Court File No. CL-26-00000342-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 13498140 CANADA INC., 2717922 ONTARIO INC., 1000208180 ONTARIO INC., TRINITY CAR SALES INC., 1000841404 ONTARIO INC., 13517683 CANADA INC., 12332248 CANADA INC., 1000454978 ONTARIO INC., 1986096 ONTARIO INC., 1001087905 ONTARIO INC., DOWNTOWN AUTO CENTRE LTD., TRINITY CAR AND TRUCK RENTAL INC., TRINITY AUTO INC., LARRY HUDSON FAMILY HOLDINGS INC. AND 1000493417 ONTARIO INC.

FACTUM OF THE APPLICANT
(Returnable August 17, 2026)

August 14, 2026

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TO: **THE SERVICE LIST**

PART I: OVERVIEW[1]

1. Pursuant to an application by the Bank under the *Companies' Creditors Arrangement Act*, R.S.C., c. C-36, as amended (the "**CCAA**"), the Honourable Justice Black of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted an Initial Order dated August 7, 2026 in respect of the Debtors (the "**Initial Order**"). The Initial Order, among other things appointed Goldhar & Associates Ltd. ("**Goldhar**") as the Monitor of the Debtors (the "**Monitor**").[2]

2. Consistent with s. 11.001 of the CCAA, the Initial Order provided only the relief that was reasonably necessary for the continued operations of the Debtors during the initial 10-day period.[3]

3. This Factum is filed in support of the Bank's motion for an amended and restated initial order (the "**ARIO**") granting certain broader relief, including *inter alia*:[4]

(a) extending the Stay Period (as defined below) to and including October 30, 2026;

(b) increasing the Administration Charge to $750,000;

(c) authorizing the Monitor to borrow, under the Interim Facility, up to $3,500,000, plus applicable Interest, Facility Fee and Interim Lender's Expenses (each as defined in the Interim Financing Term Sheet);

(d) ordering that the Interim Financing Charge shall secure all indebtedness, interest, fees, liabilities and obligations of the Debtors to the Interim Lender under and pursuant to the

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[1] Capitalized terms used but not defined in this section shall have the meanings ascribed to such terms in the Initial Order dated August 7, 2026 (the "**Initial Order**") or in the Affidavit of Daniel To sworn August 13, 2026 (the "**Second To Affidavit**").

[2] Second To Affidavit at para 4.

[3] *Companies' Creditors Arrangement Act*, R.S.C., c. C-36, as amended ("**CCAA**"), s. 11.001.

[4] Second To Affidavit at para 6.

Definitive Documents (as defined in the ARIO) (collectively, the "**Interim Financing Obligations**"), and that the Interim Financing Charge shall be in an aggregate amount of the Interim Financing Obligations outstanding at any given time;

(e) ordering that the Charges rank in priority to all Encumbrances (as defined in the ARIO); and

(f) authorizing the applicable Debtors, following the Monitor's confirmation that the applicable lease agreements between Leggat National Leasing ("**Leggat**") and the Debtors are valid and enforceable and that Leggat holds valid and enforceable security interests in the vehicles subject to such lease agreements, to make lease payments under the applicable lease agreements, in each case under the Monitor's supervision and direction.

PART II: FACTS

A. BACKGROUND AND STATUS OF THE CCAA PROCEEDINGS

4. The Respondents (collectively, the "**Trinity Auto Group**", or the "**Debtors**") comprise an integrated group of automotive and related businesses operating in the Greater Toronto Area and Southwestern Ontario, including four franchised new-vehicle dealerships, two used-vehicle dealership locations, collision-repair centres, a vehicle-rental business, towing and automotive-service operations, and commercial real estate assets.[5]

[5] Second To Affidavit at para 7.

