

**EASTERN GARDENS COOPERATIVE, INC.
OCCUPANCY AGREEMENT**

THIS AGREEMENT, made and entered into in this _____ day of _____ 20____, by and between EASTERN GARDENS COOPERATIVE, INC. (hereinafter referred to as the Corporation), a corporation having its principal office and place of business at 3045 EASTERN AVENUE, SACRAMENTO, 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 3045 EASTERN AVENUE, SACRAMENTO, CALIFORNIA, with the requirement that its members shall occupy dwelling units thereof under the terms and conditions hereinafter set forth; and

WHEREAS, the member is the owner and holder of a Certificate of Membership of the Corporation and resides in the project.

NOW, THEREFORE, in consideration of --\$143.00—to each of the parties paid by the other party, the receipt of which is hereby acknowledged, and in further consideration of the mutual promises contained herein, the Corporation hereby lets to the member, and the member hereby hires and takes from the Corporation, dwelling unit number _____ located at _____
_____ Sacramento, California;

TO HAVE AND TO HOLD said dwelling unit unto the Member, his/her executors, administrators, and authorized assigns, on the terms and conditions set forth herein and in the corporate Charter 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. The initial term of this Agreement shall begin on _____ and end on _____

After the initial term ends, the Agreement will continue for a successive term of one (1) month.

ARTICLE 1: MONTHLY CARRYING CHARGES

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

- (a) The cost of all operating expenses of the project and services furnished.
- (b) The cost of necessary management and administration.
- (c) The amount of all taxes and assessments levied against the project of the Corporation or which it is required to pay, and ground rent, if any.
- (d) The cost of fire and extended coverage insurance on the project and such other insurance as the Corporation may effect or as may be required by any mortgage on the project.
- (e) The cost of furnishing water, electricity, heat, air conditioning, gas, garbage and trash collection, and other utilities, if furnished by the Corporation.
- (f) All reserves set up by the Board of Directors, including the general operating reserve and the reserve for replacements.
- (g) The estimated cost of repairs, maintenance and replacements of the project property made by the Corporation.
- (h) The amount of principal, interest, mortgage insurance premiums, if any, and other required payments on the hereinafter-mentioned insured mortgage.
- (i) Any other expenses of the Corporation approved by the Board of Directors, including operating deficiencies, if any, for prior periods.

The Board of Directors shall determine the amount of the Carrying Charges annually, but may do so at more frequent intervals, should circumstances so require. No member shall be charged with more than his/her proportionate share thereof as determined by the Board of Directors. That amount of Carrying Charges required for payment on the principal of the mortgage of the Corporation or any other capital expenditures shall be credited upon the books of the Corporation to the "Paid-In Surplus" account as a capital contribution by the members.

Until further notice from the Corporation, the Monthly Carrying Charges for the above mentioned dwelling unit shall be \$_____.

ARTICLE 2: WHEN PAYMENT OF CARRYING CHARGES COMMENCES

After a 30-day notice by the Corporation to the effect that the dwelling unit is or will be available for occupancy, or upon acceptance of occupancy, whichever is earlier, the member shall make a payment for Carrying Charges covering the remaining balance of the month. Thereafter, the member shall pay Carrying Charges in advance on the first day of each month.

ARTICLE 3: PATRONAGE REFUNDS

The Corporation agrees on its part that it will refund or credit to the member within 90 days after the end of each fiscal year, his/her 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, at the discretion of the Board of Directors.

ARTICLE 4: TERMINATION OF MEMBERSHIP

After submitting a 30-day written Notice of Intent to Vacate, the member shall have, on or before the expiration of said term:

- (a) Endorsed his/her Certificate of Membership for transfer in blank and deposited same with the Corporation,
- (b) Met all his/her obligations and paid all amounts due under this Agreement up to the time of said expiration, and
- (c) Vacated the premises, leaving the dwelling unit in good state of repair.

Upon compliance with the provisions 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 ARE TO BE OCCUPIED BY DESIGNATED OCCUPANTS

(Amended 3/1/2005)

Said premises shall be occupied by the designated person(s) on this Occupancy Agreement only. Having said premises occupied by more than said member(s) constitutes a breach of this Agreement. Eastern Gardens Management is to be notified in the event guests stay more than one week.

ARTICLE 6: DWELLING UNIT: FOR RESIDENTIAL PURPOSES ONLY

The member shall occupy the dwelling unit covered by this Agreement as a private dwelling unit for himself/herself and/or his/her immediate family and for no other purpose, and may enjoy the use in common with other members of the Corporation of all community property and facilities of the project so long as he/she continues to own a Membership Certificate of the Corporation. Member, if approved pursuant to Article 8 hereof, may enjoy the rights to which the member is entitled under this Article 6.

