

Seal Beach Mutual No. Sixteen

NEW STOCKHOLDERS OCCUPANCY AGREEMENT

File No. **16-0**

Seal Beach Mutual No. Sixteen (Mutual) and

(Stockholder) enter into this Occupancy Agreement on _____, at Seal Beach, California.

The Mutual owns and operates a senior cooperative housing development (Project) in Seal Beach, CA. Each (Stockholder—includes multiple owners) shall have the right to occupy a dwelling unit in the Mutual on the following terms and conditions:

Stockholder declares as follows:

- Stockholder owns one share of common capital stock, Series _____ (Stock);
- Stockholder has a bona fide intention to reside in the Project;
- Stockholder is able to live independently (if necessary, with assistance provided at Stockholder's expense) in the Project—the Mutual provides no assisted living services;
- Stockholder is able to meet the financial qualifications to reside in the Project; and
- Stockholder understands that the Project is a senior community and confirms that the Stockholder meets all requirements under state and federal law to reside in this senior community.

In consideration of One Dollar paid by the Stockholder to the Mutual and the exchange of promises in this Occupancy Agreement, the Mutual lets to the Stockholder _____, and the Stockholder hires and takes from the Mutual, dwelling unit number ____, Lot No. ____, Tract No. ____, at the address commonly known as _____, Seal Beach, CA 90740-5435 (Apartment).

Stockholder understands that the Apartment is leased to the Stockholder on the terms and conditions stated in this Occupancy Agreement, the application for membership, the application for occupancy, and the Mutual's articles of incorporation, bylaws and rules and regulations in force on the date of this agreement or as later adopted or amended, for a term terminating on

and renewable for successive three-year terms on the terms and conditions provided for renewals in this agreement.

Stockholder further understands that residence in the community is limited by law; only the Stockholder may permanently occupy the Apartment; any additional occupants must apply for occupancy; and the Mutual must approve that application before that additional person may occupy the Apartment.

ARTICLE 1. MONTHLY CARRYING CHARGES

Commencing as indicated below, the Stockholder agrees to pay to the Mutual a monthly sum (Carrying Charges) equal to one-twelfth of the Stockholder's proportionate share of the sum required by the Mutual, 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;
- (b) The operating expenses of the community facilities and the services furnished by the Golden Rain Foundation (Foundation);
- (c) The cost of necessary management and administration;
- (d) The amount of all taxes and assessments levied against the Project or which the Mutual is required to pay;
 1. In the event the taxing authority makes a separate assessment as to the value of each dwelling unit:
 - A) The proportionate share of taxes to be paid for the Apartment shall be determined by the ratio of the assessed value of the Apartment to the total assessed value of all the Mutual's dwelling units;
 - B) The Stockholder agrees to pay the amount of taxes determined by the taxing authority for the Apartment;

- C) The amount due in taxes on the Apartment, if any, shall be included in the Carrying Charges.
- (e) The cost of fire and extended insurance on the Project and any other insurance the Mutual may effect;
- (f) The cost of utilities including water, electricity, garbage and trash collection and other utilities to the extent the Mutual furnishes them (See Article 10);
- (g) All reserves set up by the board of directors, including the general operating reserve and the reserve for replacements;
- (h) The Mutual's estimated cost of repairs, maintenance and replacement of Project property;
- (i) Any other Mutual expenses approved by its board of directors, including operating deficiencies, if any, for prior periods.

The Mutual's board of directors shall determine the Carrying Charges from time to time. The Mutual shall estimate the Carrying Charges on an annual basis and divide the amount by the number of months remaining in the then current fiscal year. In no event shall the Mutual charge the Stockholder more than the Stockholder's proportionate share of the Carrying Charges. The portion of the Carrying Charges required for capital expenditures shall be credited on the Mutual's books to the "Paid in Surplus" account as a capital contribution by the Stockholder. Until further notice from the Mutual, the monthly Carrying Charges for the Apartment shall be \$_____. Carrying Charges payments paid by check shall be made out to: Seal Beach Mutual No. Sixteen.

ARTICLE 2. WHEN PAYMENT OF CARRYING CHARGES TO COMMENCE

On approval for occupancy, or thirty days after the Mutual gives the Stockholder notice to the effect that the Apartment is available for occupancy, whichever is earlier, the Stockholder shall pay the Carrying Charges due for the unexpired balance of the initial month. For each subsequent month, the Stockholder shall pay the Carrying Charges due for that month in advance.

ARTICLE 3. PATRONAGE REFUNDS

The Mutual agrees that, within ninety days after the end of each fiscal year, it will refund or credit, in the discretion of the Mutual's board of directors, to the Stockholder the Stockholder's proportionate share of sums collected in anticipation of expenses that are in excess of the amount needed for expenses of all kinds, including reserves.

ARTICLE 4. OPTION TO RENEW

The Occupancy Agreement shall automatically renew for further three-year periods, beginning from the expiration of the original term, on the same terms and conditions set out in this Occupancy Agreement, unless the Stockholder does the following:

- (a) Gives the Mutual written notice of the Stockholder's election not to renew at least four months before the expiration of the then current term; and
- (b) On or before the expiration of said term:
 - 1) Endorses the Stockholder's membership certificate for transfer in blank and deposits that membership with the Mutual;
 - 2) Meets all the Stockholder's obligations and pays all amounts due under the Occupancy Agreement up to the time of said expiration; and
 - 3) Vacates the Apartment, leaving same in good state of repair.

The Stockholder's liability under the Occupancy Agreement terminates, and the Stockholder shall be entitled to no payment from the Mutual, on compliance with provisions (a) and (b) of this Article.

