

IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *Redford v. 1266476 B.C. Ltd.*,
2026 BCSC 1498

Date: 20260807
Docket: S264896
Registry: Vancouver

Between:

Leslie Redford

Petitioner

And

1266476 B.C. Ltd.

Respondent

Before: The Honourable Justice Morishita

Reasons for Judgment

Counsel for the Petitioner:

M. de Haas
C. Handojo, Articled Student

Counsel for the Respondent:

S. Uppal

Place and Date of Hearing:

Vancouver, B.C.
July 31, 2026

Place and Date of Judgment:

Vancouver, B.C.
August 7, 2026

Introduction

[1] The petitioner, Leslie Redford, seeks an order appointing C. Cheveldave & Associates Ltd. as receiver and manager over two properties in the Cariboo region owned by the respondent, 1266476 B.C. Ltd., together with all leases associated with those properties and any rents payable under those leases.

[2] For ease of reference, I will refer to Ms. Redford as the Lender and to 1266476 B.C. Ltd. as the Borrower.

[3] The two properties are:

- a) A property located at 6011 Little Fort Highway in Lone Butte, B.C.; and
- b) A property located at 750 Exeter Station Road in 100 Mile House, B.C.

[4] The Lender made two loans to the Borrower, each secured by a separate mortgage:

- a) A \$300,000.00 loan secured by a mortgage agreement dated September 29, 2020, relating to the Lone Butte property (the “Lone Butte Mortgage”); and
- b) A \$200,000.00 loan secured by a mortgage agreement dated February 25, 2021, relating to the 100 Mile House property (the “100 Mile House Mortgage”).

[5] Both mortgages incorporate the Prescribed Standard Mortgage Terms, as well as some additional terms.

[6] The Lender alleges that the Borrower has committed multiple defaults under the mortgages, including:

- a) Failing to pay the amounts due under the Lone Butte Mortgage by September 30, 2025, and the amounts due under the 100 Mile House Mortgage by February 28, 2026;

- b) Failing to provide any financial information, including the net operating profits of the mortgaged properties, as required under the Prescribed Standard Mortgage Terms;
- c) Failing to pay the Lender her share of the net operating profit for the mortgaged properties, as agreed by the parties and contrary to the Prescribed Standard Mortgage Terms; and
- d) Failing to keep the mortgaged properties in good condition and repair, contrary to the Prescribed Standard Mortgage Terms, thereby reducing the value of the land without the Lender's consent, contrary to the Prescribed Standard Mortgage Terms.

[7] The Lender is concerned that its security is at risk. She says that both mortgages are due and remain unpaid in full, as the Borrower has failed to pay any portion of the principal on either mortgage and has been unresponsive to her demands for repayment. In addition, the Lender asserts that the Borrower has not communicated any intention to comply with its obligations under the mortgage agreements, has not listed the 100 Mile House property, and although it has listed the Lone Butte property for sale, has not made any genuine efforts to market it. The Lender contends that the Borrower does not have access to any funds and lacks the necessary liquidity to meet its financial obligations. Last, the Lender has lost faith in the Borrower's management of the properties.

[8] The Lender submits that a receiver is necessary because the properties are commercial properties that have fallen into disrepair. A receiver, the Lender argues, will be able to obtain more information on the Borrower's financials and will be capable of orchestrating a comprehensive sale, marketing, and realization process.

[9] The Borrower opposes the appointment of a receiver. It says it has not committed any "material defaults" under the mortgages and asserts that it did not fail to pay the principal owing on the 100 Mile House Mortgage. If there was a default on that mortgage, the Borrower says it was due to the Lender's demand that it pay

interest or a penalty that amounts to an interest rate of approximately 50% – an amount that is unlawful. I pause to note that the Borrower did not address whether it was in default under the Lone Butte Mortgage. The Borrower further disputes that there is any risk to the Lender's security and denies any act or omission that has decreased the value of the mortgaged properties. Lastly, the Borrower submits that there are triable issues as to the amount payable to the Lender under the mortgages, whether it has kept the properties in good condition, whether the mortgages are void *ab initio* due to the interest rate being unlawful, and whether the Borrower has done anything that has negatively affected the value of the properties.

