

**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  
**CHESSWOOD GROUP LIMITED, CASE FUNDING INC., CHESSWOOD HOLDINGS  
LTD., CHESSWOOD US ACQUISITIONCO LTD., PAWNEE LEASING  
CORPORATION, LEASE-WIN LIMITED, WINDSET CAPITAL CORPORATION,  
TANDEM FINANCE, INC., CHESSWOOD CAPITAL MANAGEMENT INC.,  
CHESSWOOD CAPITAL MANAGEMENT USA INC., RIFCO NATIONAL AUTO  
FINANCE CORPORATION, RIFCO INC., WAYPOINT INVESTMENT PARTNERS  
INC. and 1000390232 ONTARIO INC.**

**FACTUM OF ROYAL BANK OF CANADA, IN ITS CAPACITY AS  
ADMINISTRATIVE AGENT AND COLLATERAL AGENT**

November 6, 2024

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Lawyers for Royal Bank of Canada in its  
capacity as administrative agent and collateral  
agent

**TO: SERVICE LIST**

## PART I - OVERVIEW

1. This Factum is filed in support of a motion (the “**Motion**”) by Royal Bank of Canada, in its capacity as administrative agent and collateral agent (the “**Agent**”) to the lenders (the “**Lenders**”) under a second amended and restated credit agreement dated as of January 14, 2022, as amended (the “**Existing Credit Agreement**”), for an Amended and Restated Initial Order (the “**ARIO**”) and related relief under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”).

2. The ARIO, among other things:

- (a) abridges the time for service of the Notice of Motion and the Motion Record and dispenses with further service thereof, if necessary;
- (b) extends the stay of proceedings in respect of the Chesswood Group (as defined below) up to and including January 31, 2025 (the “**Stay**”); and
- (c) increases the maximum amount of the borrowings permitted under the DIP Facility (the “**DIP Borrowings**”) and grants a corresponding increase in the amount of the charge over the Chesswood Group’s assets and property (the “**DIP Charge**”).

## PART II - FACTS

3. The facts with respect to this Motion are briefly summarized below and more fully set out in the affidavit of Wenwei (Wendy) Chen sworn October 28, 2024 (the “**Chen Affidavit**”).<sup>1</sup>

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<sup>1</sup> Capitalized terms not otherwise defined have the same meanings as in the Chen Affidavit. All references to monetary amounts in the Chen Affidavit and in this factum are in United States dollars unless otherwise noted.

## **Background**

4. The “**Chesswood Group**” is made up of: Chesswood Group Limited (the “**Borrower**”), a Canadian public company listed under the symbol TSX: CHW, and its direct and indirect subsidiaries, Case Funding Inc., Chesswood Holdings Ltd., Chesswood US Acquisitionco Ltd., Pawnee Leasing Corporation, Lease-Win Limited, Windset Capital Corporation, Tandem Finance, Inc., Chesswood Capital Management Inc., Chesswood Capital Management USA Inc., RIFCO National Auto Finance Corporation, RIFCO Inc., Waypoint Investment Partners Inc. and 1000390232 Ontario Inc.<sup>2</sup>

5. Chesswood Group operates as a financial services company providing loans to small businesses and consumers throughout Canada and the United States. Specializing in equipment, vehicle and legal financing, it caters to a broad range of credit profiles and focuses on niche segments within its industry verticals. In Canada, the Chesswood Group also runs an investment firm concentrating on the equipment and consumer financing areas.<sup>3</sup>

6. The Chesswood Group has been suffering from poor financial performance over the past eighteen months or longer. Rising interest and operating costs and portfolio write-downs have caused a significant decline in its profitability.<sup>4</sup>

7. The Chesswood Group’s declining performance led to several Events of Default under the Existing Credit Agreement. As further described in the Chen Affidavit, the Lenders entered into several successive waiver agreements with the Borrower pursuant to which the Lenders

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<sup>2</sup> Chen Affidavit at para 6.

