

402

KAPLAN & WADDELL

Barristers & Solicitors

December 21, 2006

Our File: E5898/NI/FK

Madison Pacific Management Ltd
205 - 1788 West 5th Avenue
Vancouver, BC V6J 1P2

Attentino: Andrew Syho

Dear Sirs:

Borrower: Malgorzata Ridley and Jean-Paul Karwowski
Lender: Bank of Montreal
Civic: 402 1534 Harwood Street, Vancouver, BC V6G 1X9

Further to our previous correspondence, enclosed please find fully executed Tripartite Agreement for your records.

Yours truly,

Kaplan & Waddell

Per:



Frank S. Kaplan
/ni

MORTGAGE AGREEMENT

THIS AGREEMENT made the 14th day of November, 2006.

BETWEEN:

MALGORZAT RIDLEY and JEAN-PAUL KARWOWSKI
241 Bayview Road, Box 443, Lions Bay, BC, V0N 2E0

(hereinafter called the "Lessee")

OF THE FIRST PART

AND:

BANK OF MONTREAL
865 Harrington Court, Burlington, ON, L7N 3P3

(hereinafter called the "Mortgagee")

OF THE SECOND PART

AND:

MADISON MORTGAGE CORPORATION
275 - West 4th Avenue, Vancouver, B.C.

(hereinafter called the "Lessor")

OF THE THIRD PART

WHEREAS:

A. By a lease dated for reference the 1st day of May, 1974 (hereinafter called the "Lease"), and registered in the Vancouver Land Title Office under registration number B36575, on the terms and conditions therein contained, First Canadian Land Corporation, as lessor, did demise and lease to V.M. Prescott Ltd., as lessee, those lands, inter alia, in the Province of British Columbia, more particularly known and described as:

(hereinafter called the "Lands");

B. V.M. Prescott Ltd. and its successors in title, have assigned their interest in the Lands (hereinafter called the "Leased Premises"), to the Lessee;

C. By way of amendment made June 1, 1988 pursuant to section 194(l) of the Land Title Act, the Lessor became the registered owner in fee simple of the Lands.

D. By an indenture of mortgage (hereinafter called the "Mortgage") made the 14th day of November, 2006, between the Lessee as Mortgagor, and the Mortgagee, and registered in the

Vancouver Land Title Office under No. _____ the Lessee did demise and assigns by way of mortgage unto *the* Mortgagee all the Lessee's right, title and interest in the Leased Premises under the Lease to secure a loan in the sum of SIXTY FIVE THOUSAND dollars (\$65,000.00).

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and of the sum of One Dollar (\$1.00) now paid by each of the Mortgagee, the *Lessor* and the Lessee to the others (the receipt of which is hereby acknowledged by each of the *parties*):

1. The Lessor hereby consents to the Mortgage, **PROVIDED THAT** this consent *shall not be deemed to waive* or modify in any respect of the rights of the Lessor under the Lease *or to relieve the* Lessee from the observance and performance of any and all of the covenants and conditions of the Lease and **PROVIDED THAT** no further assignment, sub-letting or parting with possession of the Leased Premises shall be made without the prior written consent of the Lessor (such consent not to be unreasonably withheld).

2. The Lessor hereby declares that:

A. the base is in full force and effect;

B. no modifications have been made to the Lease to date;

C. there are no existing defaults under *the* Lease of which the Lessor has knowledge;

D. basic rent pursuant to the Lease has been paid in full.

3. If at any time during the term of the Lease and so long as the Mortgagee shall have a charge upon the Lessee's interest in the Lease, the Lessee shall make default in any of the covenants, conditions or agreements in the Lease set out by the Lessee to be observed or performed, then the Lessor, before becoming entitled as against the Lessee to exercise any of the rights and remedies of the Lessor set forth in the Lease, shall give to the Mortgagee notice in writing of such default at the same time as the Lessor gives notice of such default to the Lessee under the provisions of the Lease or any applicable law, and upon receipt of such notice the Mortgagee shall have a period of sixty (60) days within which to remedy such default.

4. During the term of the Lease, and so long as the Mortgagee shall have a charge upon the Lessee's interest in the Lease:

a) the Lessor hereby grants to *the Mortgagee* the direct benefit of the covenants contained in the Lease on the part of the Lessor, relating to the Mortgage and the rights of the Mortgagee; and

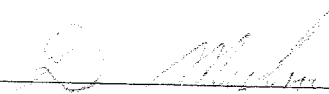
b) the Lessor will not agree to any amendments to the Lease, or accept a surrender of the Lease *without* the Mortgagee's consent in writing.

5. This Agreement may be executed in any number of counterparts, each of which when so executed by one or more of the parties to this Agreement, shall be deemed to be an original, and such counterparts taken together shall constitute one and the same instrument.


