearance Agreement (as defined below).

#### British Columbia Real Property Mortgages


74. In addition to the Alberta Mortgages, BMO has been granted certain mortgages against real property owned by Real Co in British Columbia (the “**BC Mortgages**”, with the Alberta Mortgages, the “**Mortgages**”). The BC Mortgages are set out below:

- (a) Mortgage dated November 30, 2020 in respect of the lands and premises comprised of the Cranbrook VW Dealership, in favour of BMO in the principal amount of \$6,900,000. This Mortgage was registered at the British Columbia Land Titles Office as Instrument Nos. CA8609114, and is attached as **Exhibit “123”**. A Land Title search of these lands is attached as **Exhibit “124”**;
- (b) Mortgage dated June 29, 2022 in respect of the lands and premises located at 2016 Cranbrook Street North, Cranbrook, British Columbia (“**2016 Cranbrook**”), in favour of BMO in the principal amount of \$6,525,000. This Mortgage was registered at the British Columbia Land Titles Office as Instrument Nos. CB58240, and is attached as **Exhibit “125”**. A Land Title search of these lands is attached as **Exhibit “126”**. This is the location of Sun Valley Nissan.
- (c) Mortgage dated June 29, 2022 in respect of the lands and premises located at 2024 Cranbrook Street North, Cranbrook, British Columbia (“**2024 Cranbrook**”), in favour of BMO in the principal amount of \$6,525,000. This Mortgage was registered at the British Columbia Land Titles Office as Instrument Nos. CB58240, and is attached as **Exhibit “127”**. A Land Title search of these lands is attached as **Exhibit “128”**. This is the retail location of Sun Valley Nissan.

- (d) Mortgage dated May 29, 2025 in respect of the lands and premises located at the Cranbrook VW Dealership, 2016 Cranbrook, 2024 Cranbrook, and 2124 Cranbrook Street North, Cranbrook, British Columbia, in favour of BMO in the principal amount of \$28,150,000. This Mortgage was registered at the British Columbia Land Titles Office as Instrument Nos. CB2089842, and is attached as **Exhibit “129”**. This mortgage was granted pursuant to the Omnibus Forbearance Agreement (as defined below).

#### Assignments of Rents and Leases

75. In addition to the Mortgages, BMO has been granted certain real property assignments of rents and leases are set out below:

- (a) General assignment of rents and leases dated June 1, 2023 in respect of the real property located at 1050 Corner Mountain Street, Pincher Creek, Alberta, T0K 1W0. This agreement was registered at the Alberta Land Titles Office as Instrument Nos. 231 226 051 and is attached as **Exhibit “130”**;
- (b) General assignment of rents and leases dated September 18, 2023 in respect of the real property located at 1104 Chief Mountain Avenue, Pincher Creek, Alberta, T0K 1W0. This agreement was registered at the Alberta Land Titles Office as Instrument Nos. 231 220 727, and is attached as **Exhibit “131”**;
- (c) General assignment of rents and leases dated January 24, 2023 in respect on the real property located at 5417 52nd Avenue, Mannville, Alberta, T0B 2T0. This agreement was registered at the Alberta Land Titles Office as Instrument Nos. 232 128 035, and is attached as **Exhibit “132”**;
- (d) General assignment of rents and leases dated July 29, 2021 in respect of the real property located at 4524 Railway Avenue, Vermilion, Alberta, T9X 1E9. This agreement was registered at the  Land Titles Office as Instrument Nos. 212 230 271, and is attached as **Exhibit “133”**;
- (e) Assignment of rents registered dated July 5, 2022 in respect of the real property located at 2016 Cranbrook Street North, Cranbrook, British Columbia, V1C 3T1. This agreement

was registered at the British Columbia Land Titles Office as Instrument Nos. CB58241, and is attached as **Exhibit “134”**;

- (f) Assignment of rents registered dated July 5, 2022 in respect of the real property located at 2024 Cranbrook Street North, Cranbrook, British Columbia, V1C 3T1. This agreement was registered at the British Columbia Land Titles Office as Instrument Nos. CB58241, and is attached as **Exhibit “135”**;
- (g) Assignment of rents registered dated November 30, 2020, in the British Columbia Land Titles office in respect of the real property located at 2034 Cranbrook Street North, Cranbrook, British Columbia, V1C 3T1. This agreement was registered at the British Columbia Land Titles Office as Instrument Nos. CA8609115, and is attached as **Exhibit “136”**;
- (h) Assignment of rents registered dated November 30, 2020, in the British Columbia Land Titles office in respect of the real property located at 2124 Cranbrook Street North, Cranbrook, British Columbia, V1C 3T1. This agreement was registered at the British Columbia Land Titles Office as Instrument Nos. CB80825 and is attached as **Exhibit “137”**.

#### Assignments and Postponements of Claims

76. BMO has obtained assignment, subordination and postponement agreements from the Debtors. There are 35 separate agreements. Due to their volume, these agreements have not been attached to this affidavit but can be made available to the Court upon request. Attached as **Exhibit “138”** is an example of the form of subordination and postponement agreements obtained by BMO. A list of the subordination and postponement agreements obtained by BMO is also attached as **Exhibit “139”**.

#### Other Secured Creditors

77. From my review of the PPR searches and Land Title searches, BMO is aware that the Debtors may have the following other secured creditors as registered in the personal property registries of Alberta and B.C.:

- (a) North Point Commercial Finance (“**North Point**”) has a first in time general security interest registered in the Alberta and B.C. PPRs against all of Western Sport Product’s present and after acquired personal property. BMO understands from management of the Operating Debtors that North Point is owed less than approximately \$100,000 by Western Sport Products;
- (b) Transcan Leasing Corp and Canadian Western Bank have serial numbered good registrations against Castle Ford in the Alberta PPR;
- (c) Various equipment financiers appear to have extended financing to Arrow VW for specific serial numbered goods according to the BC PPR search for Arrow VW, namely:
  - (i) GE Canada Equipment Financing G.P.
  - (ii) CWB National Leasing Inc.
  - (iii) Wells Fargo Equipment Finance Company
  - (iv) Pattison Sign Group, a Division of Jim Pattison Industries Ltd.
- (d) The Bank of Nova Scotia (“**BNS**”) has a security interest registered in the B.C. PPR in all chattel paper and accounts assigned by Cranbrook Mitsubishi and Vermillion Chrysler to BNS;
- (e) Golden Ears Leasing Corporation has a security interest registered against Squamish Chrysler in the B.C. PPR; and
- (f) Meridian ONecap Credit Corp. has what appears to be PMSIs registered against Vermillion Chrysler, Real Co and Squamish Chrysler in the B.C. PPR.

