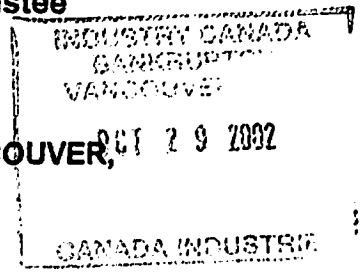


INSPECTOR

VANCOUVER REGISTRY
185674/VA98

MACKAY & COMPANY LTD. ("MACKAYCO"), Trustee

**IN THE MATTER OF THE PROPOSAL OF
RICHARD WILLIAM WARKE
BUSINESSMAN, OF THE MUNICIPALITY OF WEST VANCOUVER,
IN THE PROVINCE OF BRITISH COLUMBIA**



Minutes of the Fifth Meeting of Inspectors in the Proposal Estate of Richard William Warke, held on Thursday, October 3, 2002 at 2:45 PM at Poulsen & Company.

- PRESENT:**
- Steve Barnes - Chairman, of MacKayCo
 - Jef Poulsen - Inspector, Counsel to the Royal Bank of Canada
 - Klaus Hoeflich - ~~Observer~~ ^{Inspector} of CCRA
 - Dean Nontell - Observer of CCRA

There was a discussion regarding the default under the Proposal, the guarantee of Mrs. Warke to the terms of the Proposal and her mortgage in support of the guarantee. There was a discussion as to the strategy in recovering pursuant to the Proposal and pursuant to the mortgage. It was noted that Mr. Warke had offered to pay \$50,000 in order to buy an undetermined amount of time so that he could sell the property or refinance.

Klaus Hoeflich noted that the 2001 assessment is \$1,432,000. After the CIBC first and second mortgages, sales commissions, legal fees and potentially tax arrears, there may not be a great deal of equity. It may be in our best interest to arrive at some sort of a settlement proposal and it would be in Warke's best interest because his CIBC mortgage is portable. Without it, he possibly could not find new mortgage money for another home.

Barnes must notify Warke of the default and give him 30 days to remedy. 60 days from the default, Barnes must notify the Official Receiver and the other creditors. It was agreed that we should notify Mrs. Warke and demand that the full balance be paid immediately pursuant to her guarantee.

Barnes advised that he was prepared to write the letter of offer to Richard Warke. If Warke accepts, then the estate requires counsel to draw the necessary agreements and, if necessary commence the foreclosure action.

Mr. Hoeflich had no preference as to counsel. Mr. Poulsen suggested Gowlings, Andrew Bury; Barnes suggested Blake Cassels, Scott Turner and Lang Michener, Lindsay Goldberg. It was resolved that counsel of the Trustee's choice be appointed solicitors to the estate and the provisions of Section 197 (7) of the Bankruptcy and Insolvency Act restricting legal fees to 10% of gross receipts after payment to secured creditors be waived.

- CARRIED -

Barnes agreed to send to the Inspectors, the balances pursuant to the two CIBC mortgages and the calculation of outstanding interest on the estate's mortgage.

There being no further business, the meeting adjourned at no later than 3:45 PM.



Steve Barnes, Chairman

Jef Poulsen, Inspector



Klaus Hoeflich, Inspector