6. This Agreement shall enure to the **benefit** of and **shall be binding** upon the parties hereto, and their respective successors and assigns.

IN WITNESS WHEREOF this Agreement has been executed on the *day*, month and year first above written.

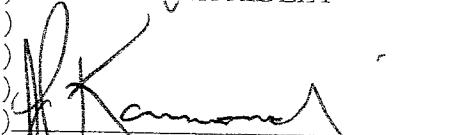
SIGNED SEALED AND DELIVERED IN THE PRESENCE OF:



DOMINIC M. MESLIN
BARRISTER & SOLICITOR
102-2590 GRANVILLE ST.
VANCOUVER, B.C. V6H 3H1


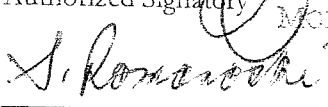

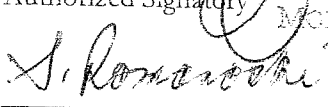
) 

) MALGORZATA RIDLEY

) 

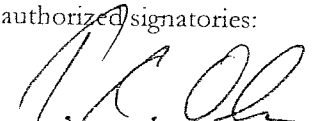
) JEAN-PAUL KARWOWSKI

BANK OF MONTREAL
by its authorized signatories

) 
) 
) 
) CHRIS DELYZER
) TEAM LEADER
) AUTHORIZED SIGNATORY MORTGAGE DISCHARGES
) 
) STEPHANIE ROMANOW
) ASSISTANT TEAM LEADER
) AUTHORIZED SIGNATORY MORTGAGE DISCHARGES

C/S

MADISON MORTGAGE CORPORATION
by its authorized signatories:

) 
) _____
) AUTHORIZED SIGNATORY

C/S

TERMS OF INSTRUMENT – PART 2

THIS ASSIGNMENT OF LEASE is made as of the 10th day of November, 2006.

BETWEEN:

RICHARD RIDLEY, Professional Engineer and MALGORZATA RIDLEY,
Designer as JOINT TENANTS, all of 241 Bayview Road, Box 443, Lions Bay,
BC, V0N 2E0

(hereinafter called the "Assignor")

OF THE FIRST PART

AND:

MALGORZATA RIDLEY, Designer and JEAN-PAUL KARWOWSKI, Student, as
JOINT TENANTS, all of 241 Bayview Road, Box 443, Lions Bay, BC, V0N 2E0

(hereinafter called the "Assignee")

OF THE SECOND PART

AND:

MADISON MORTGAGE CORPORATION, a body corporate with a principal
place of business for the Province of British Columbia at 305 – 1788 West 5th
Avenue, Vancouver, BC V6J 1P2

(hereinafter called the "Lessor")

OF THE THIRD PART

WHEREAS:

A. By a Lease ("the Lease") dated as of the 1st day of May, 1974, and made between FIRST CANADIAN LAND CORPORATION LTD. as Lessor of the First Part and V. M. Prescott Ltd. as Lessee of the Second Part, Suite 402 as shown on Explanatory Plan filed in the Land Registry Office under number 12154 ("the Suite") was with other suites in the apartment building ("the Building") situate on the Lands ("the Lands") described in Schedule "1" thereto and attached hereto also as Schedule "1", demised and leased to V. M. Prescott Ltd. for the term commencing on the 1st day of May, 1974, and ending on the 31st day of December 2073, on the terms and conditions therein contained, registered in the Vancouver Land Title Office under no. B36575.

B. By an Assignment of Lease dated as of the 15th day of December, 1980, V. M. Prescott Ltd. assigned unto Haike Kingma and Daryl Garrington Keeling all its right, title and interest in the Suite together with the unexpired residue of the said term of years, registered in the Vancouver Land Title Office under no. H104894.

C. By an Assignment of Lease made as of the 6th day of March, 1981, Haïke Kingma and Daryl Garrington Keeling assigned all their right, title and interest in the Suite together with an unexpired residue of the said term of years to Stephanie Jane Hennessy, registered in the Vancouver Land Title Office under no. J20716.

D. Pursuant to an Order of the Supreme Court of British Columbia, registered in the Vancouver Land Title Office on the 1st day of June 1988, title to the Lands was transferred from the FIRST CANADIAN LAND CORPORATION to the Lessor and the right, title and interest of V. M. Prescott Ltd. as Lessee was transferred to and vested in the Lessor. Registered number of transfers GB59651, GB59652 and GB59667.

E. By an Assignment of Lease made as of the 1st day of July 1988, Stephanie Jane Hennessy assigned all her right, title and interest in the Suite together with unexpired residue of the said term of years to Flora Prideaux Brodie, registered in the Vancouver Land Title Office under no. GB89502.