5. The Trinity Auto Group's banking relationship with BMO began in 2020. As the Trinity Auto Group expanded, BMO provided additional credit facilities for operating, vehicle floorplan, leasing, corporate credit-card, goodwill and real-estate financing to support its operations and acquisitions.[6]

6. The credit facilities provided by BMO to the Trinity Auto Group were most recently amended and restated pursuant to a credit agreement dated August 29, 2025 (the "**Credit Agreement**"), under which BMO made available facilities having aggregate authorized borrowing limits of approximately $80.9 million. BMO also provided separate financing to 1000493417 Ontario Inc. for the property municipally known as 222 Advance Boulevard, Brampton, Ontario (the "**Advance Boulevard Property**").[7]

7. As at July 24, 2026, the aggregate principal and accrued interest owing to BMO under the Credit Agreement and the separate financing provided to 1000493417 Ontario Inc. was approximately $85.2 million, excluding further interest, fees, costs and expenses.[8]

8. The Debtors are facing an ongoing liquidity crisis arising from significant floorplan irregularities and material inventory control deficiencies, including the sale and delivery of approximately 264 vehicles without repayment of the corresponding BMO floorplan advances, resulting in an estimated net sold in violation or "SIV" vehicle exposure of $10.2 million. As at July 16, 2026, approximately $43.5 million was outstanding under the new vehicle floorplan facility, materially exceeding the $35 million authorized limit.[9]

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[6] Second To Affidavit at para 8.
[7] Second To Affidavit at para 9.
[8] Second To Affidavit at para 10.
[9] Second To Affidavit at para 11.

9. The Debtors had no availability under their existing new-vehicle floorplan facility, and management had advised BMO that the funds required to cure the identified SIV deficiency were not available. A subordinate charge had been registered against the Advance Boulevard Property without BMO's knowledge or consent. Furthermore, on July 29, 2026, the Canada Revenue Agency ("**CRA**") served BMO with a requirement to pay pursuant to the *Income Tax Act* in respect of 2717922 Ontario Inc., which operates Oakville Mitsubishi, asserting tax indebtedness of approximately $214,000 (the "**Requirement to Pay**"). The Requirement to Pay resulted in the bank account of 2717922 Ontario Inc. becoming frozen.[10]

10. The Debtors' activities following the Initial Order, have included, among other things:[11]

(a) operating the Businesses in accordance with the terms of the Initial Order;

(b) communicating with, providing information to, and answering questions of, various stakeholders (including BMO) and employees;

(c) in concert with the Monitor and under the Monitor's supervision and direction, communicating with original equipment manufacturers supplying vehicle inventory concerning the ongoing conduct of the Debtors' Businesses;

(d) in concert with the Monitor and under the Monitor's direction, communicating with financial institutions providing cash management and other financial services to the Debtors to ensure continuity of services;

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[10] Second To Affidavit at para 12.
[11] Second To Affidavit at para 13.

(e) filing the statutory notices to the Office of the Superintendent of Bankruptcy in the prescribed forms;

(f) arranging the publication of notices regarding the CCAA proceedings;

(g) engaging in discussions with the Monitor and the Bank about the Businesses and the Property, formulation of the sale process, and next steps in these CCAA proceedings; and

(h) coordinating the wind-down and orderly liquidation of the business operated as the London Used Car Superstore, as authorized under the Initial Order.

11. Following the issuance of the Initial Order, the Bank's counsel engaged with the Department of Justice to request that the Requirement to Pay be withdrawn so that the relevant Debtor could resume ordinary-course use of the subject account. The Bank subsequently obtained confirmation that the Requirement to Pay has been withdrawn.[12]

12. As discussed in the Monitor's first report (the "**First Report**"), borrowings of approximately $3,500,000 will be necessary to cover anticipated disbursements through the Extended Stay Period.[13]

13. Also as described in the First Report, Trinity Car and Truck Rental Inc. and Trinity Auto Inc., have approximately 158 vehicle lease agreements with Leggat, comprising 147 rental vehicles and 11 tow trucks. According to the Monitor, in order for the Trinity Car and Truck Rental Inc. and Trinity Auto Inc. vehicle rental operations to continue to operate as a going concern with minimal interruption, the Debtors will need to continue to enter into and honour lease agreements with Leggat.[14]

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[12] Second To Affidavit at para 14.
[13] First Report of the Monitor (the "**First Report**") at paras 22-24.
[14] First Report at paras 39-41.

PART III: ISSUES

14. The issues to be considered on this motion are whether:

(a) the Stay Period should be extended;

(b) the Administration Charge should be increased; and

(c) the borrowings authorized under the Interim Financing Term Sheet should be increased and the Interim Financing Charge should secure the Interim Financing Obligations outstanding from time to time; and

(d) the applicable Debtors should be authorized to make lease payments to Leggat on the terms set out in the ARIO.

