

OCEAN TOWERS LIMITED

GENERAL INFORMATION

Ocean Towers Limited ("Ocean Towers") is a company, incorporated in 1957 under the British Columbia Company Act. Ocean Towers owns the lands and premises (the "Building") at 1835 Morton Avenue, Vancouver, British Columbia. The construction of the Building was completed in 1960.

The operation of Ocean Towers is based on the Articles of Ocean Towers ("Articles"), the Suite Leases ("Lease") and the House Rules. The Board of Directors of Ocean Towers (the "Board") who are elected by the shareholders of Ocean Towers (the "shareholders") may from time to time, approve amendments to the House Rules and the shareholders will be advised of such amendments.

The owners of Ocean Towers are its shareholders. Ocean Towers has issued a total of 2,421 shares (including the 31 shares for Suite 202/202A). The number of shares which you own represent your portion of ownership of Ocean Towers.

Your shares of Ocean Towers and Lease carry certain restrictions and privileges which are outlined fully in the Articles, the Lease and the House Rules. One significant restriction is that your shares and Lease cannot be transferred without the written consent of the Board.

A shareholder's right to continue leasing the suite in which he/she lives depends on his/her complying with all the terms and conditions of the Articles, the Lease and the House Rules (and in his/her capacity as the resident of a suite is, in these House Rules, referred as a "lessee").

The fiscal year of Ocean Towers runs from January 1st through to December 31st. An independent firm of chartered accountants audits Ocean Towers accounts at the end of each fiscal year and then prepares the year-end audited financial statements. The Annual General Meeting of the shareholders is held shortly after the audited financial statements have been prepared. All shareholders are urged to attend the Annual General Meeting.

THE BOARD OF DIRECTORS

The Board is normally made up of six shareholders. They are elected for a term of one year, by the shareholders, at the Annual General Meeting. The Directors are responsible for administering the affairs of Ocean Towers during their term of office. Shortly after the Annual General Meeting, the Directors meet and elect the Officers of Ocean Towers from among the Directors. The Board may from time to time engage the services of a building manager (the "Building Manager").

HOUSE RULES

1. SECURITY

Do not jeopardize the security of the Building by opening any access doors to the Building to admit people unless you are positive that they live in the Building.

Before allowing a caller on the enter-phone to enter the Building, the caller must be known to, or expected by, the lessee. Persons unknown to the lessee, who seek admission for any reason must be refused entrance, but may be referred to the Building Manager.

It is recommended that each suite have a dead-bolt lock on the front door. It is required that each lessee give a duplicate set of his/her suite door keys to the Board, for use in case of emergency.

After entering or leaving the garage, the driver must stop his/her vehicle and make sure that the garage door closes completely, in order to prevent possible intruders from entering the Building.

When driving into the garage, do not follow another vehicle down the entrance ramp while the garage door is still open. The driver of a vehicle entering the garage cannot be certain if the driver of a following vehicle is a resident or an intruder.

If a lessee plans to be away for any length of time it is suggested that he/she notify the Building Manager. This precaution may help to ensure the proper protection of the suite in case of emergency.

Each suite has been issued fobs (i.e. keys) to the front entrances and the garage door of the Building. On written application to the Board, replacement or additional fobs may be authorized at a price fixed by the Board.

2. MAINTENANCE CHARGE

The suite maintenance charge and the charge for any extra parking space are to be paid in advance, on the first day of the month. Any accounts in arrears will be treated in accordance with the provisions of the Lease.

In order to facilitate the bookkeeping and banking of Ocean Towers, each lessee, on or before December 20 of each year shall deliver twelve post-dated cheques in favour of Ocean Towers, covering his/her monthly maintenance, plus any extra garage rent. Cheques are to be addressed to Ocean Towers and delivered to the Registered office, Room 202A in the Building.

3. SHARES AND LEASES

Shares of Ocean Towers and a Lease cannot be purchased or sold separately. Together they constitute a unit. The number of shares in respect of each Lease is set forth on the first page of each Lease.