The member shall not permit or condone 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 he/she commit or permit any nuisance on the premises or commit or condone any immoral or 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 7: MEMBER'S RIGHT TO PEACEABLE RESIDENCY

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 his/her sole use and benefit the dwelling unit as described above. Upon occupancy, resident member may enjoy in common with all other members of the Corporation the use of all community property and facilities of the complex.

ARTICLE 8: NO SUBLETTING WITHOUT CONSENT OF CORPORATION

The member hereby agrees not to assign this Agreement or to sublet his /her dwelling unit without the written consent of the Corporation in a form approved by the Department of Housing and Urban Development (hereinafter referred to as HUD). The liability of the Member under this Occupancy Agreement shall continue notwithstanding that fact that he/she may have sublet the dwelling unit with the approval of the Corporation and the member shall be responsible to the Corporation for the conduct of his/her sub lessee. Any unauthorized subleasing shall, at the option of the Corporation, result in the termination and forfeiture of the member's rights under this Occupancy Agreement. Non-paying guests of the member may occupy member's unit under such conditions as may be designated by the Board of Directors in the Rules and Regulations.

ARTICLE 9: TRANSFERS

Neither this Occupancy Agreement nor the resident 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.

The member hereby certifies that neither he/she nor anyone authorized to act for him/her will refuse to sell his/her membership after the making of a bona fide offer, or refuse to negotiate for the sale of, or otherwise make unavailable or deny the membership to any person because of race, color, creed, age, or national origin. Any restrictive covenant or cooperative property relating to race, color, creed, age or national origin is recognized as being illegal and void and is hereby specifically disclaimed. Civil action for preventive relief may be brought by the Attorney General in any appropriate U.S. District Court against any person responsible for a violation of this certification.

ARTICLE 10: MANAGEMENT, TAXES AND INSURANCE

The Corporation shall provide necessary management, operation, and administration of the project; procure and 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 as required by any mortgage on 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 his/her personal property.

ARTICLE 11: UTILITIES

The Corporation shall provide water and the member shall pay directly to the supplier for all other utilities.

ARTICLE 12: REPAIRS

By Member: The member agrees to repair and maintain his/her dwelling unit at his/her own expense as follows:

- (a) Any repairs or maintenance necessitated by his/her own negligence or misuse;
- (b) Any redecoration of his/her dwelling unit; and
- (c) Any repairs, maintenance or replacements required on any items not approved by the Corporation of the following items: drapes and interior painting.

By Corporation: The Corporation shall provide and pay for all necessary repairs, maintenance, and replacements, except as specified in By Member Section 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 affect necessary repairs, maintenance, and replacement and to municipal agency, or others at any reasonable hour of the day and in the event of emergency at any time.

Right of Corporation to Make Repairs at Member's Expense. In case the Member shall fail to affect the repairs, maintenance, or replacements specified in the By Member Section of this Article in a manner satisfactory to the Corporation and pay for the same, the latter may do so and add the cost thereof to the member's next month's Carrying Charge payment.

ARTICLE 13: 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 steam pipes, electrical conduits, plumbing or other fixtures connected therewith, or remove any addition, improvements, or fixtures from the premises.

If the member for any reason shall cease to be an occupant of the premises, he/she shall surrender to the Corporation possession thereof, including any alteration, additions, fixtures and improvements.

A member shall not, without the prior written consent of the Corporation, install or use in his/her dwelling unit any air conditioning equipment, washing machine, clothes dryer, electric heater, or power tools. The member agrees that the Corporation may require the prompt removal of any such equipment at any time, and that his/her failure to remove such equipment upon request shall constitute a default within the meaning of Article 14 of this Occupancy Agreement.

ARTICLE 14: DEFAULT BY MEMBER AND RESOLUTION

It is mutually agreed as follows: At any time after the happening of any of the events specified in clauses (a) through (i) of this Article of the Corporation may at its option give to the member a notice that this Agreement will expire at a date not less than ten (10) days thereafter. If the Corporation so proceeds all of the member's rights under this Agreement shall expire on the date so fixed in such notice, unless in the meantime the default has been resolved 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 of the Corporation to re-enter the dwelling unit to remove all persons and personal property, at law or in equity or by any other proceedings which may apply to the eviction of tenants or by force or otherwise, and to repossess the dwelling unit in its former state as if this Occupancy 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 a Certificate of Membership 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 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 or membership 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 in Article 12 hereof.
- (h) In case the member shall fail to pay any sum due pursuant to the provisions of Article 1 or Article 11 hereof.
- (i) In case the member shall default in the performance of any of his/her obligations under this Agreement.

