

COURT OF APPEAL FOR ONTARIO

CITATION: Toronto-Dominion Bank v. Readymix Foods Corporation, 2026

ONCA 423

DATE: 20260616

DOCKET: COA-24-CV-0816

Thorburn, Madsen and Rahman JJ.A.

BETWEEN

Toronto-Dominion Bank

Plaintiff (Respondent)

and

Readymix Foods Corporation and Iraj Mehrnia*

Respondents (Appellant*)

Eli Karp, for the appellant, Iraj Mehrnia

Natalie Marconi, for the respondent, Toronto-Dominion Bank

Heard: June 8, 2026

On appeal from the order of Justice Markus Koehnen of the Superior Court of Justice, dated February 29, 2024.

REASONS FOR DECISION

[1] Iraj Mehrnia appeals the judgment entered against him in his personal capacity as guarantor of a revolving demand loan. Mr. Mehrnia was found jointly and severally liable, along with Readmix Foods Corporation (“Readymix”), to repay \$60,036.89 to the respondent, Toronto-Dominion Bank (“TD Bank”). He seeks an

order setting aside the judgment and dismissing the action against him or, in the alternative, a new trial.

[2] The details of the signing of the loan guarantee are as follows: Mr. Mehrnia personally guaranteed the loan issued by TD Bank to Readymix as president and sole shareholder of Readymix. The loan went into default.

[3] TD sought judgment against Readymix and Mr. Mehrnia. Readymix consented to judgment. Mr. Mehrnia did not.

[4] During a summary trial, Mr. Mehrnia claimed he was not responsible for repaying the loan as, (1) there was no consideration given by TD Bank for the execution of his guarantee, (2) he did not understand what he was agreeing to, and (3) he did not receive independent legal advice before signing the guarantee. The trial judge rejected each of these arguments.

[5] While he advanced several arguments in his appeal factum, counsel for Mr. Mehrnia advised the court in oral submissions, that the only argument he was advancing on this appeal is that of the failure of consideration for the loan guarantee.

[6] We agree with the trial judge's conclusion that there was consideration for the guarantee provided by Mr. Mehrnia.

[7] The trial judge accepted the evidence of TD Bank representative Mr. Santeramo who said that it was his practice to give a copy of the guarantee to

the debtor at the first meeting and to inform them that a guarantee is a standard requirement of a loan from TD Bank.

[8] Although the guarantee section of the loan agreement signed by Mr. Mehrnia on September 11, 2007 was left blank, Mr. Mehrnia completed the guarantee section shortly thereafter on September 14, 2007. The signature line reads: "Signature of Guarantor" and above the signature line, the form reads: "Personal Guarantee".

[9] Mr. Mehrnia was a sophisticated borrower. Moreover, on Mr. Mehrnia's own evidence, he understood that he was providing a personal guarantee:

During that September 14, 2007 meeting, Santeramo only advised me that it was a loan guarantee and that it must be signed immediately if Readymix wished to have any credit facility with TD.

[10] We agree with the motion judge that this was "an admission on the part of Mr. Mehrnia that he was told on September 14 that he was being asked to sign a guarantee if he wished to have any credit facility with TD."

[11] The trial judge also considered the portion of the loan agreement that enabled TD Bank to amend the agreement at any time at its discretion:

The combination of the demand nature of the loan and the bank's ability to change the agreement in effect means that the bank was not committing to anything concrete by offering the demand facility on September 11, 2007. The bank retained the ability to change the terms of that lending agreement at any time. Changing

those terms would have included asking for a guarantee. In the alternative, the bank could simply have cancelled the credit facility on September 14, before any funds were advanced, and have told Mr. Mehrnia that he had to apply for a new facility, which would have been associated with a personal guarantee on his part.

[12] Therefore, even if the guarantee was not contemplated as early as September 11, 2007, TD Bank could require the guarantee as a term of the loan thereafter. Mr. Mehrnia received notice of, and signed, the guarantee. Mr. Mehrnia was free not to agree to the guarantee, but conversely, TD was free not to advance any funds: *TD Canada Trust v. B & B Enterprises (London) Ltd.*, 2008 ONCA 441, 237 O.A.C. 352, at para. 17.

[13] Moreover, as the trial judge noted, credit was not advanced until September 27, 2007, after the guarantee was signed, and the account went into overdraft. Additional advances were made in the ensuing years until 2022, in reliance on Mr. Mehrnia's guarantee.

[14] There was therefore consideration.

[15] The appellant relied on *Villeneuve v. Turner*, [1990] O.J. No. 385 (Dis. Ct.), at para. 20, at trial and refers to it again on this appeal for the proposition that there is no consideration for a guarantee given by the borrower after the lender has already committed to a loan. However, as the trial judge held, the bank in *Villeneuve* had already advanced funds under the lending facility before it asked

for the guarantee. Moreover, the guarantor was not told he was signing a guarantee; he was simply told he was signing a corporate document.

[16] For these reasons, the appeal is dismissed with solicitor and client costs payable to the TD Bank in the amount of \$27,543.48 as agreed by the parties.

“Thorburn J.A.”

“L. Madsen J.A.”

“M. Rahman J.A.”