

OCCUPANCY AGREEMENT

Mortgage Area No.

File No.

This AGREEMENT, made and entered into this _____ by and between **SEAL BEACH MUTUAL NO. FOUR**
(hereinafter referred to as the "Corporation"), a corporation having its principal office and place of business in Orange County, California and

(hereinafter referred to as "Member");

WHEREAS, the Corporation has been formed for the purpose of acquiring, owning and operating a cooperative housing project to be located at Seal Beach Leisure World (hereinafter called "Leisure World"), Seal Beach, Orange County California, with the intent that its stockholders (hereinafter called "Members"), shall have the right to occupy the dwelling units thereof under the terms and conditions hereinafter set forth and subject to the limitations imposed by Civil Code § 51.3; and

WHEREAS, the Member is the owner and holder of one share of common capital stock, Series ___ [Click here to enter text.](#)
of the Corporation and has a bonafide intention to reside in the project;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the Corporation hereby lets to the Member, and the Member hires and takes from the Corporation, dwelling unit number _____ Lot (or Lots) ___ Tract _____, located at Leisure world.

TO HAVE AND TO HOLD said dwelling unit unto the Member, the Member's executors, administrators and authorized assigns, on the terms and conditions set forth herein and in the Articles of Incorporation and Bylaws of the Corporation and any rules and regulations of the

Corporation now or hereafter adopted pursuant thereto, from the date of this agreement for a term terminating on _____
renewable thereafter for successive three-year periods under the conditions provided for herein.

ARTICLE 1. MONTHLY ASSESSMENTS

Commencing at the time indicated in ARTICLE 2 hereof, the Member agrees to pay to the Corporation a monthly sum referred to herein as "Assessments," equal to the Member's proportionate share of the sum required by the Corporation, as estimated by its Board of Directors to meet its annual expenses, including but not limited to the following items:

- (a) The cost of all operating expenses of the project and services furnished, including charges by the Golden Rain Foundation (hereinafter called the "Foundation") for facilities and services furnished by the Foundation, in addition to any and all other charges required pursuant to that agreement between Golden Rain Foundation and the Corporation mentioned in Article 13 below.
- (b) The cost of necessary management, administration and professional services.
- (c) The amount of all taxes and assessments levied against the project of the Corporation of which it is required to pay, except that in the event the taxing authority makes a separate assessment as to the assessed value of each dwelling unit, the proportionate share of taxes to be paid as to said dwelling unit shall be determined by the ratio of the assessed value of the dwelling unit to the total assessed value of all dwelling units of the corporation, the Member agrees to and shall pay the amount of said taxes determined by the taxing authority for the said Member's respective dwelling unit, which shall be included in the "Assessments" hereinabove referred to, in said amount as separately determined for said dwelling unit.
- (d) The cost of fire and extended insurance on the project and such other insurance as the Corporation may effect. Member shall be responsible for obtaining personal property insurance for the purpose of insuring Member's personal property within Member's dwelling unit, alterations made to the dwelling unit by Member during the term hereof, and alterations made to the dwelling unit by previous occupants thereof.
- (e) The cost of furnishing water, gas, electricity, garbage and trash collection, other government mandated responsibilities, and other utilities to the extent furnished by the Corporation (See Article 10).
- (f) All reserves set up by the Board of Directors, including but not limited to the general operating reserve, contingency reserve and the reserve for repair or replacement of Mutual property.
- (g) The estimated cost of repairs, maintenance and replacement of Mutual property to be made by the Corporation.
- (h) Any and all other charges related to Members occupancy of the dwelling unit, including but not limited to repair orders not paid for by Member at the time of service, cable service, and any other fees and charges unrelated to the Mutuals regular assessment.
- (i) Any other expenses of the Corporation approved by the Board of Directors, including operating deficiencies, if any, for prior projects.

The Board of Directors shall determine the Assessments. Said sum shall be estimated on an annual basis and divided by the number of months remaining in the then current fiscal year; but in no event shall the Member be charged with more than the Member's proportionate share thereof as determined by the Board of Directors. That amount of the Assessments required for payment of any other capital expenditure shall be credited upon the books of the Corporation to the "Paid in Surplus" account as a capital contribution by the Member. Until further notice from the Corporation, the Assessments for the above mentioned dwelling unit shall be \$_____.

ARTICLE 2. WHEN PAYMENTS OF ASSESSMENTS TO COMMENCE

After thirty days' notice by the Corporation to the effect that the dwelling unit is available for occupancy, or upon acceptance of occupancy, whichever is earlier, the Member shall make a prorated payment for Assessments covering the unexpired balance of the month. Thereafter, the Member shall pay Assessments in full each month in advance on the 1st day of each month.