**Unsecured Debt Obligations**

78. BMO is aware from information provided by Full Circle that the Operating Debtors have unsecured creditors with debt totalling approximately \$2 million based on the most recent accounts payable listings provided by Full Circle dated August 14, 2025. These are made up primarily of amounts owing to OEM vendors for vehicle parts purchases. A general summary of the Operating Debtors’ unsecured creditors with information provided by BDO is listed below:

<b>Debtor</b>	<b>Aggregate Unsecured Debt</b>
<i>Vermillion Chrysler</i>	\$130,551
<i>Cranbrook Mitsubishi</i>	\$97,091
<i>Sun Valley Nissan</i>	\$107,707
<i>Western Power Sports</i>	\$15,868
<i>Squamish Chrysler</i>	\$721,184
<i>Castle Ford</i>	\$118,576
<i>Arrow VW</i>	\$758,335

***Financial Statements***

79. As discussed in further detail below, the Debtors have been unable or unwilling to prepare financial statements, both internal and external, in accordance with their reporting obligations to BMO pursuant to the Loan Agreements and Forbearance Agreements. Accordingly, other than the financial information set out below, BMO has no currently prepared financial statements from the Debtors in breach of their obligations under the Loan Agreements and Forbearance Agreements.
80. Attached hereto, and marked as **Exhibit “140”**, is the operational breakdown from BDO of profits and expenses for all of the dealerships except Western Sport Products for the months of January to May 2025. It provides that all of these dealerships were operating at a significant loss during that period, totalling approximately \$1.8 million.

**Cash Flow Forecast**

81. BDO, with the assistance of the CRO, is preparing a 13-week cash flow forecast for the period ending November 23, 2025 (the “**Cash Flow Forecast**”) that is premised on, among other things, the assumption that the Summit Auto Group will be granted CCAA protection and the ability for the Monitor to borrow funds from BMO pursuant to the Monitor’s Borrowing Certificate. I am

advised by representatives of BDO that the Cash Flow Forecast will forecast the Operating Debtors having sufficient liquidity to cover their operating expenses during the forecasted period.

82. I believe that the Cash Flow Forecast will be a reasonable forecast of the Operating Debtors' anticipated cash flow requirements. A copy of the Cash Flow Forecast will be attached to BDO's pre-filing report to be filed with the Court.

### **III. FINANCIAL DIFFICULTIES OF THE SUMMIT AUTO GROUP**

#### **Background**

83. The information in this section is based on my direct involvement, my review of BMO's files, various prior discussions with management at the Summit Auto Group, including Mr. Koch, discussions with BDO and discussions with Full Circle.
84. I am advised by the BMO deal side team that handled the origination of the Summit Auto Group's credit facilities with BMO that the Summit Auto Group was onboarded as a BMO client in December 2020 starting with Cranbrook Mitsubishi, Arrow VW and Real Co being financed by BMO. BMO began its credit relationship with the Summit Auto Group with the knowledge that it was seeking to purchase Sun Valley Nissan in the near future. Sun Valley was purchased thereafter in March 2021 with BMO financing the transaction. This resulted in three dealerships all located within the same auto mall in Cranbrook, BC. The Summit Auto Group then sought to purchase Vermilion Chrysler with BMO financing, with that transaction subsequently closing in August 2021. In May 2022, Mr. Koch, approached BMO requesting financing to purchase an ownership interested in Squamish Chrysler. That transaction closed June 2023. The Summit Auto Group also purchased Castle Ford with BMO financing in May, 2023.
85. Dealership operations at Vermilion Chrysler and Squamish Chrysler are managed independently by general managers ("**GM(s)**"), who report directly to Mr. Koch, while the rest of the Dealerships' operations are managed directly by Mr. Koch. Financial management for Sun Valley Nissan, Castle Ford, and Cranbrook Mitsubishi is handled by Mr. Don Liddell ("**Mr. Liddell**") who acts as a form of Chief Financial Officer.

**Financial Difficulties**

86. In or around November 2024, BMO performed a year end credit review of the Summit Auto Group and determined that the Debtors were in breach of several covenants with BMO, including:

- (a) having failed to maintain a current ratio of a minimum of 1:05:1 pursuant to their obligations under the Loan Agreements, calculated as of November 2024, as follows:

<b>Debtor</b>	<b>Breach</b>
<i>Vermillion Chrysler</i>	Combined with Cranbrook Mitsubishi, Western Sport Products, Sun Valley Nissan, Castle Ford and Arrow VW, failing to maintain a current ratio at a minimum of 1:05:1 and maintaining a current ratio of 1.03:1, calculated as of November 2024
<i>Western Sport Products</i>	Combined with Cranbrook Mitsubishi, Sun Valley Nissan, Vermilion Chrysler, Castle Ford and Arrow VW, failing to maintain a current ratio at a minimum of 1:05:1 and maintaining a current ratio of 1.03:1, calculated as of November 2024
<i>Castle Ford</i>	Combined with Cranbrook Mitsubishi, Western Sport Products, Sun Valley Nissan, Vermilion Chrysler and Arrow VW, failing to maintain a current ratio at a minimum of 1:05:1 and maintaining a current ratio of 1.03:1, calculated as of November 2024
<i>Cranbrook Mitsubishi</i>	Combined with the guarantors Western Sport Products, Sun Valley Nissan, Vermilion Chrysler, Castle Ford and Arrow VW, failing to maintain a current ratio at a minimum of 1:05:1 and maintaining a current ratio of 1.03:1, calculated as of November 2024
<i>Sun Valley Nissan</i>	Combined with Cranbrook Mitsubishi, Western Sport Products, Vermilion Chrysler, Castle Ford and Arrow VW, failing to maintain a current ratio at a minimum of 1:05:1 and maintaining a current ratio of 1.03:1, calculated as of November 2024
<i>Arrow VW</i>	Combined with Cranbrook Mitsubishi, Western Sport Products, Vermilion Chrysler, Castle Ford and MK Auto, failing to maintain a current ratio at a minimum of 1:05:1 and maintaining a current ratio of 1.03:1, calculated as of November 2024
<i>Squamish Chrysler</i>	Failing to maintain a minimum current ratio of 1.05:1 and maintaining a current ratio of 0.93:1 calculated as of November 2024

(b) having failed to maintain debt service coverage ratios pursuant to their obligations under the Loan Agreements, calculated as of November 2024, the details of which are as follows:

<b>Debtor</b>	<b>Breach</b>
<i>Real Co</i>	Combined with Cranbrook Mitsubishi, Western Sport Products, Sun Valley Nissan, Vermilion Chrysler, Castle Ford and Arrow VW, failing to maintain a minimum debt service coverage ratio of 1.05:1 for the fiscal year ending December 31, 2023, 1.15:1 for the fiscal year ending December 31, 2024 and 1.25:1 thereafter, and maintaining a debt service coverage ratio of 1.02:1 calculated for the fiscal year ending December 2023
<i>235 AB</i>	Combined with Cranbrook Mitsubishi, Western Sport Products, Sun Valley Nissan, Vermilion Chrysler, Castle Ford, Real Co and Arrow VW, failing to maintain a minimum debt service coverage ratio (“DSC”) of 1.10:1 for the fiscal year ending December 31, 2023, 1.15:1 for the fiscal year ending December 31, 2023, 1.20:1 for the fiscal year ending December 31, 2024, and 1:25:1 thereafter, and maintaining a DSC ratio of 1.02:1 calculated for the fiscal year ending December 2023
<i>Squamish Chrysler</i>	Failing to maintain a minimum debt service coverage ratio of 1.25:1 and maintaining a DSC ratio of 1.02:1 calculated for the fiscal year ending December 2023

(c) having failed to provide updated financial reporting to BMO in accordance with their reporting obligations under the Loan Agreements as set out in **Exhibit “141”**.