The member hereby expressly waives any and all right of redemption in case he/she shall be disposed by judgment or warrant of any court or judge. The words "enter", "re-enter", and "re-entry," as used in this Occupancy 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 inequity, 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 breach or threatened breach by the member of any covenant or provisions 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 law by a tenant of any provision of a lease or rental agreement.

The failure of 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 CORPORATE RULES & REGULATIONS

The member covenants that he/she will preserve and promote the cooperative ownership principles on which the Corporation has been founded, abide by the Charter, Bylaws, Rules and Regulations of the Corporation and any amendments thereto, and by his/her acts of cooperation with its other members bring about for himself/herself and co-members a high standard in home and community conditions. The Corporation agrees to make its Rules and Regulations known to the member by delivery of same to him/her or by promulgating them in such other manner as to constitute adequate notice.

ARTICLE 16: EFFECT OF FIRE LOSS ON INTERESTS OF MEMBER

In the event of loss or damage by fire or other casualty to the member's 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 membership and for reimbursement of the sustained loss.

If, under such circumstances, the Corporation determines to restore the premises, Carrying Charges 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 Carrying Charges shall cease from the date of such loss or damage.

ARTICLE 17: INSPECTION OF DWELLING UNIT

The member agrees that the representative 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 and at any time in the event of emergency.

ARTICLE 18: SUBORDINATION CLAUSE

The project, of which the above-mentioned dwelling unit is a part, was constructed or purchased by the Corporation with the assistance of a mortgage loan advanced to the Corporation by a private lending institution with the understanding between the Corporation and the lender that the latter would apply for mortgage insurance under the provisions of the National Housing Act. Therefore, 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 and subordinate to the lien of a first mortgage and the accompanying documents executed by the Corporation under date of December 1, 1971, payable to Advance Mortgage Corporation in the principle sum of \$1,600,600 with interest at 7 per centum, and insured under the provisions of the National Housing Act, and to any and all modifications, extensions and renewals thereof and to any mortgage or deed of trust made in replacement thereof and to any mortgage or deed of trust which may at any time hereafter be placed on the property of the Corporation 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, his or her 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 the Corporation his/her agent to receive and accept such notices on the member's behalf.

ARTICLE 19: IN CASE OF DEFAULT: LATE CHARGES AND OTHER COSTS

The member covenants and agrees that, in addition to 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 in an amount to be determined from time-to-time by the Board of Directors for each payment of Carrying Charges, or part thereof, more than five days in arrears.

If a member defaults in making a payment in Carrying Charges or in the performance or observance of any provisions of this Agreement, and the Corporation has obtained the services of an 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 costs of the suit, in addition to other aforesaid costs and fees.

ARTICLE 20: NOTICES

Whenever the provisions of law or the Bylaws of the Corporation or this Agreement require notice to be given to either party hereto, any notice by the Corporation to the member shall be deemed to have been duly given, and any demand by the Corporation upon the member shall be deemed to have been duly made if the same is delivered to the member at his/her dwelling unit or to the member's last known address; and any notice or demand by the member to the Corporation shall be deemed to have been duly given if delivered to an officer of the Corporation. Such notice may also be given by depositing same in the United States mail service addressed to the member as shown in the books of the Corporation, or to the President of the Cooperative, as the case may be, and the time of mailing shall be deemed to be the time of giving of such notice.

ARTICLE 21: ORAL REPRESENTATION NOT BINDING

No representation other than those contained in this Agreement, the Charter and the Bylaws of the Corporation shall be binding upon the Corporation.

ARTICLE 22: SECTION 8 MEMBERS

(a) Regularly Scheduled Re-Certification

Every year around the _____ day _____, the Cooperative will request the member to report the income and composition of the member's household and to supply any other information required by HUD for the purposes of determining the member's Carrying Charges and any assistance payment. The member agrees to provide accurate statements of this information and to do so by the date specified in the Cooperative's request. The Cooperative will verify the information supplied by the member and use the verified information to re-compute the amount of the member's Carrying Charge and any assistance payment.