<sup>3</sup> Chen Affidavit at para 7.

<sup>4</sup> Chen Affidavit at para 76.

agreed to waive certain Events of Default for a limited period (the “**Waiver Period**”) to allow the Chesswood Group to sell certain of its assets to pay down the Indebtedness.<sup>5</sup>

8. Despite entering into certain sale transactions, the Chesswood Group has been unable to effect sales of a large part of its business. The Waiver Period ended on October 16, 2024, and on October 28, 2024 the Agent formally demanded payment from the Chesswood Group via written notices in accordance with the Existing Credit Agreement.<sup>6</sup>

9. Due to the Chesswood Group’s need for liquidity and its inability to meet its obligations as they came due, on October 29, 2024 the Agent commenced proceedings under the CCAA in respect of the Chesswood Group to: (i) obtain breathing space and flexibility for the Chesswood Group to pursue a sale or an orderly wind down of its business, and (ii) appoint FTI Consulting Canada Inc. (“**FTI**”) as monitor with enhanced powers (in such capacity, the “**Monitor**”) to oversee the Chesswood Group’s operations given the expected imminent resignation of the Chesswood Group’s boards of directors.<sup>7</sup>

10. On October 29, 2024, this Court granted an order (the “**Initial Order**”), which, among other things:

- (a) granted the initial Stay up to and including November 8, 2024 (the “**Stay Period**”);
- (b) appointed FTI as Monitor with enhanced powers to oversee the business and financial affairs of the Chesswood Group;

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<sup>5</sup> Chen Affidavit at para 15.

<sup>6</sup> Chen Affidavit at para 17.

<sup>7</sup> Chen Affidavit at paras 79, 112, 114.

- (c) granted a charge in the amount of US\$2,000,000 in favour of the Monitor, Foreign Representative, and Canadian and U.S. counsel to the Monitor and Foreign Representative (the “**Administration Charge**”);
- (d) approved the DIP Term Sheet (as defined below) between the Chesswood Group and the DIP Lenders (as defined below) and authorized borrowings in an initial advance amount of US\$4,000,000;
- (e) granted the DIP Charge up to a maximum amount of US\$18,500,000;
- (f) dispensed with the requirement for the Borrower to make certain securities filings;  
and
- (g) scheduled a comeback hearing to be heard on November 7, 2024.<sup>8</sup>

### **Extension of the Stay of Proceedings**

11. The Initial Order granted the initial Stay up to and including November 8, 2024. The Agent now requests that the Stay Period be extended to January 31, 2025.<sup>9</sup>

12. The DIP Term Sheet includes a December 16, 2024 milestone date by which the Chesswood Group entities must provide a plan regarding one or more sale and investment solicitation processes (each a “**SISP**”) in respect of the business or assets of the Chesswood Group, or other wind-down options of the Chesswood Group entities, to the DIP Agent. The extension of the Stay Period will afford the Chesswood Group the time to assess how to best deal with the assets

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<sup>8</sup> See the [Initial Order](#).

<sup>9</sup> Initial Order at para 14.

and property of the Chesswood Group in the best interests of all stakeholders as well as to formulate the SISP(s).<sup>10</sup>

13. The Chesswood Group entities have acted, and continue to act, in good faith and with due diligence during these CCAA proceedings.<sup>11</sup>

14. Since the granting of the Initial Order, the Chesswood Group, with the assistance of the Monitor, has undertaken a variety of activities which are more fully described in the First Report of the Monitor dated November 6, 2024 (the “**First Report**”).<sup>12</sup>

15. The updated cash flow projection (the “**Cash Flow Projection**”) prepared by the Chesswood Group, in consultation with the Monitor, demonstrate that the Chesswood Group will, with the approval of additional borrowings under the DIP Term Sheet, have sufficient liquidity to fund operations during the requested extension of the Stay Period.<sup>13</sup>

16. The Monitor is supportive of the extension of the Stay and its proposed length.<sup>14</sup>

#### **Increase in the Maximum Amount of the DIP Borrowings and the DIP Charge**

17. The Initial Order approved the DIP financing credit facility (the “**DIP Facility**”) and the DIP Borrowings in the initial maximum amount of US\$18,500,000, provided that the DIP Borrowings would not exceed US\$4,000,000 before the Comeback Hearing, and a corresponding DIP Charge.<sup>15</sup>

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<sup>10</sup> First Report of the Monitor dated November 6, 2024 (the “**First Report**”) at para 23 and para 27(b).