[10] The issue for the Court to determine is whether it is just and convenient to appoint a receiver.

Legal Framework

[11] The parties agree on the key applicable legal principles. Accordingly, I largely adopt the legal basis set out in the Petition.

[12] The Court has jurisdiction under s. 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, and s. 39(1) of the *Law and Equity Act*, R.S.B.C. 1996, c. 253, to appoint a receiver over the properties.

[13] Under s. 243(1) of the *Bankruptcy and Insolvency Act*, on the application of a secured creditor, the court may appoint a receiver to do any or all of the following if it is just and convenient:

- a) Take possession of all or substantially all of the inventory, accounts receivable, or other property of an insolvent person that was acquired for or used in relation to a business carried on by that person;
- b) Exercise any control that the court considers advisable over that property and the insolvent person's business; or
- c) Take any other action the court considers advisable.

[14] Under s. 39(1) of the *Law and Equity Act*, the court may grant an injunction or appoint a receiver-manager in all cases where it appears to the court to be just and convenient to do so.

[15] Accordingly, under each act, the court has the discretion to appoint a receiver when it is just and convenient to do so. In *Maple Trade Finance Inc. v. CY Oriental Holdings Ltd.*, 2009 BCSC 1527 at para. 25, Mr. Justice Masuhara adopted the following list of factors that the Court may consider in deciding whether it is just and convenient to appoint a receiver:

- a) whether irreparable harm might be caused if no order were made, although it is not essential for a creditor to establish irreparable harm if a receiver is not appointed, particularly where the appointment of a receiver is authorized by the security documentation;
- b) the risk to the security holder taking into consideration the size of the debtor's equity in the assets and the need for protection or safeguarding of the assets while litigation takes place;
- c) the nature of the property;
- d) the apprehended or actual waste of the debtor's assets;
- e) the preservation and protection of the property pending judicial resolution;
- f) the balance of convenience to the parties;
- g) the fact that the creditor has the right to appoint a receiver under the documentation provided for the loan;
- h) the enforcement of rights under a security instrument where the security-holder encounters or expects to encounter difficulty with the debtor and others;
- i) the principle that the appointment of a receiver is extraordinary relief which should be granted cautiously and sparingly;
- j) the consideration of whether a court appointment is necessary to enable the receiver to carry out its' duties more efficiently;
- k) the effect of the order upon the parties;
- l) the conduct of the parties;
- m) the length of time that a receiver may be in place;
- n) the cost to the parties;
- o) the likelihood of maximizing return to the parties;
- p) the goal of facilitating the duties of the receiver.

[16] The factors set out above are “not a checklist” but should be assessed holistically in light of all the circumstances: *Vancouver Coastal Health Authority v. Seymour Health Centre Inc.*, 2023 BCSC 1158 at para. 53.

[17] In applying these factors, this Court has held that the secured creditor’s right to apply for a receiver under a security agreement carries considerable weight and is a “strong factor in support” of the appointment: *Maple Trade* at para. 26.

[18] The Lender submits that the appointment of a receiver over mortgaged lands is not an “extraordinary remedy” where there has been a default under a mortgage, and that, where the security documentation provides for the appointment of a receiver, the “extraordinary nature” of the remedy sought is less essential to the inquiry: *Bank of Nova Scotia v. Freure Village of Clair Creek*, [1996] O.J. No. 5088 (Ont. Gen. Div. [Commercial List]) at para. 12; *BCIMC Construction Fund Corporation et al v. The Clover on Yonge Inc.*, 2020 ONSC 1953 at paras. 43-44. The Borrower submits that I am not bound to follow these cases, as they are not BC cases. The Lender says the principles from these cases are persuasive because the *Bankruptcy and Insolvency Act* is a federal statute. It is not necessary for me to resolve this area of dispute between the parties. As noted, British Columbia authority states that the court is permitted, when appropriate, to place considerable weight on the fact that the creditor has a right under a security agreement to apply for a receiver: *Maple Trade* at para. 26; *Textron Financial Canada Limited v. Chetwynd Motels Ltd.*, 2010 BCSC 477 at para. 55.