PART IV: LAW AND ARGUMENT

A. The Stay Period should be extended

15. Subsection 11.02(2) of the CCAA authorizes this Court to grant an extension of the Stay Period for "any period the court considers necessary".[15] A stay of proceedings is appropriate where the Court is satisfied that circumstances exist that make the order appropriate and the applicant has acted, and continues to act, in good faith and with due diligence.[16]

16. The Initial Order granted the Stay Period to and including August 17, 2026 (the "**Stay Period**") in favour of the Debtors, the current directors and officers of the Debtors (the "**Directors and Officers**"),

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[15] *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 at s. 11.02(2) [*CCAA*].

[16] CCAA, s. 11.02(3); *Hudson's Bay Company, Re*, 2025 ONSC 1897 at para 17.

the Monitor, or affecting the Businesses or the Property. The Bank seeks to extend the Stay Period to October 30, 2026 (the "**Extended Stay Period**").[17]

17. The extension of the Stay Period is necessary and appropriate in the circumstances to provide the Debtors with continued breathing space as the Monitor attempts to stabilize the Debtors' operations and maximize value for the benefit of all stakeholders through these CCAA proceedings.[18]

18. During the Extended Stay Period, the Monitor anticipates taking steps to, among other things: (a) sell and/or wind down certain of the Businesses, including the London Used Car Superstore; and (b) formulate, seek Court approval for, and implement a sale process and a key employee retention plan.[19]

19. The Cash Flow Forecast that was appended to the Monitor's pre-filing report dated August 6, 2026 remains accurate based on the current operations of the Debtors. The Cash Flow Forecast demonstrates that, subject to the ARIO being granted, the Debtors have sufficient liquidity during the Extended Stay Period to fund their business operations and the costs of these CCAA proceedings.[20]

20. The Debtors, through the Monitor with the Monitor's Additional Powers, have been acting, and are continuing to act, in good faith and with due diligence in advancing these CCAA proceedings, communicating with their stakeholders, and operating the Businesses in accordance with the Initial Order.[21]

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[17] Second To Affidavit at paras 4(c), 16.
[18] Second To Affidavit at para 17.
[19] Second To Affidavit at para 18.
[20] Second To Affidavit at para 19; First Report at paras 22–24.
[21] Second To Affidavit at para 20; First Report at para 17.

21. The Monitor does not believe that any creditor will suffer material prejudice as a result of the extension of the Stay Period. The Debtors' stakeholders, including the Bank, will benefit from the extension of the Stay Period.[22]

B. The Administration Charge should be increased

22. Pursuant to section 11.52 of the CCAA, the Court may grant an administration charge.[23] The Initial Order provided an Administration Charge in the amount of $350,000 to secure payment of the fees and disbursements of the Monitor, its counsel, and counsel to the Debtors.

23. While the $350,000 Administration Charge was sufficient for the initial Stay Period, it was contemplated that an increase to the quantum of the Administration Charge would be sought at the Comeback Hearing to secure the professional fees and disbursements expected to be incurred through the remainder of these CCAA proceedings.[24]

24. The Bank now seeks an increase to the Administration Charge from $350,000 to $750,000, to reflect the additional work to be undertaken during these CCAA proceedings.[25]

25. The Bank believes that the increase in the quantum of the Administration Charge is reasonably necessary to ensure the continued participation of the beneficiaries of the Administration Charge, whose expertise and assistance are critical to the success of these CCAA proceedings.[26]

26. The Monitor is of the view that the Administration Charge is reasonable and customary in proceedings of this nature and complexity, proportionate to the scope of the relief sought, and necessary

[22] Second To Affidavit at para 21; First Report at para 18.
[23] *CCAA*, s. 11.52.
[24] Second To Affidavit at para 29.
[25] Second To Affidavit at para 30.
[26] Second To Affidavit at para 31.

to ensure that the professionals required to carry out these CCAA proceedings are able to continue to act in an orderly and efficient manner.[27]

C. The authorized borrowings and the Interim Financing Charge should be increased.

27. The Interim Lender agreed to provide the Interim Facility in the maximum principal amount of $3,500,000 but advances up to the aggregate of $500,000 were made available prior to the Comeback Hearing to provide the Debtors with sufficient liquidity to maintain operations until the Comeback Hearing.[28]