- 87. Accordingly, on February 13, 2025, the Summit Auto Group’s credit file was transferred to SAMU where I have had direct day-to-day supervision and handling of their credit files for BMO.
- 88. I understand from speaking to Michael Koch and BDO that prior to the Summit Auto Group entering into BMO SAMU that Summit Auto Group began making efforts to sell off individual Dealerships throughout 2024. Ultimately these efforts have not resulted in any sales being concluded to-date.
- 89. In or around January, 2024, BMO engaged BDO as its financial advisor to perform a financial review of the Summit Auto Group to determine the specific issues facing the Summit Auto Group and to ascertain how BMO could begin to mitigate its exposure.

90. I am advised by Mr. Clark Lonergan of BDO (“**Mr. Lonergan**”) that in or around February, 2024, BDO began a financial overview of the Summit Auto Group by having direct discussions with Mr. Koch and other management for the Operating Debtors, reviewing the Debtors available financial information and other documentation, and attending the Dealerships to view operations and meet staff. BDO reported to BMO in March 2024 the following information which was also conveyed to management for comments:

- (a) the Summit Auto Group was facing significant financial difficulties driven by high interest costs, slow-moving vehicle sales leading to heavy curtailments, and significant ongoing un-remedied operational issues;
- (b) Management of the Summit Auto Group had performed a fragmented and unstructured approach to sell off the Dealerships and required a comprehensive, coordinated strategy to see any results which would maximize value and repay the indebtedness the Debtors owed to BMO. Prior attempts to sell the Dealerships had failed due to a fragmented and unstructured sale processes and the absence of a formal sales advisor assisting management;
- (c) The Summit Auto Group’s internal controls, governance framework, and financial oversight were weak, with management struggling to effectively oversee multi-location operations. The lack of centralized financial oversight, standardized treasury policies, and structured decision-making processes increased financial risk to BMO;
- (d) The Summit Auto Group has significant operational governance deficiencies, primarily due to its decentralized management approach and lack of clear operational and financial reporting structure. These deficiencies impact decision-making, cash flow management, and financial accountability.
- (e) Governance deficiencies, including lack of financial oversight, decentralized reporting, and weak treasury controls further exacerbated the liquidity shortfall and have hindered the Operating Debtors ability to effectively manage their operations.
- (f) Western Chevrolet was in breach of its financial and reporting obligations to TD Bank as of May 16, 2024 pursuant to a default letter issued by TD Bank.

- (g) The Summit Auto Group was facing a significant liquidity crunch and cash burn of \$1.1 million from March to July 31, 2025 with approximately \$1.4 million in debt servicing obligations and substantial curtailment requirements due to aging inventory, which far exceeded its cash flow from operations;
- (h) The Operating Debtors had cumulated an aggregate of approximately \$6.4 million of SIVs as of February, 2024 in a breach of the Loan Agreements broken down as follows:

<b>Dealerships</b>	<b>#</b>	<b>Amount</b>
Cranbrook Mitsubishi	15	593,501
Sun Valley Nissan	10	466,246
Castle Ford	8	763,290
Squamish Chrysler	31	1,768,555
Vermilion Chrysler	13	942,037
Arrow VW	49	1,872,305
<b>Total</b>	<b>126</b>	<b>6,405,933</b>

- (i) The Operating Debtors had misclassified demo/loan vehicles as new vehicles in the following amounts in breach of the Loan Agreements:

<b>Debtor</b>	<b>Breach</b>
<i>Vermilion Chrysler</i>	Misclassified \$148,357 in demo/loaner vehicles as new vehicles
<i>Cranbrook Mitsubishi</i>	Misclassified \$8,382 in demo/loaner vehicles as new vehicles
<i>Sun Valley Nissan</i>	Misclassified \$49,973 in family demo/loaner vehicles as new vehicles
<i>Arrow VW</i>	Misclassified \$77,241 in demo/loaner vehicles as used vehicles
<i>Squamish Chrysler</i>	Misclassified \$64,936 in demo/loaner vehicles as new vehicles.

- (j) The Operating Debtors had misclassified demo/loan vehicles as used vehicles in the following amounts in breach of the Loan Agreements:

<b>Debtor</b>	<b>Breach</b>
<i>Castle Ford</i>	Misclassified \$37,800 in demo/loaner vehicles as used vehicles
<i>Cranbrook Mitsubishi</i>	Misclassified \$42,000 in demo/loaner vehicles as used vehicles
<i>Sun Valley Nissan</i>	Misclassified \$48,230 in demo/loaner vehicles as used vehicles
<i>Squamish Chrysler</i>	Misclassified \$41,438 in demo/loaner vehicles as used vehicles

- (k) The Operating Debtors re-chartered vehicles, which occurs when floor line payments are made by a dealership against an aging vehicle without an actual sale of the vehicle in order to avoid paying curtailment payments, the details of which are as follows which is a breach of the Loan Agreements:

<b>Debtor</b>	<b>Breach</b>
<i>Vermillion Chrysler</i>	Re-chatteling \$149,975 in vehicles
<i>Cranbrook Mitsubishi</i>	Re-chatteling \$153,724 in vehicles
<i>Sun Valley Nissan</i>	Re-chatteling \$574,125 in vehicles
<i>Arrow VW</i>	Re-chatteling \$44,263 in vehicles
<i>Squamish Chrysler</i>	Re-chatteling \$79,031 in vehicles

**Demands and Section 244 Notices**

91. Following the information conveyed by BDO to BMO, on April 1, 2025, BMO’s counsel Gowling WLG (Canada) LLP (“**Gowling**”) delivered, demand letters and notices of intention to enforce security under section 244 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 (“**Demand Letters and NITES**”) to each of the Debtors.
92. Attached as **Exhibits “142”** through “**152**” are the Demand Letters and NITES.