- (i) If the member does not submit the required re-certification information by the date specified in the Cooperative's request, the Cooperative may impose the following penalties. The Cooperative may implement these penalties only in accordance with the administrative procedures and time frames specified in HUD's regulations, handbooks, and instruction related to the administration of multi-family subsidy programs.
 - 1) Require the member to pay the higher, HUD-approved market rate Carrying Charge for the dwelling unit.
 - 2) Implement any increase in Carrying Charge resulting from the re-certification processing without providing a 30-day notice.
- (ii) The member may request to meet with the managing agents or Board of Directors to discuss any change in Carrying Charges or assistance payment resulting from the re-certification processing. If the member requests such a meeting, the Cooperative agrees to meet with the member and discuss how the member's Carrying Charge and any assistance payment were computed.

(b) Reporting changes between regularly scheduled re-certification

- (i) If any of the following changes occur, the member agrees to advise the Cooperative immediately.

- 1) Any household member moves out of the dwelling unit.
 - 2) An adult member of the household who was reported as unemployed on the most recent certification or re-certification obtains employment.
 - 3) Before the household's income increases by more than \$40/month after the Cooperative has reduced the member's Carrying Charge because of a decrease in income reported pursuant to paragraph (ii) below or the member has submitted certification information showing an average monthly income of less than \$ _____ per household member.
- (ii) The member may report any decrease in income or any change in other factors considered in calculating the member's Carrying Charge. If the decrease in income or change in other factors will last more than 90 days, the Cooperative will verify the information and make the appropriate reduction.
 - (iii) If the member does not advise the Cooperative of these interim changes, the Cooperative may increase the member's Carrying Charge to HUD-approved market rate. The Cooperative may do so only in accordance with the time frames and administrative procedures of multi-family subsidy programs.
 - (iv) The member may request to meet with the Cooperative to discuss how any change in income or other factors affected his/her Carrying Charges or any assistance payment. If the member requests such meeting, the Cooperative agrees to meet with the member and explain how the member's Carrying Charge or any assistance payment was computed.

(c) Termination of Assistance

- (i) The member understands that assistance made available on his/her behalf may be terminated if any of the following events happen. Termination of assistance means that the Cooperative may make the assistance available to another member and the member's Carrying Charge will be recomputed. In addition, if the member's assistance is terminated because of criteria 1) or 2) below, the member will be required to pay the HUD-approved market rate Carrying Charges for the unit.
 - 1) The member submits false information on any application, certification, re-certification or request for interim adjustment for the purpose of obtaining a higher assistance payment or lower Carrying Charge and HUD approves the termination.
 - 2) The member does not provide the Cooperative with the information or reports required by Paragraph a) or b) within ten calendar days after the receipt of the Cooperative's Notice of Intent to terminate the member's assistance payment.
 - 3) The amount the member should be required to pay toward the Carrying Charge and utilities under HUD Rules and Regulations equals the Family Gross Rent shown on Attachment Number 1.
- (ii) The Cooperative agrees to give the member written notice of the proposed termination. The notice will advise the member that, during the 10 calendar days following the date of the notice, he/she may request to meet the Cooperative to discuss the proposed termination of assistance. If the member requests a discussion of the proposed termination, the Cooperative agrees to meet with the member.
- (iii) Termination of assistance shall not affect the member's other rights under this Agreement, including the right to occupy the unit. If assistance is terminated pursuant to Paragraph (c) (i) 1) or (c) (i) 2) above, assistance may subsequently be reinstated if the member submits the income or other data required by HUD procedures, the Cooperative determines the member is eligible for assistance, and assistance is available.

(d) Obligation of Repayment by Member

If the member submits false information on any application, certification, or request for interim adjustment or does not report interim changes in family income or other factors as required by Paragraph B of this Agreement, and as a result is charged a Carrying Charge less than the amount required by HUD's formulas, the member agrees to reimburse the Cooperative for the difference between the Carrying Charge he/she should have paid and the Carrying Charge he/she was charged. The member is not required to reimburse the Cooperative for undercharges caused solely by the Cooperative's failure to follow HUD's procedures for computing Carrying Charges or assistance payments.

(e) Size of Dwelling Unit

The member understands that HUD requires the Cooperative to assign dwelling units according to the size of the household and the age and sex of the household members. If the member is or becomes eligible for a different size unit, and the required size unit becomes available, the member agrees to:

- (i) Move within 30 days after the Cooperative notifies him/her that a dwelling unit of the required size is available within the project; or
- (ii) Remain in the same dwelling unit and pay the HUD-approved market rate.

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

EASTERN GARDENS COOPERATIVE, INCORPORATED CORPORATION

By: _____ (SEAL)

Member and Stockholder

OCCUPANTS (other than Member)