All persons wishing to acquire shares and become a lessee of Ocean Towers must apply to the Board and meet with a committee consisting of at least three Directors, one of which must be the President or the Secretary. This meeting is conducted on an informal and friendly basis. Among other things, the meeting provides an applicant with an excellent opportunity to discuss with the committee how Ocean Towers functions, to review its financial condition and to become acquainted with any important future plans of Ocean Towers. Thus the interview can be of help to the applicant in making a decision concerning the merits of living in Ocean Towers.

Before the meeting, the applicant must provide the Board with four letters, as follows:

- a bank reference;
- a reference from a long-time friend or business associate;
- a reference from the applicant's landlord, or from a neighbour, if the applicant is a homeowner;
- a brief resume of the applicant's personal history.

All persons planning to reside in the suite to be acquired must attend the meeting in person.

The Board may, in its absolute discretion, refuse to permit the assignment of a Lease and the transfer of shares and is not required to give reasons for such refusal.

A legal representative, or a person claiming through a legal representative of a lessee of Ocean Towers, is not entitled to take possession or to become a resident of a Suite of Ocean Towers unless he/she is first approved by the Board after following the procedures governing an applicant to purchase shares of Ocean Towers.

A spouse or common-law spouse of a lessee in residence with a lessee may continue in residence pending due completion of transfer of the shares and Lease.

If a lessee intends to have a guest or a caregiver reside in his or her suite for more than three months then, unless otherwise determined by the Board, such guest or caregiver shall be deemed to be a person intending to become a resident of Ocean Towers, and in every such case an application must be made to the Board for permission for such guest or caregiver to become a resident and no such guest or caregiver may continue to reside in the Building beyond such three month period without the written approval of the Board and the Board may in its absolute discretion refuse to give such approval and is not required to give a reason for such refusal.

4. PARKING

A share certificate of Ocean Towers entitles the owner of the certificate to the allocation of one free underground vehicle parking space for the use of a lessee who operates a vehicle. All parking areas are common property of Ocean Towers and not part of the leased premises of any lessee. No specific parking space is permanently allocated to any lessee. The allocation and re-allocation of all parking spaces is based, among other things, on the size of the motor vehicle involved. Such allocation is the responsibility of the Building Manager. A lessee shall not trade, rent, or in any way re-allocate the parking space allocated to him or her.

Parking spaces, either underground or on the outside parking lot, will not be rented to individuals unless they are lessees of Ocean Towers.

Ocean Towers may rent parking spaces not specifically allocated as aforesaid, on a month-to-month basis, to lessees who may require more than one parking space. If a lessee to whom a free parking space has not been allocated requires the one parking space to which they are entitled, they may notify the Building Manager one month in advance of this requirement, and a parking space will be made available to them. Should there not be a vacant parking space, one will be made available by requiring the lessee who has most recently acquired an additional parking space, to vacate one of their parking spaces.

If a lessee does not use his one free parking space there is no compensating reduction in their monthly maintenance charge.

Lessees having campers or small recreational vehicles are permitted to park these vehicles in the underground parking garage provided such vehicles are not in excess of 6 meters in length and can safely enter and leave the garage. Propane bottles and other containers of flammable liquids or gases must be removed from such vehicles while they are parked in the underground garage.

All vehicles parked in underground must either carry valid full operating insurance coverage with a current decal being displayed or must carry storage insurance with proof of same being given annually to the Board. A vehicle with storage insurance only must not be moved in the underground without first obtaining operating insurance coverage.

A vehicle which leaks oil must be repaired promptly and the lessee to whom that parking space is allocated must ensure that oil spills are cleaned up quickly. Oil is a fire hazard and it can also damage the parking surface.

Storage of any items in the underground parking spaces is not permitted; only the vehicle and two spare tires (mounted on rims or not), oil drip pans and personal metal shopping carts may be kept by the Lessee in his/her parking space.