**The Forbearance Agreements**

93. Following the delivery of the Demand Letters and NITES, BMO and the Summit Auto Group, entered into negotiations around the terms of a potential forbearance. Negotiations began shortly after April 1, 2025.
94. Ultimately two forbearance agreements (collectively, the “**Forbearance Agreements**”) were entered into<sup>1</sup>:
- (a) A forbearance agreement dated May 29, 2025 (the “**Omnibus Forbearance Agreement**”) between BMO and the Omnibus Debtors; and
  - (b) A forbearance agreement dated June 9, 2025 (the “**Squamish Forbearance Agreement**”) between BMO and the Squamish Debtors.
95. The Omnibus Forbearance Agreement is attached as **Exhibit “153”**. The Squamish Forbearance Agreement is attached as **Exhibit “154”**.
96. Pursuant to the each of the Forbearance Agreements, BMO agreed to forbear from enforcing its rights and remedies until the earlier of the Outside Forbearance Date (September 12, 2025) or the occurrence of a Termination Event (as defined thereunder, a “**Termination Event**”).
97. The terms of the Forbearance Agreements included that:
- (a) The Omnibus Debtors acknowledged the defaults set out in the “Demands Letters and NITES”;
  - (b) The Summit Auto Group would not sell any floorplan-financed vehicles without full repayment of all proceeds to the Bank, and would not incur further SIVs during the Forbearance term;
  - (c) It would be a breach of the Forbearance Agreements if BMO reasonably deemed its collateral to be in jeopardy;

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<sup>1</sup> At the request of the Debtors, BMO and the Summit Auto Group proceeded with two forbearance agreements, as opposed to one forbearance agreement, given that Squamish Chrysler and 197 AB have a different ultimate shareholder makeup than the rest of the Summit Auto Group.

- (d) The Summit Auto Group agreed to the form of Consent CCAA Initial Order attached as **Exhibit “155”** to this Affidavit and as Schedule D to the Omnibus Forbearance Agreement in the event a Termination Event arose (the “**Consent CCAA Order**”). I am advised by Sam Gabor of Gowling that Alberta was requested as the choice of forum by counsel for the Omnibus Debtors who is located in Alberta so to avoid additional legal expense for the Omnibus Debtors having to hire additional B.C. counsel;
- (e) The Summit Auto Group agreed that upon the occurrence of a Termination Event, BMO could apply to have signed and entered the Consent CCAA Order;
- (f) Upon the occurrence of a Termination Event, BMO would be entitled to fill in any blank spots within the Consent CCAA Order as BMO deemed fit, acting reasonably;
- (g) BMO had the right to at any time during the forbearance period, to provide to the Summit Auto Group, the names of two consulting firms to act as CRO, and the Summit Auto Group were required to retain one of the two parties as chief restructuring officer;
- (h) The Debtors would commence a sales process to sell all of the Dealerships in order to repay the Indebtedness and retain a sales agent. The Operating Debtors retained the Tim Lamb Group as their sales agent for all of the Dealerships except Squamish Chrysler although Tim Lamb Group would provide reporting regarding the attempted sale for Squamish Chrysler by management.
- (i) The Debtors would provide all required reporting as set out therein, including the provision of specific information within specific timeframes.
- (j) The Debtors would and meet all milestones as set out under the Forbearance Agreements towards the sale of the Dealerships as follows:

*Omnibus Forbearance Agreement*

- i. By on or before July 15, 2025, the Omnibus Debtors were required to be in receipt of one or more expressions of interest from prospective purchasers or investors (each an “**Interested Party**”) for the sale of all of the Dealerships (other than Squamish Chrysler) satisfactory to BMO:

- ii. by on or before August 15, 2025, the Omnibus Debtors were required to be in receipt of one or more binding letters of intention (a “LOI”) for the sale of all of the Dealerships (other than Squamish Chrysler) in forms satisfactory to BMO;
- iii. by on or before August 31, 2025, following the selection of one or more LOIs acceptable in a form satisfactory to BMO for the sale of all of the Dealerships (other than Squamish Chrysler), the Omnibus Debtors and the selected Interested Parties are to have entered into finalized definitive asset purchase agreement(s) or other forms of agreement satisfactory to BMO; and
- iv. by on or before September 12, 2025, the transactions for the sale of all of the Dealerships (other than Squamish Chrysler) are required to have closed.

*Squamish Forbearance Agreement*

- i. By on or before July 4, 2025, the Squamish Debtors were required to provide BMO with a conditional term sheet and other evidence satisfactory to BMO which provides that 197 AB had obtained financing and/or has funds sufficient in an amount to purchase the assets of Squamish Chrysler, or alternatively effect a share sale causing 197 AB or its nominee to become the controlling shareholder of Squamish Chrysler, for a purchase price in the amount of the indebtedness owing to BMO by Squamish Chrysler, which funds are to be conveyed to BMO on or before the Forbearance Outside Date;
- ii. By on or before August 4, 2025, the Squamish Debtors were required to provide the Lender with a binding commitment letter and evidence satisfactory to the Lender which provided that 197 AB has obtained financing and/or has funds sufficient in an amount to purchase the assets of Squamish Chrysler, or alternatively effect a share sale causing 197 AB or its nominee to become the controlling shareholder of Squamish Chrysler, for a purchase price in the amount of the indebtedness owing to BMO by Squamish Chrysler, which funds are to be conveyed to BMO on or before the Forbearance Outside Date;
- iii. The Squamish Debtors were required to enter into a transaction prior to the Forbearance Date satisfactory to BMO which causes 197 AB or its nominee to purchase the assets of Squamish Chrysler, or alternatively effect a share sale causing the 197 AB or its nominee to become the controlling shareholder of Squamish Chrysler, and which causes the

purchase price of the indebtedness owing to BMO by Squamish Chrysler to be paid to BMO prior to the Forbearance Outside Date.

**Breaches of the Forbearance Agreement and Consent to CCAA Proceedings**

98. Notwithstanding the terms of the Forbearance Agreements, several significant Termination Events have occurred under the Forbearance Agreements. Specifically:

- (a) SIVs have continued to occur at an increasing and alarming rate. After the Forbearance Agreements were entered into approximately \$2-\$3 million of SIVs have occurred. The SIVs were previously approximately \$9.4-\$9.6 million as of August 6-11, 2025 before reducing. Based on information provided to me by Full Circle, SIVs are currently just over approximately \$9.4 million and are expected to continue to significantly increase week by week as sufficient cash is not being generated to maintain operations without incurring SIVs to fund operations. The records of BMO also provide that SIVs were approximately \$9.4 million as of August 13, 2025. A breakdown of the SIVs prepared by BDO from the approximately the beginning of June, 2025 when the Forbearance Agreements were entered into and their variance is set out below:

Dealerships	SIVs Before Forbearance		SIVs as at August 13, 2025		Change in SIVs	
	#	Amount	#	Amount	#	Amount
Cranbrook Mitsubishi	13	517,314	19	689,203	6	171,889
Sun Valley Nissan	9	403,212	18	783,829	9	380,617
Castle Ford	8	763,290	14	1,378,196	6	614,906
Squamish Chrysler	45	2,522,953	60	3,431,189	15	908,237
Vermilion Chrysler	11	826,864	11	826,864	-	-
Arrow VW	40	1,464,844	72	2,331,814	32	866,969
<b>Total</b>	<b>126</b>	<b>6,498,478</b>	<b>194</b>	<b>9,441,096</b>	<b>68</b>	<b>2,942,619</b>

*Note: Forbearance date for all dealerships except for Squamish is May 29, 2025. Forbearance date for Squamish is June 9, 2025.*