<sup>11</sup> First Report at para 27(e).

<sup>12</sup> First Report at para 12.

<sup>13</sup> First Report at para 29.

<sup>14</sup> First Report at para 27.

<sup>15</sup> [Endorsement of Honourable Justice Kimmel](#) dated October 19, 2024 at para 36.

18. From the date of this Motion to January 31, 2025, when the proposed extension to the Stay expires, it is anticipated that further liquidity will be needed for the Chesswood Group to maintain its operations during that period. The DIP financing principal terms sheet dated October 29, 2024 (the “**DIP Term Sheet**”) contemplates further DIP Borrowings up to a maximum of US\$65,000,000 to meet the Chesswood Group’s liquidity needs.<sup>16</sup>

19. The corresponding increase to the DIP Charge is necessary to secure the further DIP Borrowings. The lenders under the DIP Term Sheet (the “**DIP Lenders**”) have only agreed to allow further DIP Borrowings if such DIP Borrowings are secured by the DIP Charge.<sup>17</sup>

20. The structure of the DIP Facility is a “creeping roll up” facility pursuant to which excess cash from post-filing receipts is used to pay down the obligations of the Chesswood Group in connection with the Existing Credit Agreement while the DIP Borrowings are used to fund post-filing expenses.<sup>18</sup>

### **PART III - ISSUES**

21. The principal issues on the Motion are whether:

- (a) the ARIO should be granted, including the following relief:
  - (i) an extension of the Stay Period up to and including January 31, 2025;
  - (ii) an increase to the maximum amount of the DIP Borrowings and a corresponding increase to the DIP Charge; and

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<sup>16</sup> First Report at para 19.

<sup>17</sup> Chen Affidavit at para 119.

<sup>18</sup> Pre-filing report of the Monitor dated October 29, 2024 (the “**Pre-Filing Report**”) at para 21.

- (iii) the extension of limitation periods for a period equal to the Stay Period in respect of proceedings against the Chesswood Group.

#### **PART IV - THE LAW AND DISCUSSION**

##### **The Stay Should be Extended to January 31, 2025**

22. Section 11.02(1) of the CCAA provides that the court may grant an extension of a stay of proceedings for any period necessary if the court is satisfied that: (i) the order would be appropriate in the circumstances, and (ii) the parties benefiting from the stay have acted, and are acting, in good faith and with due diligence.<sup>19</sup>

23. The Agent submits that both of these criteria are met in the current circumstances.

24. Given the Chesswood Group's current financial position and liquidity crisis, a stay of proceedings is necessary to maintain the *status quo* and to give the Chesswood Group the breathing space required to stabilize operations for the benefit of all of the stakeholders of the Chesswood Group and to formulate the SISP or SISPs.<sup>20</sup>

25. The Cash Flow Projection indicates that the Chesswood Group will have sufficient funds to continue to operate during the extended Stay Period, provided that the increase to the DIP Borrowings is approved.<sup>21</sup>

26. The Chesswood Group entities have acted, and continue to act, in good faith and with due diligence during these CCAA proceedings.<sup>22</sup>

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<sup>19</sup> CCAA, s. 11.02(1).

<sup>20</sup> First Report at para 27(a)-(b).

<sup>21</sup> First Report at para 27(c).

<sup>22</sup> First Report at para 27(e).



