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VIA EMAIL

OLH Property Management

794 Ouellette Avenue
Windsor, ON N9A 1C2

Attention: Paul Rouillard

RE: Legal Memorandum & Owner Action Guide — CMRAO Regulatory Action and BIA Notice of Intention regarding SIREG Management Inc. ("SIREG")

Dear Mr. Rouillard:

Our firm acts for various property owners and landlords affected by the recent insolvency filings and regulatory proceedings surrounding SIREG Management Inc. ("**SIREG**"). You have requested a comprehensive legal memorandum in letter format outlining the statutory, regulatory, and contractual position of landlords whose residential and condominium units are currently under SIREG's management.

Specifically, this legal guide addresses the dual impact of the regulatory actions taken by the Condominium Management Regulatory Authority of Ontario ("**CMRAO**") and SIREG's filing of a Notice of Intention ("**NOI**") under the *Bankruptcy and Insolvency Act* ("**BIA**"). It provides a clear, practical, and step-by-step transition roadmap for property owners seeking to terminate their management agreements with SIREG and transition their properties to OLH Property Management ("**OLH**") or another licensed service provider.

Executive Summary

On September 25, 2026, SIREG filed an NOI to make a Division I Proposal under Part III of the BIA to the Office of the Superintendent of Bankruptcy. Concurrently, the CMRAO executed emergency regulatory actions suspending SIREG's condominium management provider licence and issuing a notice of proposed revocation.

While the BIA imposes an automatic stay of proceedings on pre-filing debts, **property owners possess immediate, robust legal grounds under common law, equity, and statute to terminate their individual management contracts with SIREG for cause**. Rent collected by an agent on behalf of an owner constitutes trust property and does not form part of SIREG's general bankruptcy estate.

Below is our legal analysis and the recommended step-by-step transition procedure.

1. Legal Impact of CMRAO Regulatory Action

Under the *Condominium Management Services Act, 2015* (CMSA), any corporate entity or individual providing condominium management services in Ontario must hold a valid, active licence issued by the CMRAO.

The immediate suspension of SIREG's provider licence renders SIREG statutorily prohibited from providing condominium management services in Ontario. Continuing to do so constitutes an offence under section 34 of the CMSA.

Because SIREG can no longer lawfully perform core management duties, such as collecting funds, administering common elements, or issuing statutory notices, SIREG is in fundamental, non-curable default of its management agreements.

The proposed revocation confirms the regulator's determination that SIREG is unfit to operate, indicating a permanent cessation of licensed operations.

2. Bankruptcy Considerations & Grounds for Immediate Contract Termination

When a corporation files an NOI under Section 69.1 of the BIA, an automatic stay of proceedings prevents creditors from initiating lawsuits or enforcing claims for *pre-filing debts*. Furthermore, Section 84.2 of the BIA restricts parties from terminating contracts *solely* because the debtor filed an NOI or became insolvent.

However, landlords retain clear legal rights to terminate their agreements immediately based on the following:

- A. **Failure to Maintain Required Licensing:** Maintenance of a valid CMRAO licence is an implied and express condition precedent to the performance of the contract. SIREG's loss of licensing makes performance illegal and impossible.
- B. **Breach of Trust & Misappropriation/Non-Remittance of Funds:** Rent collected by a property manager acts as money held in trust for the benefit of the landlord. Failing or refusing to remit collected rent constitutes a breach of fiduciary duty and breach of trust. Under Section 67(1)(a) of the BIA, property held in trust by the debtor for any other person does **not** belong to the debtor and is excluded from the bankruptcy estate.
- C. **Post-Filing Non-Performance:** The BIA stay does not force a non-debtor party to continue performing under an executory contract where the debtor is experiencing active, post-filing defaults or an total inability to render services.

3. Step-by-Step Termination Process for Property Owners

To execute a legally defensible termination and protect against claims by SIREG or its Licensed Insolvency Trustee ("LIT"), individual property owners should follow this exact protocol:

- A. **Issue Formal Notice of Immediate Termination for Cause:** Critical step - must state specific legal grounds.

Owners must deliver a written Notice of Termination citing material breach of contract, breach of trust due to non-remittance of rent, and statutory incapacity under the CMSA. The notice must explicitly declare the immediate revocation of any Power of Attorney (POA), signing authority, or agency mandate previously granted to SIREG.
- B. **Serve Notice on SIREG & the Licensed Insolvency Trustee:** Retain strict proof of service.