- (b) Based on information provided to BMO by Full Circle, with the exception of Squamish in which Full Circle is not CRO over its operations, the Operating Debtors have proceeded to sell vehicles financed by BMO through BMO’s floor plan facilities to wholesalers at a loss in order to pay for operating expenses on an aggregate basis. A summary table of wholesale transactional losses prepared by BDO from information from Full Circle is listed below which provides that between March 1, 2025 to August 8, 2025 the Operating Debtors, with the exception of Squamish, sold BMO financed vehicles wholesale with losses totalling approximately \$1.4 million:

<b>Wholesale Loss Summary</b>	
<b>Dealerships</b>	<b>Amount</b>
Cranbrook Mitsubishi	187,057
Sun Valley Nissan	435,767
Castle Ford	35,094
Vermilion Chrysler	97,403
Arrow VW	650,369
<b>Total</b>	<b>1,405,691</b>

I am advised by representatives of BDO and Full Circle that there are unposted sales and the \$1.4 million loss figure is expected to increase as the Operating Debtors update their bookkeeping. I am advised by Full Circle that notably during the weekend of August 9 and 10, 2025 there were \$500,000 in wholesale transactions resulting in losses of approximately \$120,000 on Friday, August 8 alone. The proceeds of these wholesale transactions have then not been used to repay the financing BMO provided to purchase the vehicles and have increased SIVs. In addition to causing both losses and breaches of the terms of the applicable Loan Agreements, I understand based on discussions with Full Circle, that the Operating Debtors approach to wholesaling vehicles may be adversely affecting their ability to maximize the value of each individual Dealership on sale. Full Circle has advised me that based on its experience, the purchase price of a dealership is effected by the amount of inventory maintained at the time of closing (with value increasing if there is more inventory).

By wholesaling inventory to generate quick cash flow, there will be less inventory available to potential purchasers, decreasing the value of the Summit Auto Group's Dealerships and in turn BMO's collateral. Thus, the continued wholesaling off inventory at an extensive loss is eroding BMOs collateral and BMO reasonably deems its collateral is in jeopardy.

- (c) I have been advised by Full Circle that Barbara Koch, who I presume is a relative of Mr. Koch, purchased a 2023 Mitsubishi outlander GT at the beginning of August 2025 for \$8500. The retail sale value is approximately \$30,000 and cost approximately \$38,000. The loss was accounted for as a write off by the Summit Auto Group's system.
- (d) Reporting obligations under the Forbearance Agreements have not been met as follows:

Omnibus Forbearance Agreement

- i. Article 5.5(a) requires the following information be provided to BMO by June 18, 2025, which has not been delivered to BMO:
  - A. a list of the Omnibus Debtors' aged accounts receivables as of March 31, 2025, April 31, 2025 and May 31, 2025.
- ii. Article 5.5(b) requires that within 60 days of the date of the Omnibus Forbearance Agreement, the following information was to be provided, none of which has been delivered to BMO:
  - A. The unaudited combine financial statement (intercompany eliminations effected) for all Dealerships (other than Squamish Chrysler) for the fiscal year ending December 31, 2024.
- iii. Article 5.5(e) requires the following information be provided to BMO by the 20<sup>th</sup> day of the following month, none of which has been delivered to BMO by June 20<sup>th</sup> or July 20<sup>th</sup>:
  - A. a summary of each of its Dealerships' aged accounts receivable and accounts payable listings;
  - B. updated vehicle inventory listing of each Dealership;
  - C. a summary of intercompany transactions;
  - D. management prepared internal financial statements;
  - E. OEM statements from each respective vehicle manufacturer; and
  - F. bank reconciliations of all operating accounts.
- iv. Article 5.5(f) requires the following information be provided by the 20<sup>th</sup> day of the following month, none of which has been delivered to BMO by June 20<sup>th</sup> or July 20<sup>th</sup>:
  - A. in house prepared financial statements for each Omnibus Debtor, including income statement, balance sheet, cash flow statement and in house calculations of EBITDA.

Squamish Forbearance Agreement

- i. Article 5.6(a) required the following information be provided to BMO by June 29, 2025, none of which as been delivered to BMO:
  - A. a list of the Squamish Chrysler's aged accounts receivables as of March 31, 2025, April 31, 2025 and May 31, 2025;
  - B. a list of Squamish Chrysler's aged trade payables, including a separate list of priority payables (if any) as of March 31, 2025, April 31, 2025 and May 31, 2025;

- C. Dealership statements (“**Dealer Statement(s)**”) provided, for the most current month, which have been provided to the OEMs;
  - D. Confirmation of share ownership for each Squamish Debtor and copies of all share certificates for all current shares for each Squamish Debtor
  - E. Copies of all minute books for each Squamish Debtor.
- ii. Article 5.6(b) required that within 60 days of the date of the Forbearance Agreement, the following information was to be provided, none of which has been delivered to BMO:
- A. the unaudited financial statement (intercompany eliminations effected) for Squamish Chrysler for the fiscal year ending December 31, 2024;
- iii. Article 5.6(c) requires the following information be provided to BMO bi-weekly, none of which have been delivered to BMO in the second or last week of June and July, 2025:
- A. a summary of all vehicle sales across Squamish Chrysler for the previous week, including:
    - (A) VIN(s);
    - (B) corresponding sale proceeds;
    - (C) bill of sale date;
    - (D) funding date; and
    - (E) floor plan payoff date and amount (if vehicle is financed);
  - B. a reconciliation of SIVs against Squamish’s vehicle inventory listing after each floorplan audit.
- iv. Article 5.6(e) requires the following information be provided to BMO by the 20<sup>th</sup> day of the following month, none of which has been delivered to BMO by June 20<sup>th</sup> and July 20<sup>th</sup>:
- A. a summary of each Squamish Chrysler’s aged accounts receivable and accounts payable listings;
  - B. updated vehicle inventory listing for Squamish Chrysler;
  - C. a summary of intercompany transactions involving Squamish Chrysler;
  - D. management prepared internal financial statements or Dealer Statements for Squamish Chrysler;
  - E. OEM statements from each respective vehicle manufacturer relating to Squamish Chrysler; and
  - F. bank reconciliations of all operating accounts for Squamish Chrysler.
- v. Article 5.6 (f) requires the following information be provided by the 20<sup>th</sup> day of the following month, none of which has been delivered to BMO by June 20<sup>th</sup> and July 20<sup>th</sup>:
- A. in house prepared financial statements for each Squamish Debtor, including income statement, balance sheet, cash flow statement and in house calculations of EBITDA.

- vi. As a one-time requirement, the Squamish Debtors were to assist BDO with a comprehensive review of the Squamish Chrysler as provided below, which has not occurred;
  - A. a full vehicle inventory count and reconciliation of all inventory;
  - B. a detailed review of Squamish Chrysler's operations including potential ownership issues;
  - C. a detailed review of vehicles sales and purchases;
  - D. a review of its corporate filings with government agencies, including the CRA and all licensing and regulatory bodies;
  - E. a review of Squamish Chrysler's financials; and
  - F. any additional procedures to be carried out by BDO regarding the operation of Squamish Chrysler.