ARTICLE 3. PATRONAGE REFUNDS

The Corporation agrees on its part that it may refund or credit to the Member within ninety (90) days after the end of each fiscal year, the Member's proportionate share of such sums as have been collected in anticipation of expenses which are in excess of the amount needed for expenses of all kinds, including reserves, in the discretion of the Board of Directors of the Corporation

ARTICLE 4. MEMBER'S OPTION TO RENEW

It is covenanted and agreed that the term herein granted shall be extended and renewed from time to time by and between the parties hereto for further periods of three years each from the expiration of the term herein granted, upon the same covenants and agreements as herein contained unless (1) notice of the Member's election not to renew shall have been given to the Corporation in writing at least four months prior to the expiration of the then current term, and (2) the Member shall have on or before the expiration of said term (a) endorsed Member's membership for transfer in blank and deposited same with

the Corporation, and (b) met all of Member's obligations and paid all amounts due under this agreement up to the time of said expiration, and (c) vacated the premises, leaving same in a good state of repair. Upon compliance with provisions (1) and (2) of this Article, the Member shall have no further liability under this agreement and shall be entitled to no payment from the Corporation.

ARTICLE 5. PREMISES TO BE USED FOR RESIDENTIAL PURPOSES ONLY

The Member shall occupy the dwelling unit covered by this agreement as a private residential dwelling for the Member, or for qualified members of Member's immediate family, who are over the age of 55 and for no other purpose, and may enjoy the use, in common with the other members of the Corporation, of all community property and facilities of the project, so long as Member continues to own the aforesaid common stock of the Corporation, occupies the dwelling unit, and abides by the terms of this agreement. Member shall not own more than one share of stock in Corporation, or any other Mutual Corporation located in Seal Beach Leisure World concurrently, Member being expressly obligated to fully divest ownership in Corporation prior to acquiring, owning or occupying a dwelling unit other than as set forth above.

The Member shall not permit or suffer anything to be done or kept upon said premises which will increase the rate of insurance on the building, or on the contents thereof, or which will obstruct or interfere with the rights of other occupants, or annoy them by unreasonable noises or otherwise, nor will Member commit or permit any nuisance on the premises or commit or suffer any illegal act to be committed thereon. The Member shall comply with all of the requirements of the Board of Health and of all other governmental authorities with respect to said premises. If by reason of the occupancy or use of said premises by the Member the rate of insurance on the building shall be increased, the Member shall become personally liable for the additional insurance premiums.

ARTICLE 6. MEMBER'S RIGHT TO PEACEABLE POSSESSION

In return for the Member's continued fulfillment of the terms and conditions of this agreement, the Corporation covenants that the Member may at all times while this agreement remains in effect, have and enjoy for Member's sole use and benefit the property hereinabove described, after obtaining occupancy, and may enjoy in common with all other members of the Corporation the use of all community property and facilities of the project.

ARTICLE 7. NO SUBLETTING WITHOUT CONSENT OF CORPORATION

The Member hereby agrees not to assign this agreement or sublet Member's dwelling unit without the written consent of the Corporation. Violation of this provision shall, at the option of the Corporation, result in termination and forfeiture of the Member's rights under this agreement. Rents under any sublease shall be assigned to the Corporation and the sublease shall be delivered to the Corporation, and the Corporation shall be irrevocably empowered to collect rents and apply the rents in reduction of sums due from time to time under this agreement. The sublease shall be in a form acceptable to the Corporation, shall require the subtenant to abide by the terms of the Occupancy Agreement during Member's subtenancy, and shall give to the Corporation an irrevocable power to dispossess or otherwise act for the sublessor in case of default under the sublease.

The liability of the Member under this agreement shall continue notwithstanding the fact that Member may have sublet the dwelling unit with the approval of the Corporation. The Member shall continue to be liable for all obligations hereunder and shall be responsible to the Corporation for the conduct of Member's sublessee.

ARTICLE 8. TRANSFERS

Neither this agreement nor the Member's right of occupancy shall be transferable or assignable except in the same manner as may now or hereafter be provided for the transfer of memberships in the Bylaws of the Corporation.