**The Maximum Amount of DIP Borrowings and the DIP Charge Should be Increased**

27. The Agent is seeking approval of the increased maximum DIP Borrowings to US\$65,000,000 and the corresponding increase to the DIP Charge.

28. The DIP Term Sheet establishes the DIP Facility in the maximum amount of US\$65,000,000 to be secured by the DIP Charge over the Chesswood Group's assets, property and undertaking that will be subordinated in priority only to the Administration Charge.<sup>23</sup>

29. Section 11.2 of the CCAA allows this Court to approve the increases to the maximum DIP Borrowings and the DIP Charge that ranks in priority to the Chesswood Group's secured creditors, on notice to those secured creditors that would be affected, and in an amount that this Court considers appropriate having regard to the Cash Flow Projection.<sup>24</sup>

30. In determining whether the DIP Charge is appropriate, a court is required to consider the following factors under section 11.2(4) of the CCAA.

- (a) The period during which the company is expected to be subject to proceedings under the CCAA;
- (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;

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<sup>23</sup> Chen Affidavit at para 119.

<sup>24</sup> CCAA, s. 11.2(1).

- (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.<sup>25</sup>

31. Pursuant to the Cash Flow Projection, the Chesswood Group will not have sufficient funds to pay necessary expenses during the Stay Period absent the increased maximum DIP Borrowings being approved.<sup>26</sup>

32. The Monitor is of the opinion that the proposed increase to the maximum DIP Borrowings is both reasonable and necessary to maintain the Chesswood Group's operations and the business during the Stay Period.<sup>27</sup>

33. In this case, the Agent submits that the Court should approve the increased DIP Borrowings to US \$65,000,000 and an increase to the DIP Charge on the basis that, among others:

- (a) the necessity of the increased DIP Borrowings and DIP Charge are demonstrated and supported by the Cash Flow Projection;<sup>28</sup>
- (b) in the absence of the increased DIP Borrowings and associated DIP Charge, the Chesswood Group will not be able to obtain the funding necessary to continue to continue operations during the Stay Period;<sup>29</sup>

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<sup>25</sup> CCAA, s 11.2(4).

<sup>26</sup> First Report at para 22.

<sup>27</sup> First Report at paras 22-25.

<sup>28</sup> First Report at para 22.

<sup>29</sup> First Report at para 22.

- (c) The Monitor believes that the increased DIP Borrowings and DIP Charge will facilitate the breathing room the Chesswood Group needs while the SISP or SISPs are formulated;<sup>30</sup>
- (d) The Agent and the Lenders are supportive of the increased DIP Borrowings;<sup>31</sup> and
- (e) The Monitor does not know of any creditor that would be materially prejudiced by the increase to the DIP Borrowings and the DIP Charge.<sup>32</sup>

#### Creeping Roll-Up Structure

34. The DIP Facility contemplates a “creeping roll-up” structure for the increased DIP Borrowings and corresponding increase to the DIP Charge.<sup>33</sup>

35. Under a creeping roll-up structure, post-filing receipts are used to pay down a debtor’s pre-filing debt while the borrowings under the DIP facility are used to fund post-filing expenses. As proceeds are collected and applied to the pre-filing debt, cash is advanced under the DIP facility to fund operating expenses. The proceeds collected and the DIP facility advances do not necessarily need to be dollar for dollar.<sup>34</sup>

36. As opposed to a roll-up DIP, pursuant to which pre-filing debt is repaid directly from drawing on the DIP facility, creeping roll-ups have consistently been approved by Canadian

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<sup>30</sup> First Report at para 23.

<sup>31</sup> Chen Affidavit at para 119.

<sup>32</sup> First Report at para 21.

<sup>33</sup> Pre-Filing Report at para 21.