Speed in the garage is limited to 10 kilometers per hour.

Parking on the porte cochere driveway and on the east and west side of the entrance and directly in front on the south side of the Building is prohibited, except for loading and unloading. Any vehicle in violation of this rule will be towed away at the owner's expense.

Guests of lessees may use the underground parking space allocated to the lessee, any vacant underground space allocated by the Building Manager or any vacant outside space, for a period of five days free of charge. After five days, the charge for guest parking is \$3.00 per day (or such other charge as may be determined, from time to time, by the Board) payable by the lessee to Ocean Towers. Monthly parking rates are not available to the guests of lessees.

The parking spaces of the outside parking lot are available for daily use by lessees and their guests on a first come first served basis.

Because of the necessity of preventing overweight vehicles from using the outside parking lot, such lot may be used only by vehicles designed primarily for passenger use. The Building Manager has the authority to decide if a vehicle is designed primarily for passenger use and is therefore permitted to be parked in the outside parking lot.

The Board, upon receiving the written request of a lessee, may grant a variance from the restrictions governing the parking of recreational vehicles, campers, pickups and other vehicles which are not designed primarily for passenger use.

With the approval of the Building Manager, tradesmen's vehicles may use the outside parking lot for a limited period of time.

All vehicles which are parked in the outside parking lot must display a slip of paper, visible through the windshield of the vehicle, showing the number of the suite with which the vehicle is associated. Unidentified or improperly identified vehicles which are parked in the outside parking lot are subject to being towed away at the owner's expense.

The Building Manager must be notified when a guest of a lessee is using any of the parking facilities of Ocean Towers for a period in excess of 24 hours, otherwise the motor vehicle is subject to being towed away at the owner's expense.

5. CAR WASH AREA

The use of the vehicle washing area in the basement is on a first come first served basis.

After you have washed your vehicle, you must hose down the floor to remove all of the dirt and soap, and coil the washing hose around the hanger so that it will be ready for the next person.

6. COMMON PROPERTY

The common property of the Building begins just outside the front door of each lessee's suite and include such areas as the main floor lobby and two lower lobbies, hallways, elevators, stairways, gardens, parking areas, etc. Ocean Towers is responsible for maintaining, repairing and improving all of the common areas together with any equipment and fixtures which they contain.

The responsibility of the lessee and Ocean Towers for repair and maintenance is set forth in the Lease.

With respect to any stoppage of suite drains, the lessee is responsible up to the point where the suite drains join the main waste drains for the building.

The common areas of the Building may not be used for the storage of goods or the disposal of rubbish.

Smoking is not permitted on any of the common property, nor is smoking permitted within six metres of the entrances to the Building. Cigarette butts must not be discarded on the common property.

Bicycles are not permitted in the lobbies, hallways or elevators.

7. GARBAGE

All garbage must be wrapped (bagged) and tied before it is put down the garbage chute.

Should a glass container be dropped down the garbage chute, the glass may break at the bottom of the chute, or on the way down the chute, with potentially very hazardous results.

Recyclable material must be taken to the basement and deposited in the appropriate bins for recycling.

Garbage may not be put down the garbage chute any day before 7:30 a.m. or after 9:30 p.m.

8. LAUNDRY FACILITIES

The laundry facilities on each floor are for the use of the occupants of that floor only. Each suite on a floor is entitled to the use of the laundry facilities for one full day per week.

A new lessee must enquire from the other residents on his/her floor as to the established arrangements for laundry time and then select a non-conflicting laundry time. The balance of the unallocated laundry time is available on a first come first served basis.

The laundry facilities are not to be used for laundry brought in from outside.

The laundry facilities may not be used before 7:30 a.m. or after 9:30p.m.

Do not overload the machines and do not use excessive amounts of soap, detergent or bleach. Clean out the lint trap in the dryer after each use, otherwise the machine will not operate efficiently and there is danger of fire. Please leave the laundry facilities clean for the next user.