F. By an Assignment of Lease made as of the 27th day of October 1989, Flora Prideaux Brodie assigned all her right, title and interest in the Suite together with unexpired residue of the said term of years to Stanislava Jurenka, registered in the Vancouver Land Title Office under no. GC138677.

G. By an Assignment of Lease made as of 27th day of June 1991, Stanislava Jurenka assigned all her right, title and interest in the Suite together with unexpired residue of the said term of years to Allan Ko, registered in the Vancouver Land Title Office under no. BE121066.

H. By an Assignment of Lease made as of the 7th day of November 1991, Allan Ko assigned all his right, title and interest in the Suite together with unexpired residue of the said term of years to the Assignor herein, registered in the Vancouver Land Title Office under no. BE308914.

I. By an Assignment of Lease made as of the 22nd day of August 2001, Joseph Jean Paul Fernand Daniel Labelle assigned all his right, title and interest in the Suite together with unexpired residue of the said term of years to Richard Ridley and Malgorzata Ridley, registered in the Vancouver Land Title Office under no. BR221346.

J. The Assignee has agreed to purchase the unexpired leasehold estate of the Assignor in the Suite for the consideration hereinafter set forth:

NOW THIS DEED WITNESSETH:

1. In consideration of the sum of One Dollar (\$1.00) now paid by the Assignee to the Assignor (the receipt whereof by the Assignor is hereby acknowledged) the Assignor hereby assigns unto the Assignee the Assignor's interest in the Suite together with unexpired residue of the said term of years TO HOLD THE SAME unto the Assignee for all the residue now unexpired of the term created by the Lease with respect to the Suite, subject henceforth to the payment by the Assignee of the Lessee's share of the Operating Expenses with respect to the Suite pursuant to Article 7 of the

Lease (being in percentage terms 2.4560 percent) in accordance with Schedule "A" to the Lease and subject to the performance of the Lessee's covenants and agreements and the conditions, provisos, rules and regulation in the Lease reserved and contained.

2. The Assignor and Lessor covenant and agree with the Assignee that the Lease is a good, valid and subsisting Lease and that the covenants and conditions therein contained have been duly paid and performed by the Assignor up to the date hereof and that the Assignor now has good right to assign the leasehold estate held by the Assignor with respect to the Suite pursuant to the terms of the Lease.

3. The subject to the payment of the Lessee's share of Operating Expenses with respect to the Suite during the remainder of the unexpired term of the Lease and the performance of the Lessee's covenants, agreements and observances of the conditions, provisos, rules and regulations with respect to the Suite in the Lease contained, it shall be lawful for the Assignee peaceably and quietly to hold, occupy and enjoy the Suite hereby assigned during the residue of the term granted by the Lease with respect to the Suite without any interruption by the Assignor or any person claiming under it.

4. The Assignee hereby covenants and agrees with the Assignor and the Lessor, that the Assignee will from time to time pay all monies payable with respect to the Suite pursuant to the Lease observe and perform each and every of the Lessee's covenants, agreements conditions, rules and regulations with respect to the Suite without any interruption by the Assignor or any person claiming under it.

5. The Assignee hereby covenants and agrees with the Assignor and the Lessor, that the Assignee will from time to time pay all monies payable with respect to the Suite pursuant to the Lease and observe and perform each and every of the Lessee's covenants, agreements, conditions, rules and regulations with respect to the Suite, the Building (save and except other suites therein contained) and the Lands all as defined by the Lease and as therein contained and will observe the provisos with respect to the same as reserved and contained in the Lease and indemnify and save harmless the Assignor from all losses and expenses in respect to the non-observance or non-performance thereof.

IN WITNESS WHEREOF the parties hereto have executed these presents as of the day and year first above written.

SIGNED, SEALED & DELIVERED
by the Assignors in the presence of

Richard Ridley

Malgorzata Ridley

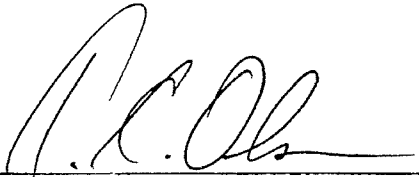
SIGNED, SEALED & DELIVERED
by the Assignee in the presence of

)
)
)
)
)
)
)

Malgorzata Ridley

Jean-Paul Karwowski

The Corporate Seal of
MADISON MORTGAGE CORPORATION
was hereunto affixed in the presence of

A handwritten signature in black ink, appearing to read 'T. Olsen', written over a horizontal line.

Authorized Signatory

THOR OLSEN
Secretary

SCHEDULE "1"

ALL AND SINGULAR that certain parcel or tract of land and premises situate, lying and being in the City of Vancouver, in the Province of British Columbia, more particularly known and described as:

Suite 402

Lot 8

District Lot 185

Group 1

New Westminster District

Plan 92