<sup>34</sup> *BZAM Ltd. Plan of Arrangement*, [2024 ONSC 1645 \(CanLII\)](#) at para 56 (“BZAM”).

courts and found not to contravene the provisions of section 11.2 of the CCAA.<sup>35</sup>

37. Several of the factors, among others, that Canadian courts have considered when determining whether to approve a DIP facility with a creeping roll-up structure are:

- (a) whether a consensus exists among interested parties, including the CCAA monitor, for the creeping roll-up structure;<sup>36</sup>
  - (b) whether the creeping roll-up DIP facility does not alter the pre-filing status quo by subordinating the security of any secured parties or statutory deemed trusts;<sup>37</sup>
  - (c) whether the court-ordered charge is being used to improve the security of the pre-filing lender or fill gaps in the pre-filing lender's security package;<sup>38</sup>
  - (d) whether the pre-filing lender and the DIP lender are the same entity;<sup>39</sup>
  - (e) whether the terms of the DIP facility in question would be available to the debtors as alternative DIP financing without a creeping roll-up structure;<sup>40</sup>
  - (f) whether the creeping roll-up structure accomplishes the primary purpose of the CCAA, which is to restructure and rehabilitate an insolvent person or company;<sup>41</sup>
- and

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<sup>35</sup> *Hollander Sleep Products, LLC et al., Re*, [2019 ONSC 3238 \(CanLII\)](#) at paras 45-47; *Comark Inc., Re*, [2015 ONSC 2010](#) at para 29 (“**Comark**”).

<sup>36</sup> *BZAM* at para 63; *Essar Steel Algoma Inc.*, [2017 ONSC 4652](#) at para 10; *Re: Performance Sports Group Ltd.*, [2016 ONSC 6800 \(CanLII\)](#) at para 21 (“**Performance**”); *Comark* at paras 27-28.

<sup>37</sup> *BZAM* at para 56; *Mountain Equipment Co-Operative*, [2020 BCSC 1586](#) at para 54 (“**MEC**”); *Performance* at para 22; *Comark* at para 40.

<sup>38</sup> *Performance* at para 22.

<sup>39</sup> *Angiotech Pharmaceuticals Ltd. (Re)*, [2011 BCSC 115](#) (CanLII), ([Initial Order](#)).

<sup>40</sup> *Comark* at para 22; *Performance* at para 21; *MEC* at para 61.

<sup>41</sup> *Performance* at para 25.

- (g) whether the term sheet and initial order expressly prohibits using the advances under the DIP facility to pay pre-filing obligations.<sup>42</sup>

38. The Agent submits that the factors listed above all indicate that the increase to the maximum DIP Borrowings and the DIP Charge utilizing a creeping roll-up structure should be approved.

39. The Agent, the Lenders, the DIP Agent, the DIP Lenders, and the Monitor all support the DIP Facility as structured pursuant to the DIP Term Sheet. The Lenders and the DIP Lenders are the same entities.<sup>43</sup>

40. The DIP Facility and the increased maximum DIP Borrowings and DIP Charge do not alter the pre-filing status quo as the Lenders already have been granted security pursuant to the Existing Credit Agreement that counsel to the Monitor has verbally confirmed is valid and enforceable with respect to the mandatory repayments under the DIP Term Sheet that make up the creeping roll-up structure.<sup>44</sup>

41. The Monitor is of the view that alternative DIP financing on terms more favourable than those contemplated by the DIP Term Sheet would not be available to the Chesswood Group on the timeline needed to fund these CCAA proceedings.<sup>45</sup>

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<sup>42</sup> *Performance* at para 22.

<sup>43</sup> Chen Affidavit at paras 119-121; Pre-Filing Report at paras 24-27; First Report at para 25.

<sup>44</sup> Pre-Filing Report at para 28; Chen Affidavit at para 55.

<sup>45</sup> Pre-Filing Report at para 25.

42. The proposed increases to the maximum DIP Borrowings and the DIP Charge will help advance the purposes of the CCAA by allowing the Chesswood Group to access the liquidity it needs to stabilize its operations while the Monitor formulates the SISP or the SISPs.<sup>46</sup>

43. Pursuant to section 28(b) of the DIP Term Sheet, payment of pre-filing obligations using the DIP Borrowings is expressly prohibited unless expressly permitted by court order.<sup>47</sup>

44. For all the reasons listed above, in the Agent's view, the increase to the maximum DIP Borrowings and the corresponding increase to the DIP Charge should be approved.