ARTICLE 9. MANAGEMENT TAXES AND INSURANCE

The Corporation shall provide necessary management, operation and administration of the project; pay or provide for the payment of all taxes or assessments levied against the project; procure and pay or provide for the payment of fire insurance and extended coverage, and other insurance procured by the Corporation as required by any mortgage on the property in the project, and such other insurance as the Corporation may deem advisable on the property in the project. The Corporation will not, however, provide insurance on the Member's interest in the dwelling unit or on Member's personal property.

ARTICLE 10. UTILITIES

- (a) The Corporation shall provide water, gas, electricity, and other government mandated services for exterior use, and sewage disposal. The cost of these services shall be included in the Assessments set forth in Article 1 hereof.
- (b) Member shall be responsible for electricity used within the dwelling unit, any telephone line other than the primary telephone line, internet, satellite, cable or other service provided to the dwelling unit.

ARTICLE 11. REPAIRS

- (a) By Member. The Member agrees to repair and maintain Member's dwelling unit at Member's own expense as follows:
 - (1) Any repairs or maintenance necessitated by Member's own negligence or misuse; and
 - (2) Any redecoration of the interior of Member's own dwelling unit, and minor repairs thereto, including but not limited to light bulbs, filters and similar items;
 - (3) Any repairs or maintenance of improvements and component parts thereof that were added by member or previous member(s) (whether within the interior of the unit or exterior to the unit) and other added items within the interior surfaces of the perimeter walls, floors and ceiling of the dwelling unit; and
 - (4) Any repairs or maintenance to non-standard items not available through the Purchasing, Maintenance and/or Physical Property departments of the Golden Rain Foundation located in or about Member's dwelling unit whether installed by member or previous member(s).
- (b) By Corporation. The Corporation shall provide and pay for all necessary repairs, maintenance and replacements, except as specified in Clause (a) of this Article. The officers and employees of the Corporation shall have the right to enter the dwelling unit of the Member in order to effect necessary repairs, maintenance, and replacements, and to authorize entrance for such purposes by employees of any contractor, utility company, municipal agency, or others, at any reasonable hour of the day and in the event of emergency at any time.
- (c) Right of Corporation to Make Repairs at Member's Expense. In case the Member shall fail to effect the repairs, maintenance or replacements specified in Clause (a) of this Article in a manner satisfactory to the Corporation and pay for same, the latter may do so and bill the Member for such expenses upon completion of same. Member shall pay Corporation for such expense within fifteen (15) days from the date said obligation becomes due. Failure of Member to pay said sum to the Corporation within 15 days from the date said obligation becomes due shall be considered delinquent and shall bear interest thereon at an annual interest rate not to exceed 12% commencing 30 days after the obligation became due.

ARTICLE 12. ALTERATIONS AND ADDITIONS

The Member shall not without the written consent of the Corporation, make any structural alterations in the premises, or in the water, gas or other service/utility pipes, electrical conduits, plumbing or other fixtures connected therewith, or remove any additions, improvements, or fixtures from the premises.

If the Member for any reason shall cease to be an occupant of the premises, Member shall surrender to the Corporation possession thereof, including any alterations, additions, fixtures and improvements.

The Member shall not, without the prior written consent of the Corporation, install or use in or about Member's dwelling unit any air conditioning equipment, washing machine, dishwasher, built-in microwave, hot tub/spa, clothes dryer, electric heater, power tools, or other item which, when installed, would be considered a fixture under California law. The Member agrees that the Corporation may require the prompt removal of any such equipment at any

time, and that Member's failure to remove such equipment upon request shall constitute a default within the meaning of Article 14 of this agreement.

ARTICLE 13. MEMBERSHIP IN THE FOUNDATION, FACILITIES AND SERVICES FURNISHED

Prior to occupancy of the dwelling unit, the Member shall become a resident member of the Golden Rain Foundation, a California not for profit corporation, and shall pay a membership fee and such dues and assessments as are from time to time fixed and determined by its Board of Directors. A copy of the current Schedule of Membership Fees and Annual Dues has been furnished Buyer in escrow. Such dues and assessments shall be in addition to the monthly Maintenance Assessments specified in Article 1 hereof. The Foundation holds in trust, operates and maintains the community facilities, streets, and certain other off-site improvements and amenities within Leisure World for the benefit of the Members of the Corporation and other corporations owning and operating cooperative housing projects and condominiums located at Leisure World, (hereinafter called "Mutuals"), and in connection therewith, provide certain services, including but not limited to administrative and recreational.