Deliver the termination letter to SIREG and the LIT appointed under the NOI.
- C. **Formally Assert Trust Claim over Unremitted Rent:** Protects funds from general creditors.

Concurrently notify the LIT in writing that all unremitted tenant rent constitutes trust property under Section 67(1)(a) of the BIA. Demand a full accounting of trust funds and file a formal Proof of Claim for any outstanding pre-filing amounts.

4. Tenant Communication and Rent Redirection

- **Timeline for Tenant Contact:** Property owners may communicate directly with their tenants immediately upon serving the formal Notice of Termination on SIREG and the LIT.
- **Redirecting Rent Payments:** Owners (or OLH as their newly appointed agent) must serve tenants with a formal Notice of Rent Redirection, directing them to:
 1. Immediately cease all rent payments, e-transfers, or cheques payable to SIREG;
 2. Cancel any existing Pre-Authorized Debit (PAD) agreements linked to SIREG's accounts; and
 3. Direct all future rent payments directly to the owner or to OLH's trust account.

5. Transition Timeline & New Management Agreements

- **Execution of New Agreements:** Landlords may sign a new property management agreement with OLH immediately after serving their termination notice on SIREG.
- **Effective Date:** The new agreement with OLH should specify an effective date commencing immediately upon execution, subject to issuing proper redirection notices to existing tenants.

6. Scope of Authority for OLH Property Management

To protect OLH from tortious interference claims or regulatory non-compliance, OLH's actions must strictly follow the boundary lines outlined below:

Phase	What OLH MAY Do	What OLH MAY NOT Do
Before Owner Completes Termination	• Provide intake documentation, fee schedules, and onboarding information to the owner. • Perform background administrative setup and file preparation.	• Contact the tenant directly. • Issue rent payment demands or collect funds from the tenant. • Purport to act as the owner's legal agent.
After Owner Completes Termination	• Issue welcome packages and updated payment instructions to tenants. • Collect rent and hold funds in designated trust accounts. • Formally request leases, keys, and accounting records from SIREG or the LIT on behalf of the owner.	• Commingle tenant rent or deposit funds in non-trust corporate accounts. • Perform licensed condominium common element management without appropriate CMRAO licensing (if applicable).

7. Document Retrieval Protocol

Following termination, OLH and the landlord should issue a written demand to SIREG and the LIT for the immediate turnover of all property records, including:

- A. Executed Lease Agreements and all written addenda;
- B. Tenant application files, contact information, and government-issued IDs;
- C. Keys, access FOBs, security codes, and garage openers;
- D. Complete financial accounting ledgers for the unit; and
- E. Last Month's Rent (LMR) deposits and key deposits held in trust.

8. Operational Continuity & Landlord Precautions

Landlords can continue operating their rental properties normally during this transition period, provided they observe the following practical safeguards:

- **Verify Rent Payment Dates:** Do not issue double demands for rent if a tenant paid SIREG prior to receiving formal notice of termination and redirection.
- **Respect Residential Tenancies Act (RTA) Rules:** The RTA remains fully operational. Landlords must not engage in self-help remedies (such as unlawful lockouts or utility disconnections) during the transition.
- **Maintain Separate Trust Records:** Keep meticulous records of all rent collected during the transition period to distinguish pre-filing trust claims from post-filing income.

Formal Written Permission to Publish & Share

General Legal Information Disclaimer:

This document is a legal memorandum prepared for OLH Property Management for general educational and informational purposes only. It does not constitute individualized legal advice for specific property owners or landlords. Legal remedies may vary depending on the specific text of individual management contracts and factual circumstances. Owners must seek independent legal counsel regarding their specific situation.

Grant of Permission:

Permission is hereby granted to OLH Property Management to publish, distribute, and reproduce this memorandum on its public website, social media platforms, YouTube channel, and in owner information sessions, provided that:

1. The text is reproduced in full without material alteration; and
2. The General Legal Information Disclaimer set out above is prominently displayed alongside any publication or presentation.

Yours very truly,

STIPIC BINDER DRAKE REYNOLDS LLP



GURMAN S. BHATTI

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