### **Additional Full Circle Concerns**

99. On August 11, 2025, Full Circle provided BMO, BDO and Mr. Koch an analysis of financial irregularities, which is attached as **Exhibit "156"**. The communication highlighted other concerns from Full Circle as follows:
- (a) For trade in vehicles, there is material lag between retail delivery dates and accounting posting, such that reliable lien-payout report cannot be generated. Full Circle advises that certain stores' lien payout general ledger balances indicate a delay in lien payout on vehicles traded in. As such, there is an uncertain amount of unposted current liability for unpaid trade liens for trade in vehicles. This is an irregularity and significant concern. Proper practice for a vehicle dealership is to pay out a third party financing the traded in vehicle so the lien is discharged the day after a trade in occurs. If a lien on a trade in vehicle is not paid out almost immediately, a customer who has traded in a vehicle financed by a third party could still be liable to that third party financier on the traded in vehicle until their loan is paid off by the dealership.
  - (b) The Operating Debtors allows third parties, often offsite, to use its dealerships' lender portal and dealer license number to source leads, structure deals, submit credit applications, and apply for loans on behalf of customers. This exposes the Operating Debtors to risks of lender chargebacks, liability to repurchase full contracts if third parties misrepresent customers' information to lenders and is a breach of most OEM agreements. Further, Full Circle has noted that most lenders discourage or prohibits deals of this nature and has reported that the Royal Bank of Canada has already suspended portal access for

Cranbrook Mitsubishi and Arrow VW. In Full Circle's opinion, the incremental revenue from these deals do not justify the risks.

### **Default Letters and Appointment of CRO**

100. On July 7, 2025, BMO through counsel, delivered a notice of default ("**Omnibus Forbearance Default Letter 1**") in respect of the Omnibus Forbearance Agreement. A copy of the Omnibus Forbearance Default Letter 1 is attached as **Exhibit "157"**. The Omnibus Forbearance Default Letter 1 set out various defaults committed by the Omnibus Debtors, including the Omnibus Debtors were not going to be able to close any sales of the Dealerships by September 12, 2025, SIVs were continuing to accumulate, Arrow VW was exceeding its authorized floor line limits as of July 3, 2025, and the Omnibus Debtors failed to provide several reports as required under the Omnibus Forbearance Agreement.
101. Attached as **Exhibit "158"** is a response to the Omnibus Forbearance Default Letter 1 from counsel for the Summit Auto Group dated July 8, 2025. In particular, the letter states that the SIVs were minimal and being repaid.
102. BMO and BDO reviewed the SIV information provided by the Omnibus Debtors' counsel internally and with Full Circle who at the time had been retained by the Summit Auto Group to assist in the provision of information to BMO for the Omnibus Debtors. Full Circle has confirmed that SIVs were the amounts as set out in Omnibus Forbearance Default Letter 1 and continue to accumulate.
103. Following the increase in SIVs, BMO made the decision that a CRO would be required to provide immediate controls over the operations of the Omnibus Debtors. BMO was comfortable with Full Circle acting as CRO given its then familiarity with the Dealerships. On July 17, 2025, Gowling provided a letter to Mr. Hussein attached as **Exhibit "159"** confirming that BMO was asserting its rights pursuant to the Omnibus Forbearance Agreement to appoint a CRO over the Omnibus Debtors. The Omnibus Debtors subsequently agreed and Full Circle was appointed as CRO at the end of July/beginning of August, 2025. Attached as **Exhibit "160"** is the CRO engagement agreement executed by the Omnibus Debtors and Full Circle (the "**CRO Engagement Agreement**"). For certainty, Full Circle was not appointed CRO over Squamish Chrysler.

104. Following Full Circle's appointment as CRO, it became immediately apparent to BMO based on information provided by Full Circle that the operational issues with the Omnibus Debtors had not improved since the execution of the Omnibus Forbearance Agreement and that the BMOs exposure was rapidly increasing due to the ongoing SIV activity and wholesales being performed at a significant loss. Given the continued financial irregularities that were continuing and not expected to cease, and the fact that BMO's collateral was being placed into jeopardy, BMO made the decision on August 11, 2025 to immediately begin the process of preparing court materials and seeking court dates for an application under the CCAA in order to seek enhanced powers for BDO as Monitor to take control of the Dealerships operations. I am advised by Sam Gabor of Gowling that the Notice of the Court Hearing was provided to Mr. Hussein on August 13, 2025 by Gowling.
105. On August 14, 2025, BMO through counsel, delivered a further notice of default ("**Omnibus Forbearance Default Letter 2**") in respect of the Omnibus Forbearance Agreement. A copy of the Omnibus Forbearance Default Letter 2 is attached as **Exhibit "161"**. The Omnibus Forbearance Default Letter 2 sets out that the Omnibus Debtors are in default including for continuing to allow SIVs to accumulate, wholesaling financed vehicles at significant losses and failing to provide required reporting in the Omnibus Forbearance Agreement.
106. On August 14, 2025, BMO through counsel, delivered further notices of default ("**Squamish Forbearance Default Letter 1**") in respect of the Squamish Forbearance Agreement. A copy of the Squamish Forbearance Default Letter 2 is attached as **Exhibit "162"**. The Squamish Forbearance Default Letter 1 sets out that Squamish Chrysler and 197 AB are in default for failing to provide evidence to BMO that a transaction for Squamish Chrysler will close by the Forbearance Date and for an amount that will repay BMO the amounts owing by Squamish Chrysler, continuing to allow SIVs to accumulate for Squamish Chrysler, and failing to provide required reporting as required in the Omnibus Forbearance Agreement.

## **Sales Efforts**

107. On July 25, 2025 I spoke to Gordie Gerbrandt of the Tim Lamb Group (“**Mr. Gerbrandt**”) who has been handling the sales efforts for the Tim Lamb Group. Mr. Gerbrandt advised me that at that time, he had never been advised by Mr. Koch that the Summit Auto Group had entered into forbearance arrangements with BMO, and had he known the Forbearance Date was September 12, his sales strategy would have been altered and in particular, more urgent.
108. Based on reporting provided on August 8, 2025 by the Tim Lamb Group and sales agreements provided to BMO by the Tim Lamb Group, none of transactions being negotiated by Mr. Koch and Mr. Gerbrandt are contemplated to close by September 12, 2025 other than a potential sale transaction for Western Sport Products, which is the smallest Dealership in terms of value and does not require OEM approval.<sup>2</sup> The contemplated transactions being negotiated by the Tim Lamb Group are described generally below per information and documents provided to BMO by Mr. Gerbrandt:

i. Vermillion Chrysler

A draft asset purchase agreement has been prepared and is being negotiated. No closing date is contemplated. The transaction remains subject to the purchaser’s due diligence and further negotiations.

ii. Castle Ford

This transaction is currently pending. Ford has been notified and is reviewing the transaction. The purchaser is working toward finalizing an APA to secure formal approval. A store walkthrough was completed on August 7, 2025. An LOI has been provided with a closing date of January 14, 2026.

