

COURT OF APPEAL FOR ONTARIO

CITATION: Royal Bank of Canada v. Sacred Heart Seniors Health and
Recreation Center Inc., 2026 ONCA 348

DATE: 20260513

DOCKET: COA-25-CV-0825

Miller, Trotter and Osborne J.J.A.

BETWEEN

Royal Bank of Canada

Plaintiff (Respondent)

and

Sacred Heart Seniors Health and Recreation Center Inc. and Iram Partap

Defendants (Appellants)

Iram Partap, acting in person

Nanak P. Singh, acting in person for the appellant Sacred Heart Seniors Health
and Recreation Center Inc.

James Satin and Alex Shchukin, for the respondent

Heard: May 11, 2026

On appeal from the judgment of Justice Roger Chown of the Superior Court of
Justice, dated April 28, 2025.

REASONS FOR DECISION

[1] The corporate appellant defaulted on a Canada Small Business Financing
Loan it had taken out with the Royal Bank of Canada by failing to make the required

payments. On a summary judgment motion, the corporate appellant was found liable and the individual appellant, Ms. Partap, was found liable as the guarantor. On appeal, the appellants repeated the arguments they advanced at the summary judgment motion, together with an additional argument that the summary judgment motion was procedurally unfair because the motion judge coerced Mr. Singh into making submissions on behalf of the corporation.¹

[2] We did not agree that the motion judge made any errors and dismissed the appeal with reasons to follow. These are our reasons.

[3] First, the motion judge made no error in finding the action was not statute barred. The action was commenced within two years of an acknowledgment of the debt. The appellants have not identified any error with respect to this finding.

[4] Second, although the claim was not properly served, as the motion judge noted, the motion judge found there was no need to validate service since the appellants had filed a statement of defence. Again, the appellants have not identified any error.

[5] Third, with respect to the argument that the motion was unfair because the motion judge forced Mr. Singh to represent the corporation, the record shows that Mr. Singh filed the materials on behalf of the corporation and appeared at the hearing. Mr. Singh had no obligation to make oral submissions. He chose to do so

¹ At the outset of the hearing, at the request of Mr. Singh and Ms. Partap, the court granted Mr. Singh leave to represent the corporate appellant. He also made oral submissions on behalf of Ms. Partap.

because the alternative he faced was no one defending the interests of the corporation. This argument is further weakened by the fact that Mr. Singh expressly sought leave to represent the corporation on this appeal.

[6] Fourth, it was not an error for the motion judge to find that the loan was in default. The appellants argued that the corporation was only required to make a single loan payment per annum. The appellants' argument confused the minimum obligations permissible under the *Canada Small Business Financing Regulations*, SOR/99-141 (the "Regulation") with the actual obligations imposed by the loan agreement between the corporation and the respondent. Under the terms of the loan agreement, the appellant corporation was in default.

[7] Fifth, with respect to the personal guarantee, Ms. Partap argued that there was no obligation under the personal guarantee unless the full amount of the loan had been advanced, which it was not. The motion judge did not err in rejecting this argument, which relies on a misreading of s. 7.3 of the *Canada Small Business Financing Program Guidelines*, which, at any rate, is a policy document that provides interpretative guidance for the Regulation and is not binding law. The terms of the guarantee do not provide that there is no obligation under the guarantee unless the loan is fully disbursed, and nothing in s. 7.3 provides otherwise.

[8] Sixth, although the decision of the bank not to disburse the full amount of the loan undoubtedly had catastrophic consequences for the business of the corporate appellant, the bank had no contractual obligation to disburse the full amount of the loan. Neither did it owe the appellants a duty of care. The motion judge made no error in rejecting these arguments.

DISPOSITION

[9] The appeal is dismissed. The respondent is awarded costs of the appeal in the amount of \$7,500, all inclusive.

“B.W. Miller J.A.”
“Gary Trotter J.A.”
“P.J. Osborne J.A.”