28. The Bank now seeks an increase in the maximum principal amount that may be borrowed by the Monitor under the Interim Facility to $3,500,000, plus applicable Interest, Facility Fee and Interim Lender's Expenses (each as defined in the Interim Financing Term Sheet).[29]

29. The quantum of the Interim Financing Charge granted pursuant to the Initial Order was informed by section 11.001 and subsection 11.2(5) of the CCAA, such that it was limited to what was reasonably necessary for the Debtors' continued operations in the ordinary course of business during the initial 10-day period.[30] The Bank similarly seeks an order that the Interim Financing Charge shall secure all Interim Financing Obligations, and that the Interim Financing Charge shall be in an aggregate amount of the Interim Financing Obligations outstanding at any given time under the Definitive Documents (as defined in the ARIO).[31]

30. This Court's jurisdiction to approve interim financing and grant a corresponding charge under section 11.2 of the CCAA also authorizes it to approve the proposed increase to the Interim Financing

[27] First Report at paras 20-21.
[28] Second To Affidavit at para 22.
[29] Second To Affidavit at para 23; First Report at para 23.
[30] *CCAA*, s. 11.001 and s. 11.2(5); Second To Affidavit at para 22.
[31] Second To Affidavit at para 24; First Report at para 23.

Charge.[32] In determining whether to approve the proposed increase, this Court must be satisfied that the requirements of subsection 11.2(1) have been met and consider the non-exhaustive factors enumerated in subsection 11.2(4) of the CCAA.[33]

31. The considerations under subsection 11.2(4) support the proposed increase. The increase in the Interim Financing Charge is required to secure the Interim Facility, which will allow the Trinity Auto Group to operate through the Extended Stay Period.[34] The Trinity Auto Group's Businesses and financial affairs are being operated and managed under the Monitor's oversight and through the Monitor's Additional Powers.

32. The Monitor has reviewed the Debtors' cash-flow needs and is of the view that interim financing is required to provide the liquidity necessary to meet the Debtors' costs and expenses and maintain their operations during these CCAA proceedings. Without adequate interim financing, the Debtors will not be able to continue as a going concern during the Extended Stay Period.[35]

D. The applicable Debtors should be authorized to make payments to Leggat.

33. Section 11 of the CCAA confers broad jurisdiction on this Court to make any order that it considers appropriate in the circumstances. Section 11.01 of the CCAA further provides that a supplier may require immediate payment for goods, services, the use of leased property, or other valuable consideration provided after an order is made.[36]

34. Counsel to the Monitor reviewed a representative sample of the Leggat lease agreements and related PPSA registrations and, subject to customary assumptions and qualifications, has opined that

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[32] *CCAA*, s. 11.2; *Lydian International Limited (Re)*, 2020 ONSC 4006 at para 66.
[33] *CCAA*, s. 11.2; *Lydian International Limited (Re)*, 2020 ONSC 4006 at para 66.
[34] Second To Affidavit at para 25; First Report at para 24.
[35] Second To Affidavit at para 26; First Report at para 24.
[36] *CCAA*, ss. 11, 11.01.

Leggat has valid, enforceable and perfected security interests in the vehicles subject to the Representative Leases (as defined in the First Report), which generally qualify as purchase money security interests. The Monitor is also of the view that the Representative Leases bear indicia of "true leases", although no determination of that issue is sought on this motion.[37]

35. On this basis, the Debtors' continued use of the Leggat vehicles may constitute an ongoing supply of goods or services after the Initial Order.

36. On this basis, BMO supports providing the Debtors or the Monitor on behalf of the Debtors with the authority to continue to make lease payments to Leggat.

PART V: RELIEF REQUESTED

37. The Applicant submits that the relief sought on the within motion is appropriate in the circumstances and respectfully requests that the proposed form of the Amended and Restated Initial Order be granted.

ALL OF WHICH IS RESPECTFULLY SUBMITTED as of the date first written above.

per

CHAITONS LLP
Lawyers for the Applicant

[37] First Report at paras 42–44.

SCHEDULE A – LIST OF AUTHORITIES

Case law

1 *Hudson's Bay Company, Re*, 2025 ONSC 1897.