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<sup>2</sup> This is a material condition precedent to closing any transaction for the other Dealerships, and it requires significant lead-time.

iii. Western Sport Products

A draft LOI has been provided but with no closing date. A transaction for the sale of Western Sport Products is expected to be concluded by the end of August.

iv. Cranbrook Mitsubishi

Mitsubishi is processing a dealer application of a prospective purchaser. Approval from the OEM has not yet been provided. A share purchase agreement has been entered into with a closing date of October 1, 2025.

v. Sun Valley Nissan

A potential purchaser completed his interview with Nissan's Dealer Development team the week of August 4. Nissan is reviewing the application and considering it. A draft asset purchase agreement has been provided which contemplates a closing date of December 1, 2025.

vi. Arrow VW

Tim Lamb Group is in discussions with a "legitimate and qualified candidate" that is an existing VW dealer. No LOI has been provided to date.

vii. Squamish Chrysler

The transaction remains under OEM review pending final approval. An asset purchase agreement is being negotiated with a closing date of September 30, 2025. BMO would be required to take a loss on the amounts owing by Squamish Chrysler for the transaction to close.

109. Mr. Gerbrandt has advised me that based on his analysis of the contemplated transactions, there will be no equity available from the sale of the Dealerships following payment to BMO. It also appears from that the proposed transactions will not generate proceeds sufficient to repay BMO in full.

110. I understand from speaking to BDO that the Tim Lamb Group is prepared to continue as sales agent within a CCAA proceeding.

#### IV. CCAA PROCEEDINGS AND RELIEF SOUGHT

##### *Need for CCAA Proceedings and Eligibility*

111. As set out above, the Operating Debtors have no availability under their credit facilities and is funding critical operations through the creation of new SIVS or BMO funding critical payables on an as needed basis through its operating facilities. Notwithstanding ongoing defaults and that BMO has the right to restrict all further advances to the Operating Debtors, BMO has agreed to continue to fund critical expenses of the businesses, including payroll, so as to preserve the businesses and permit the within Application for the Initial Order to be brought. BMO has also been deferring on a voluntary basis, without waiving, curtailment payments for the last 6 months and reallocating floor plan financing credit limits between Operating Debtors to provide additional liquidity to the Operating Debtors. However, BMO is not prepared to provide any further funding or funds above and beyond the date of the initial Application unless the Initial Order is granted and the Monitor is appointed with expanded powers.
112. BMO has lost faith in the Summit Auto Group and its management to run their operations without causing significant additional exposure to BMO through the occurrence of additional SIVs and causing additional inventory to be wholesaled at significant losses. BMOs exposure is significantly expanding on a day to day basis and based on information provided by Full Circle, BMO expects that SIVs will reach nearly \$9.5MM in the coming weeks if the Operating Debtors operations continue to be operated in their current fashion.
113. The Debtors have debt in excess of \$5 million, are insolvent, and are in a liquidity crisis. Specifically, BMO has demanded repayment of the Indebtedness, which is in excess of \$58 million, and the Debtors are unable to repay the Indebtedness in full.
114. BMO has worked rigorously with the Summit Auto Group and the Tim Lamb Group to encourage a business restructuring or to facilitate an out-of-court sale process. These efforts have proved unsuccessful to date and are uncertain to be successful if the Debtors were to continue on in control of the Dealerships. To date, other than the sale of Western Sport Products, no transactions are scheduled to close prior to September 12 and if any such transactions become available for closing shortly, the Monitor will be in a position to close such transactions through the enhanced powers BMO is seeking to provide to BDO.

115. For these reasons, the Operating Debtors cannot continue to operate as going concerns absent creditor protection. The assistance of the Court and the supervision of a Court-appointed Monitor is necessary to avert further significant deterioration of value and to ensure an efficient ongoing sale process for the business is designed and expeditiously implemented.
116. BMO has brought these proceedings in the form of a creditor-initiated CCAA application as it provides the best opportunity for a going concern sale of all or a part of the Operating Debtors' businesses.
117. Immediately following the issuance of the Initial Order, if granted, I understand BDO as the proposed the Monitor (if appointed) intends to continue to work with the Tim Lamb Group to market and sell the Dealerships, including working through the current contemplated transactions.
118. BMO believes, based on discussions with its advisors as well as with management of the Summit Auto Group, that administering a continued sale process for the Operating Debtors' businesses in a CCAA proceeding rather than a liquidation process via receivership is beneficial, as appointing a receiver will decrease the likelihood of a going concern sale at the highest possible price.
119. Furthermore, I am advised by Sam Gabor of Gowling that Alberta and B.C. both have regulated dealership obligations requiring a dealership entity to maintain a valid provincial dealership license in order to retail sale vehicles. A receiver would be required to apply for such a license, while a Monitor with enhanced powers would be able to continue to operate the Operating Debtors' businesses under their current dealership licenses.

**Appointment of Monitor**

120. BMO proposes that BDO be appointed Monitor in these CCAA proceedings. BDO has consented to act as Monitor, subject to Court approval, and its written Consent to Act as Monitor is attached as **Exhibit "163"**.
121. BDO is a licensed trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA.

122. In preparing for this filing, BDO has reviewed and assisted in the preparation of the Cash Flow Forecast, and has provided guidance and assistance in the commencement of these CCAA proceedings. In addition, as discussed, BDO was retained by BMO as a Financial Advisor in connection with the company's financial difficulties and dealings with BMO. BDO has completed comprehensive assessments on inventory and other aspects of the business, and is familiar with the operations the company.
123. In its role to-date, BDO has developed critical knowledge about the Summit Auto Group that will be essential to the success of any CCAA proceedings.

**Expanded Powers of the Monitor**

124. BMO is seeking enhanced powers for BDO as proposed Monitor under the Initial Order, including to:
- (a) manage, operate, and carry on the businesses of the Summit Auto Group, including authority to enter into contractual arrangements on behalf of the Debtors;
  - (b) continue the engagement of the Tim Lamb Group as sales agent for the Summit Auto Group;
  - (c) preserve, protect, and exercise control over the property of the Debtors including the Debtors' bank accounts;
  - (d) report to, meet, discuss, and share information with affected persons on all matters relating to the Summit Auto Group's businesses and property;
  - (e) oversee and direct the preparation and dissemination of financial and other information of the Debtors, including cash flow statements; and
  - (f) continue to market and sell the Dealerships.
125. BMO is of the view that these powers will ensure that there are necessary protections in place throughout the CCAA proceeding and to ensure that appropriate steps are taken to progress towards successful sales and cost effective realizations of the Debtors' assets.