The extent and nature of the facilities and services provided by the Foundation, the charges therefore and the persons to whom the same should be made available shall be as determined from time to time pursuant to agreement between the Corporation, the Foundation and other Mutuals

ARTICLE 14. DEFINITION OF DEFAULT BY MEMBER AND EFFECT THEREOF

It is hereby mutually agreed as follows: If at any time after the happening of any of other events specified in Clauses (a) to (k) of this Article, the Corporation shall give to the Member a notice that the Member's right to occupy under this agreement will expire at a date not less than thirty (30) days thereafter (except that in the case of the default specified in Clause (h) of this Article, such date in the notice shall be 10 days instead of 30 days), the Member's right to occupy an apartment under this agreement will expire on the date so fixed in such notice, unless in the meantime the default has been cured in a manner deemed satisfactory by the Corporation, it being the intention of the parties hereto to create hereby conditional limitations, and it shall thereupon be lawful for the Corporation to re-enter the dwelling unit and to remove all persons and personal property therefrom, either by summary dispossession proceedings or by suitable action or proceeding at law or in equity or by any other proceedings which may apply to the eviction of the tenants by force or otherwise, and to repossess the dwelling unit in its former state as if this agreement had not been made:

- (a) In case at any time during the term of this agreement the Member shall cease to be the owner and legal holder of the aforesaid common stock of the Corporation.
- (b) In case the Member attempts to transfer or assign this agreement in a manner inconsistent with the provisions of the Bylaws.
- (c) In case at any time during the continuance of this agreement the Member shall be declared a bankrupt under the laws of the United States.
- (d) In case at any time during the continuance of this agreement a receiver of the Member's property shall be appointed under any of the laws of the United States or of any State.
- (e) In case at any time during the continuance of this agreement the Member shall make a general assignment for the benefit of creditors.
- (f) In case at any time during the continuance of this agreement any of the stock of the Corporation owned by the Member shall be duly levied upon and sold under the process of any Court.
- (g) In case the Member fails to effect and/or pay for repairs and maintenance as provided for in Article 11 hereof.
- (h) In case the Member shall fail to pay any sum due pursuant to the provisions of Article 1 or Article 10 hereof.
- (i) In case the Member fails to pay any charge which, if not paid, could become a lien against the housing project.
- (j) In case an individual or individuals occupy the dwelling unit covered by this agreement in violation of law, or in violation of the Bylaws or duly adopted written policies of the Corporation or Foundation.
- (k) In case the Member shall default in the performance of any of Member's obligations under this agreement.

The Member hereby expressly waives any and all right of redemption in case Member shall be dispossessed by judgment or warrant of any Court or judge. The words "enter", "re-enter", and "re-entry", as used in this agreement, are not restricted to their technical legal meaning, and in the event of a breach or threatened breach by the Member of any of the covenants or provisions hereof, the Corporation shall have the right of injunction and the right to invoke any remedy allowed at law or in equity, as if re-entry, summary proceedings, and other remedies were not herein provided for.

The Member expressly agrees that there exists under this Occupancy Agreement a landlord-tenant relationship and that in the event of a breach or threatened breach by the Member of any covenant or provision of this agreement, there shall be available to the Corporation such legal remedy or remedies as are available to a landlord for the breach or threatened breach under the laws of the State of California by a tenant of any provision of a lease or rental agreement.

Notwithstanding any other provisions of this agreement the Member, in case Member is in default hereunder, hereby expressly waives any and all notices and demands for possession as provided by the laws of the State of California.

The failure on the part of the Corporation to avail itself of any of the remedies given under this agreement shall not waive nor destroy the right of the Corporation to avail itself of such remedies for similar or other breaches on the part of the Member.

ARTICLE 15. MEMBER TO COMPLY WITH ALL CORPORATE REGULATIONS

The Member covenants that Member will preserve and promote the cooperative ownership principles on which the Corporation has been founded, abide by the Articles, Bylaws, rules and regulations of the Corporation and any amendments thereto, and by Member's acts of cooperation with its other members bring about for Member and Member's co-members a high standard in home and community conditions.

ARTICLE 16. EFFECT OF FIRE LOSS ON INTERESTS OF MEMBER

In the event of loss or damage by fire or other casualty to the above-mentioned dwelling unit without the fault or negligence of the Member, the Corporation shall determine whether to restore the damaged premises and shall further determine, in the event such premises shall not be restored, the amount which shall be paid to the member to redeem the common stock of the Member and to reimburse Member for such loss as Member may have sustained.

If, under such circumstances, the Corporation determines to restore the premises, Maintenance Assessments shall abate wholly or partially as determined by the Corporation until the premises have been restored. If on the other hand the Corporation determines not to restore the premises, the Assessments shall cease from the date of such loss or damage.