The installation of washers and dryers in the suites is not permitted without the prior written approval of the Board.

9. NOISE

A lessee, his/her family, or guests and caregivers shall not make noise in the Building which is disturbing to other lessees.

10. CHILDREN

Children will not be permitted to become a resident in any suite without the written consent of the Board. For the purpose of this regulation, a child is anyone who has not attained his eighteenth birthday.

Lessees are responsible to ensure that children who are their guests do not play in stairways, halls, lobby, elevators, gardens, or parking areas.

11. PETS

Pets are not permitted in the Building.

12. FEEDING OF BIRDS

Lessees may not and are responsible that their guests and caregivers do not feed birds from the windows of their suite or the halls of the Building.

13. DUST MOPS

The shaking of dust mops, dusters, rugs, etc. from windows is prohibited.

14. CANVASSING

Canvassing by door-to-door salesmen is prohibited. Canvassing by recognized charitable organizations is permitted if the organization applies to the Board and receives the Board's written permission to canvass. This prohibition shall not apply to census takers, election enumerators and political canvassers who must contact the Building Manager and produce suitable identification.

15. AIR CONDITIONERS

Air conditioners must not be installed in any suite.

16. SIGNS

Signs such as advertising, political, etc. are not permitted to be displayed in the windows or other parts of the Building.

17. WINDOW COVERINGS

All drapes, blinds, shades or other window coverings must have an off-white colour facing the windows. Also the windows of the Building must not have tinted film applied without prior approval by the Board.

18. HOBBY ROOM

The use of the hobby room is on a first come first served basis.

After you have finished using the hobby room, please clean the benches and the floor so that the room will be ready for the next person.

The hobby room may not be used as a storage area.

19. STORAGE LOCKERS

Each shareholder is entitled to the allocation of one storage locker in the storage locker area of the Building. The allocation and re-allocation of all storage lockers is the responsibility of the Building Manager.

20. UTILITY ROOMS

Lessees must not enter the utility rooms, or use them for storage, since they contain dangerous high voltage bus bars, meters and heat control valves.

21. HALLWAYS

Lessees may at their own expense, cooperatively with the other lessees on their floor, hang curtains and pictures in the hallway of the floor on which they reside, and to place a limited number of plants per suite on the hallway window sills.

As hallways are common areas of the Building, such decorations must be in keeping with Ocean Towers objective of providing superior residential accommodation. Should such decorations not be maintained and allowed to fall into disrepair by the lessees on a floor, the Board may require the removal of such decorations.

22. DUTY TO MAINTAIN SUITE

Each lessee must maintain their suite in a reasonable manner so to prevent the suite from becoming a fire hazard or from attracting insects or vermin. In this regard a lessee shall not allow garbage or refuse to accumulate in their suite nor shall they leave perishables unrefrigerated for inappropriate period of time. The Board upon determining that a lessee is allowing these prohibited conditions to exist may enter the suite, rectify the situation and charge as rent the costs incurred to rectify the situation to the lessee who shall pay such costs to Ocean Towers.

23. RENOVATIONS TO SUITES

No renovations may be made without the approval of the Board. All major renovations must be completed in less than one year.

The lessee bears responsibilities for obtaining any permits or other approvals of the proposed suite alterations which may be required by City, Provincial or Utility Company regulations, and the costs of obtaining these permits and approval are solely the lessee's.

In the event that as part of the permit process the City requires ceiling stabilization, the cost of this work shall be borne by the lessee. Ocean Towers shall have the right to determine or select which trades person may work on the ceiling in the suite. See Section 8.7 of the Lease.

Renovations are deemed to include replacing cabinets in kitchen/bathrooms, removing or changing location of walls, changing the electrical panel, replacing plumbing fixtures (but not just putting in new taps), installation of a different flooring (not just putting in new carpet or refinishing floors). Replacement of appliances is not considered to be a renovation. Redecorating (painting/wall paper) is not considered to be renovating.