**Administration Charge**

126. It is contemplated under the form of Initial Order being sought that the Monitor, along with its counsel, counsel to BMO, the CRO and the CRO's counsel will be granted a Court-ordered charge in the amount of \$350,000 (the "**Administration Charge**") during the initial ten (10) day stay period, as security for their fees and disbursements incurred at their standard rates and charges.
127. I believe that the amount of the proposed Administration Charge is the amount reasonably necessary for the initial ten (10) day stay period to ensure the continued participation of the proposed beneficiaries of the Administration Charge, whose expertise, knowledge and assistance will be critical to the success of these CCAA proceedings.
128. I understand the proposed Monitor supports the quantum of the proposed Administration Charge, which I believe is fair and reasonable in the circumstances.
129. I do not believe that there is any unwarranted duplication of roles between the proposed beneficiaries of the Administration Charge.
130. BMO intends to seek an increase in the maximum amount of the Administration Charge at the Comeback Hearing.

**Approval of Monitor's Borrowing Certificates**

131. Under the Consent Initial Order, the Monitor has the power to borrow funds from BMO pursuant to a Monitor's borrowing certificate akin to a borrowing certificate within a receivership proceeding.
132. I understand that the proposed Monitor is of the view that the use of the Monitor's Borrowing Certificate is reasonable and practical given that the Monitor will employ similar powers to a receiver, and that the maximum amount of \$500,000 available to be borrowed from BMO thereunder is reasonably necessary to maintain the operations and business of the Summit Auto Group pending the Comeback Hearing. BMO has sought this mechanism as opposed to preparing an interim financing agreement in order to reduce costs for stakeholders.

**Director's Charge**

133. It is contemplated that the Monitor may require certain transitional assistance from Mr. Koch as a director of the Debtors. As a result, BMO is seeking a director's charge in the amount of \$250,000 (the "Director's Charge").

**Stay of Proceedings in Favour of the Summit Auto Group**

134. As part of the Initial Order BMO seeks a stay of proceedings until September 1, 2025 in respect of the Summit Auto Group to provide it with the breathing space required to stabilize operations for the benefit of all of the stakeholders of the Summit Auto Group.
135. The granting of the requested CCAA relief, including the stay of proceedings, will also allow the Monitor and the Proposed CRO to work with the Operating Debtor's employees to stabilize operation of the businesses and to preserve the asset base.
136. During the initial 10 day stay period, BMO intends to use the initial stay period to work with the Monitor and the CRO to achieve an efficient transition of control over the business to the CRO, under the Monitor's oversight.

**Chief Restructuring Officer**

137. As part of the Initial Order BMO seeks to appoint Full Circle as CRO of all of the Operating Debtors within the CCAA proceedings, including Squamish Chrysler. Full Circle will be led by Mr. Lionel Robins.
138. Full Circle was retained as financial advisor and CRO to the Omnibus Debtors at the end of July, 2025 pursuant the CRO Engagement Agreement. Along with the other Operating Debtors, BMO seeks the appointment of Full Circle as CRO over Squamish Chrysler within the CCAA Proceeding. I am advised by representatives of BDO that it is preparing an amended CRO engagement between BDO and Full Circle to be appended to BDO pre filing report which will only trigger upon the granting of the Initial Order.
139. I am advised by representatives of BDO and Full Circle that Full Circle is a consulting firm that specializes in automotive dealerships. It has the experience and capability to operate dealerships

and has a strong reputation in the marketplace. It will operate the Dealerships on a day to day basis and report to BDO as Monitor.

140. Full Circle was appointed in the beginning of August, 2025 and has reviewed and assisted in the preparation of the Cash Flow Forecast, and has provided reporting to BDO and BMO. It was also assisting the Omnibus Debtors with the preparation of information pursuant to the terms of the Forbearance Agreement. Full Circle has a firm knowledge and understanding of the Summit Auto Group, other than Squamish Chrysler, but has advised it can quickly get up to speed and take over operations of Squamish Chrysler given its background knowledge of the other Dealerships and how they are currently being operated.
141. In its role to-date, Full Circle has developed critical knowledge about the Operating Debtors that will be essential to their ongoing operations and the success of any CCAA proceedings.
142. The CROs current engagement with Omnibus Debtors provides the CRO payment of \$50,000 a month, and a \$30,000 success fee per successful transaction for every Dealership sale which closes. The success fee would be paid from the proceeds of sale per transaction. Prior to the CRO Engagement Agreement, Full Circle also entered into a consulting agreement with the Omnibus Debtors at a rate of \$25,000 a month to provide assistance to them in preparing reporting to BMO pursuant to the Omnibus Forbearance Agreement. Full Circle was prepared to act as CRO for \$75,000 a month and it has been receiving that amount of compensation pursuant to the two forms of agreements. I have consulted with BDO which has advised me that payment in the amount of \$75,000 per month for a CRO engagement within the CCAA proceeding is reasonable and fair market for a CRO engagement of this size.

**Relief to be Sought at the Comeback Hearing**

143. If the Initial Order is granted, BMO proposes to return to this Court for a Comeback Hearing on August 27, 2025.
144. At the Comeback Hearing, BMO intends to seek the Court's approval of the ARIO. For the benefit of this Court and the Summit Auto Group's stakeholders, this section highlights relief that BMO intends to seek at the Comeback Hearing. The Applicant may seek additional relief if determined to be necessary or advisable.

Extension of Stay of Proceedings

145. The Applicant intends to seek an extension of the Stay Period at the Comeback Hearing to September 26, 2025.

Increase Amount of Charges

146. The Applicant intends to seek to increase the quantum of the Administration Charge to \$750,000, and to increase approved borrowings under the Monitor's Borrowing Certificate to \$3.5 million to reflect the additional work to be undertaken during the CCAA proceedings, and the further borrowing needed for the duration of the CCAA proceedings.

**V. CONCLUSION**

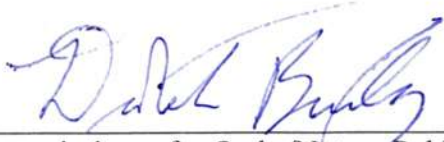
147. The Debtors are insolvent and requires immediate support to maintain its operations in order to continue to market and sell its Dealerships. BMO has security over all assets of the Summit Auto Group and its collateral position is in a significant shortfall position.

148. BMO has lost faith in the Operating Debtors being able to maintain their operations in a manner that does not continue to erode BMO's secured position, detrimentally increase BMO's exposure and place BMO's collateral at jeopardy.

149. I believe that the Summit Auto Group ought to be granted protection under the CCAA and that granting the Initial Order is in the best interest of the Summit Auto Group and their stakeholders, including BMO.

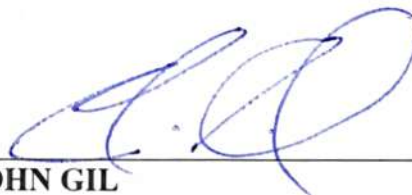
150. I swear this affidavit in support of BMO's application for an Initial Order pursuant to the CCAA and the application for the ARIO and for no other purpose.

SWORN BEFORE ME at Edmonton, )  
Alberta, this 15th day of August, 2025. )



\_\_\_\_\_)  
A Commissioner for Oaths/Notary Public )  
in and for the Province of Alberta )

DAKOTA BAILEY  
BARRISTER & SOLICITOR



\_\_\_\_\_)  
**JOHN GIL** )