2 *Lydian International Limited (Re)*, 2020 ONSC 4006.

I certify that I am satisfied as to the authenticity of every authority.

Note: Under the Rules of Civil Procedure, an authority or other document or record that is published on a government website or otherwise by a government printer, in a scholarly journal or by a commercial publisher of research on the subject of the report is presumed to be authentic, absent evidence to the contrary (rule 4.06.1(2.2)).

Date August 14, 2026

Signature

SCHEDULE B – STATUTES AND REGULATIONS

***Companies' Creditors Arrangement Act*, R.S.C. 1985, c C-36**

Section 11.001

Relief reasonably necessary
An order made under section 11 at the same time as an order made under subsection 11.02(1) or during the period referred to in an order made under that subsection with respect to an initial application shall be limited to relief that is reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that period.

Section 11.02

Stays, etc. – initial application
(1) A court may, on an initial application in respect of a debtor company, make an order on any terms that it may impose, effective for the period that the court considers necessary, which period may not be more than 10 days,

> **(a)** staying, until otherwise ordered by the court, all proceedings taken or that might be taken in respect of the company under the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act*;
>
> **(b)** restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and
>
> **(c)** prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Stays, etc. — other than initial application
(2) A court may, on an application in respect of a debtor company other than an initial application, make an order, on any terms that it may impose,

> **(a)** staying, until otherwise ordered by the court, for any period that the court considers necessary, all proceedings taken or that might be taken in respect of the company under an Act referred to in paragraph (1)(a);
>
> **(b)** restraining, until otherwise ordered by the court, further proceedings in any action, suit or proceeding against the company; and
>
> **(c)** prohibiting, until otherwise ordered by the court, the commencement of any action, suit or proceeding against the company.

Burden of proof on application
(3) The court shall not make the order unless

(a) the applicant satisfies the court that circumstances exist that make the order appropriate; and

(b) in the case of an order under subsection (2), the applicant also satisfies the court that the applicant has acted, and is acting, in good faith and with due diligence.

Restriction
(4) Orders doing anything referred to in subsection (1) or (2) may only be made under this section.

Section 11.2

Interim financing

(1) On application by a debtor company and on notice to the secured creditors who are likely to be affected by the security or charge, a court may make an order declaring that all or part of the company's property is subject to a security or charge — in an amount that the court considers appropriate — in favour of a person specified in the order who agrees to lend to the company an amount approved by the court as being required by the company, having regard to its cash-flow statement. The security or charge may not secure an obligation that exists before the order is made.

Priority — secured creditors

(2) The court may order that the security or charge rank in priority over the claim of any secured creditor of the company.

Priority — other orders

(3) The court may order that the security or charge rank in priority over any security or charge arising from a previous order made under subsection (1) only with the consent of the person in whose favour the previous order was made.

Factors to be considered

(4) In deciding whether to make an order, the court is to consider, among other things,

(a) the period during which the company is expected to be subject to proceedings under this Act;

(b) how the company's business and financial affairs are to be managed during the proceedings;

(c) whether the company's management has the confidence of its major creditors;

(d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;

(e) the nature and value of the company's property;

(f) whether any creditor would be materially prejudiced as a result of the security or charge; and

(g) the monitor's report referred to in paragraph 23(1)(b), if any.

Additional factor — initial application

(5) When an application is made under subsection (1) at the same time as an initial application referred to in subsection 11.02(1) or during the period referred to in an order made under that subsection, no order shall be made under subsection (1) unless the court is also satisfied that the terms of the loan are limited to what is reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that period.

Section 11.52

Court may order security or charge to cover certain costs

(1) On notice to the secured creditors who are likely to be affected by the security or charge, the court may make an order declaring that all or part of the property of a debtor company is subject to a security or charge — in an amount that the court considers appropriate — in respect of the fees and expenses of

(a) the monitor, including the fees and expenses of any financial, legal or other experts engaged by the monitor in the performance of the monitor's duties;

(b) any financial, legal or other experts engaged by the company for the purpose of proceedings under this Act; and

(c) any financial, legal or other experts engaged by any other interested person if the court is satisfied that the security or charge is necessary for their effective participation in proceedings under this Act.

Priority

(2) The court may order that the security or charge rank in priority over the claim of any secured creditor of the company.

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