**Limitation Periods in Respect of Proceedings Subject to the Stay Should Be Extended**

45. Justice McEwen, formerly of this Court, has previously held that the Court has the jurisdiction to extend any limitation period to which a stay pursuant to the CCAA applies by a period equal to the stay period in question.<sup>48</sup> Justice McEwen noted that this Court has granted such relief several times before and that such relief is both sensible and protective of the interests of all stakeholders since it preserves their ability to bring proceedings once the stay no longer applies.<sup>49</sup>

46. Accordingly, the Agent submits that this Court should order that any prescription, time or limitation period relating to any proceedings against the Chesswood Group entities should be extended by a period equal to the Stay Period, as provided for in paragraph 17 of the draft ARIIO.

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<sup>46</sup> First Report at paras 22-23.

<sup>47</sup> DIP Term Sheet at para 28(b).

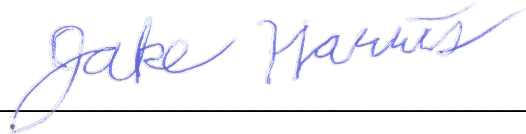
<sup>48</sup> *In The Matter of the Companies' Creditors Arrangement Act, R.S.C. 1985, v. C-36, As Amended and In The Matter of a Plan of Compromise or Arrangement*, [2019 ONSC 2222 \(CanLII\)](#) at para 27 ("Tobacco").

<sup>49</sup> *Tobacco* at para 27.

**PART V - CONCLUSION**

47. For the reasons set out above, the Agent respectfully recommends that this Court grant the ARIO in the form of the draft ARIO attached to the Agent's Motion Record at Tab 2.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 6<sup>th</sup> day of November, 2024.



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Blake, Cassels & Graydon LLP  
Lawyers for the Applicant

**SCHEDULE “A”**

**LIST OF AUTHORITIES**

<u>Case</u>	
1.	<i>BZAM Ltd. Plan of Arrangement</i> , <a href="#">2024 ONSC 1645 (CanLII)</a>
2.	<i>Hollander Sleep Products, LLC et al., Re</i> , <a href="#">2019 ONSC 3238 (CanLII)</a>
3.	<i>Comark Inc., Re</i> , <a href="#">2015 ONSC 2010</a>
4.	<i>Essar Steel Algoma Inc.</i> , <a href="#">2017 ONSC 4652</a>
5.	<i>Re: Performance Sports Group Ltd.</i> , <a href="#">2016 ONSC 6800 (CanLII)</a>
6.	<i>Mountain Equipment Co-Operative</i> , <a href="#">2020 BCSC 1586</a>
7.	<i>Angiotech Pharmaceuticals Ltd. (Re)</i> , <a href="#">2011 BCSC 115 (CanLII)</a> , ( <a href="#">Initial Order</a> )
8.	<i>In The Matter of the Companies’ Creditors Arrangement Act, R.S.C. 1985, v. C-36, As Amended and In The Matter of a Plan of Compromise or Arrangement</i> , <a href="#">2019 ONSC 2222 (CanLII)</a>



## SCHEDULE “B”

### RELEVANT STATUTES

[Companies’ Creditors Arrangement Act](#), R.S.C. 1985, c. C-36<sup>50</sup>

#### **Stays, etc. — initial application**

**11.02 (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.

#### **Interim financing**

**11.2 (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.

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<sup>50</sup> CCAA, ss 11.02(1), 11.2.

**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.

Court File No.: CV-24-00730212-00CL

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 CHESSWOOD GROUP LIMITED, et al.

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

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**FACTUM OF ROYAL BANK OF CANADA  
(AMENDED AND RESTATED INITIAL ORDER)  
Returnable November 7, 2024**

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