ARTICLE 17. INSPECTION OF DWELLING UNIT

The Member agrees that the representatives of any mortgagee holding a mortgage on the property of the Corporation, the officers and employees of the Corporation, and with the approval of the Corporation the employees of any contractor, utility company, municipal agency or others, shall have the right to enter the dwelling unit of the Member and make inspections thereof at any reasonable hour of the day.

ARTICLE 18. SUBORDINATION CLAUSE

It is specifically understood and agreed by the parties hereto that this agreement and all rights, privileges and benefits hereunder are and shall be at all times subject to, subordinate and inferior to the lien of any first mortgage or deed of trust hereinafter obtained by the Corporation, and to any and all modifications, extensions and renewals of such loans or advances and to any mortgage or deed of trust made in replacement of such mortgages or deed of trust and to such additional loans or advances as may thereafter be made by or borrowed from any beneficiary, its successors or assigns, together with interest thereon on the date any such loans or advances are made, and to any mortgages or deeds of trust, consolidation agreements and other accompanying documents given to secure any such additional loans or advances which may at any time hereafter be placed on the real property hereinafter described, or any part thereof. The Member hereby agrees to execute, at the Corporation's request and expense, any instrument which the Corporation or any lender may deem necessary or desirable to effect the subordination of this agreement to any such mortgage or deed of trust, and the Member hereby appoints the Corporation and each and every officer thereof, and any future officer, Member's irrevocable attorney-in-fact during the term hereof to execute any such instrument on behalf of the Member. The Member does hereby expressly waive any and all notices of default and notices of foreclosure of said mortgage which may be

required by law. In the event a waiver of such notices is not legally valid, the Member does hereby constitute and appoint the Corporation as Member's agent to receive and accept such notices on the Member's behalf. The real property encumbered by or which may in the future be encumbered by said mortgage or deed of trust is as set forth herein.

ARTICLE 19. NOTICES

Whenever the provisions of law or the Bylaws of the Corporation or this agreement require notice to be given to either party hereto, such notice may be given in writing by depositing the same in a post office or letter box, in a postage paid, sealed wrapper addressed to the person to whom the notice is to be given, at Member's address as the same appears in the books of the Corporation, and the time when the same shall be mailed shall be deemed to be the time of the giving of such notice.

ARTICLE 20. FISCAL REPORTS

At the end of each fiscal year, the Corporation shall furnish to the Member a statement of the income and disbursements of the Corporation.

ARTICLE 21. ORAL REPRESENTATION NOT BINDING

No representations other than those contained in this agreement, the Articles of Incorporation and the Bylaws of the Corporation shall be binding upon the Corporation.

ARTICLE 22. REMEDIES

The exercise of any of the rights or remedies as herein provided with respect to any default shall not preclude or affect the subsequent exercise of such rights or remedies at different times and for different defaults.

The respective rights and remedies, whether provided by this agreement or by law, or available in equity, shall be cumulative and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such right or remedies for the same or different defaults, or for the same or different failures of the Member to perform or observe any provision of this agreement.

ARTICLE 23. LATE CHARGES AND OTHER COSTS IN CASE OF DEFAULT

The Member covenants and agrees that, in addition to the other sums that have become or will become due, pursuant to the terms of this agreement, the Member shall pay to the Corporation a late charge of \$10.00 or 10%, whichever is greater, for each month of delinquency for each payment of Assessments, or part thereof, more than 10 days in arrears or such other amount as the Board of Directors in its discretion may determine. In the event member fails to pay any amounts hereunder when due, the unpaid amount shall bear interest thereon at the rate of 1% per month per annum until paid in full.

If a Member defaults in making a payment of Assessments or in the performance or observance of any provision of this agreement, and the Corporation has obtained the services of any attorney with respect to the defaults involved, the Member covenants and agrees to pay to the Corporation any costs or fees involved, including reasonable attorney's fees, notwithstanding the fact that a suit has not yet been instituted. In case a suit is instituted, the Member shall also pay the cost of the suit, in addition to the other aforesaid costs and fees.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be signed and sealed the day and year first above written.

NOTE: THE TERM OF THIS OCCUPANCY AGREEMENT IS AUTOMATICALLY RENEWABLE FOR SUCCESSIVE THREE-YEAR PERIODS UNDER THE TERMS AND CONDITIONS OF ARTICLE 4 HEREOF.

SEAL BEACH MUTUAL NO. FOUR

By: _____

Member

Member

Member