If a lessee wishes to make renovations to his/her suite, the lessee must submit to the Board a written request to make the proposed renovations, together with appropriate plans or sketches of the planned changes. While alterations approved by the Board are being carried out, the lessee is personally responsible for damage to the Building and for ensuring that Ocean Towers' regulations governing the renovations to a suite are strictly adhered to. A damage deposit of \$1,000.00 must be paid to Ocean Towers prior to commencement of work. After the renovations are complete, any portion not required for damage/cleaning of common areas, as the Board deems appropriate, will be refunded. A non-refundable fee of \$500.00 must be paid to Ocean Towers prior to commencement of work for general wear and tear to the building.

A copy of the regulations governing renovations to suites in Ocean Towers is available, on request, from the Board. It should be noted that these regulations must form a part of the arrangements which are made between a lessee and all tradesmen who may be employed to do the renovation work.

24. REPAIRS BY BUILDING MANAGER

If a Lessee should request the Building Manager to do any work in his/her suite, the work must be done on the Building Manager's own time. The charge for the work will be as pre-arranged between the Lessee and the Building Manager.

25. MOVING IN OR OUT OF THE BUILDING

When a lessee plans to move in or out of the Building, the lessee must notify the Building Manager at least three days before the moving date and unless otherwise approved by the Board such moving may take place only between the hours of 9:00 a.m. and 4:00 p.m. and only Monday through Friday. A fee of \$100.00 shall be paid by the lessee to Ocean Towers to cover security in the lobby during the move.

26. DELIVERY OF FURNITURE AND FURNISHINGS

When a lessee is having items delivered to his/her suite the lessee must ensure the Building security is not breached by delivery persons propping the doors open. It is also the lessee's responsibility to ensure that there is no debris or mess left in common areas.

27. DAMAGE IN GENERAL

The responsibility of lessees and Ocean Towers for damages to the Building or any suite is set forth in the Lease. Lessees should consult their own insurers to be sure they are covered for their responsibilities under the Lease as well as being covered for their own personal goods.

Any damage to the hallways, elevators, or other common areas and equipment, caused by a lessee, his/her family, guests, caregivers or tradesmen, will be repaired at the expense of the lessee.

28. FIRE AND OTHER DAMAGE INSURANCE

The responsibility of the Lessee and Ocean Towers with respect to insurance is set forth in Article 7 of the Lease.

For the general information of shareholders the following is a brief summary of the more important provisions of Article 7. It is noted that the shareholders cannot rely on this summary and the Board strongly recommends that every shareholder obtain independent advice to the intent that each shareholder have a full understanding of his or her obligations and the limits of insurance carried by Ocean Towers pursuant to the Lease and thus be in a position to purchase insurance coverage acceptable to him or her:

Article 7.1 provides that Ocean Towers, subject to certain limitations, insure the Building and insurable improvements and shall have no obligation to repair, rebuild or replace beyond the covered limits and amounts recoverable.

Article 7.5 provides that Ocean Towers insure for comprehensive general liability against claims for personal injury, death or property damage or loss in such amounts as specified from time to time by the Board acting reasonably.

Article 7.6 provides that shareholders insure for shareholders' tenant improvements and betterments having a value in excess of the building standard insured by Ocean Towers and for tenant's comprehensive general liability against claims for personal injury, death or property damage or loss in amounts approved by the Board acting reasonably.

Ocean Towers will not be responsible for damage or loss in respect of which it is not insured.

29. CONFLICTS

In the event of conflict between the House Rule and the Lease, the Lease prevails to the extent of the conflict.

Revision #1 – February 16, 2011

Section 23. Renovations to Suites

Revision #2 – February 20, 2013

The Board of Directors

Section 23. Renovations to Suites

Section 25. Moving in or out of the
Building