Discussion

[19] After considering the *Maple Trade* factors, I find that it is not just and convenient to appoint a receiver.

[20] I reach this conclusion for the following reasons:

- a) I am not satisfied that the Lender has established that the appointment of a receiver is authorized, *at present*, by the mortgage agreements. The mortgage agreements incorporate the Prescribed Standard Mortgage

Terms. Section 7(1) of the Prescribed Standard Mortgage Terms sets out when a default occurs. Section 8(1) states that if a default occurs, the Lender may appoint a receiver. Thus, while the mortgage agreements give the Lender the right to appoint a receiver, the Lender must first establish that a default has occurred. The Borrower disputes that a default has occurred, and in this petition, the Lender does not seek a declaration or finding that a default occurred. I am mindful that the Court can appoint a receiver under the *Bankruptcy and Insolvency Act* and the *Law and Equity Act* without the Lender establishing a default. Moreover, the mere fact that the mortgage agreement gives the Lender a right to apply for a receiver can, when appropriate, weigh significantly in favour of appointing a receiver. Nevertheless, appointing a receiver in a situation where the Court has not (or not yet) found that a default has occurred is an extraordinary remedy, and the Court should exercise that discretion cautiously and sparingly.

- b) I am not satisfied that the Lender has established irreparable harm in the absence of a receivership order. The evidence before me indicates that there remains sufficient equity in the properties to permit the Lender to realize on its security. I am mindful, however, that the Lender's security could be at risk depending on how the additional non-Prescribed Standard Mortgage Terms are interpreted. The Lone Butte Mortgage includes a term entitling the Lender to 40% of the gross proceeds of sale of the property in excess of \$300,000 (after deducting real estate commissions). The 100 Mile House Mortgage includes a term entitling the Lender to 40% of the gross proceeds of sale of the property in excess of \$285,000 (after deducting real estate commissions). If these provisions are upheld, there may not be sufficient equity in the property to account for these additional amounts. Nevertheless, the Lender submits that the Court is not being asked to determine whether these additional mortgage terms are enforceable and, therefore, need not consider that issue in its analysis. I

agree. As that question is not before me, I decline to speculate on whether those terms increase the risk to the Lender's security.

- c) Although there is some evidence that the Borrower is not sufficiently diligent in maintaining the properties, I am not satisfied that the Lender has established that the properties are not being preserved or remain unprotected, or that there is waste of the Lender's assets. The Lone Butte property has at least one tenant – a post office. The 100 Mile House property had a tenant but is now apparently being used by the Borrower to operate his auto repair business.
- d) While there is evidence that the Borrower has failed to cooperate in providing the requested financial documents, there are other means of compelling production short of appointing a receiver.
- e) The Lender's evidence regarding the receiver's anticipated plan and costs is limited. The receiver has confirmed its consent to act. Further, the Lender has deposed that she wants the receiver appointed so it can "obtain more information about the financial condition of the [Borrower]" and to proceed to "oversee, protect and facilitate a sale of the [properties]." Nevertheless, there is no evidence (including hearsay evidence) from the receiver setting out its proposed plan, its fees, and, importantly, its timeframe. In submissions, the Lender said it is possible that the receiver may determine that a sale in the near future is not the best option and instead focus on renting out the properties. This raises the prospect that the receiver's term could be lengthy.
- f) I am not satisfied, based on the evidence before me, that appointing a receiver will increase the likelihood of maximizing the return to the parties to the extent that justifies the likely cost of a receiver.

[21] To conclude, I decline to exercise my discretion to appoint a receiver. The petition is dismissed; however, the Lender has leave to reapply if there is a material change in circumstances.

[22] Unless there are circumstances I am unaware of that are relevant to costs, the Borrower has been substantially successful and is thus entitled to its costs.

“Morishita J.”