ARTICLE 5. APARTMENT IS TO BE USED ONLY FOR RESIDENTIAL PURPOSES

The Stockholder shall occupy the Apartment as a private residence for himself and, if approved by the Mutual, for other occupants who qualify under state and federal law to live in a senior community, and for no other purpose. The Stockholder agrees to follow all requirements regarding qualification for, and continued residence in, a senior community and that any failure to do so constitutes a default and material breach of this agreement. Such requirements include following the Mutual's procedures regarding the approval and registration of permitted health care residents and qualified permanent residents. Guests may stay overnight for no more than 60 days in any 12 months.

The Stockholder shall not allow, or force others to endure, anything done or kept on or in the Apartment, or its surrounding

grounds, that will increase the insurance rate on the building or its contents, or that will obstruct or interfere with the rights of other occupants, or annoy them by unreasonable noises or otherwise. Nor will the Stockholder commit or allow any nuisance on the Apartment's premises, or commit, or force others to endure, any immoral or illegal act to be committed on the Apartment's premises.

The Stockholder shall comply with all of the requirements of governmental authorities, including health and fire codes, with respect to using the Apartment. If the insurance rate on the building increases because of the Stockholder's use or occupancy of the Apartment, the Stockholder will be personally liable for the additional insurance premiums.

ARTICLE 6. MEMBER'S RIGHT TO PEACEABLE POSSESSION

In return for the Stockholder's continued fulfillment of the terms and conditions of the Occupancy Agreement, the Mutual agrees that the Stockholder may, while this Agreement remains in effect, have and enjoy the Apartment for the Stockholder's sole use and benefit, after obtaining occupancy.

The Stockholder may use, in common with the other Mutual members, all community property and facilities of the Project, as well as the community facilities held in trust by the Foundation, so long as the Stockholder continues to own the Stock, occupies the Apartment, and abides by the terms of the Occupancy Agreement.

ARTICLE 7. NO SUBLETTING

The Stockholder may not sublet the Apartment. Violation of this provision shall, at the option of the Mutual, result in termination and forfeiture of the Stockholder's rights under this Agreement.

ARTICLE 8. TRANSFERS

The Stockholder may not assign or transfer this Occupancy Agreement or the Stockholder's occupancy rights, except as the Mutual's bylaws allow at the time the Stockholder desires to make the transfer. If on the Stockholder's death, the Share passes to the Stockholder's heirs or assigns (Heirs), the Heirs must, within 60 days of that death apply and qualify for membership and occupancy. If the Heirs do not timely apply for membership or do not qualify for membership and occupancy, the Mutual may buy the Stock or it may exercise its power to sell the Stock at the market and distribute the proceeds to the Heirs minus any funds due to the Mutual.

ARTICLE 9. MANAGEMENT, TAXES AND INSURANCE

The Mutual 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 required in the Project, and such other insurance as the Mutual may deem advisable on the property in the Project.

The Mutual does not provide insurance on the Stockholder's interest in the Apartment, its contents or interior improvements. Each Stockholder is required as a condition of occupancy to provide and maintain adequate insurance coverage for the Stockholder's liability and personal property in the Apartment. Adequate insurance is insurance sufficient to cover the value of the Apartment's contents and the usual potential liabilities covered in a contents policy, including coverage for the Stockholder's negligent acts that may injure others. Each policy of insurance under this provision must give notice to the Mutual of any cancellation or non-renewal.

ARTICLE 10. UTILITIES

The Mutual shall provide water for interior and exterior use, electricity for exterior lighting, and Laundry room operation, sewage disposal, and garbage and trash collection. The cost of these services shall be included in the Carrying Charges.

The Stockholder shall pay for electricity for use within the Apartment.

ARTICLE 11. REPAIRS AND ENTRIES

The Stockholder agrees to repair and maintain the Apartment at the Stockholder's own expense as follows:

- (a) Any repairs or maintenance necessitated by the Stockholder's own negligence or misuse; and
- (b) Any redecoration of the interior of the Stockholder's Apartment; and
- (c) Any repairs or maintenance of all fixtures, appliances (except major repairs, including rebuilding or replacement of

principal components, *e.g.*, fan motors, refrigeration unit, etc.) and other items within the interior surfaces of the perimeter walls, floors and ceiling of the Apartment.

The Mutual shall provide and pay for all necessary repairs and maintenance, except those assigned to the Stockholder above, and for replacement of Mutual-furnished appliances or fixtures. The Mutual is responsible for replacing and maintaining Mutual-furnished appliances only, and it provides for maintenance of the installed electrical ceiling heating grid systems. The Mutual does not repair, maintain, or replace appliances provided by the Stockholder.

The Mutual's officers and employees shall have the right to enter the Apartment to inspect the Apartment and make 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, with 24-hours notice, and, in the event of emergency to property, at any time. The Mutual shall have a right and obligation to document the Apartment's conditions during any entry for inspection or repair, etc., by photographic or other means.

In the event of an emergency, to persons, the Mutual's officers, agents and employees shall have the right to enter the Apartment to ensure the life and health of the Stockholder or the Stockholder's guests or other persons present at any time. The Stockholder shall provide a key in a lock box for the Mutual's officers, agents, and employees to enter the apartment during emergencies indicating a danger to life or property. The Mutual shall have a right and obligation to document the condition of the Apartment and the Stockholder's personal property during any entry due to emergency to persons by photographic or other means.

The Mutual may make the repairs, maintenance or replacements assigned to the Stockholder in case the Stockholder fails to do so, or does so in a manner not satisfactory to the Mutual at its expense, and then add the cost of those repairs, maintenance, or replacements to the Stockholder's next monthly Carrying Charge invoice.

Except as provided in this Occupancy Agreement, related agreements, policies, or bylaws, notice regarding right of entry is governed by Civil Code section 1954 or its successor.

ARTICLE 12. ALTERATIONS AND ADDITIONS

The Stockholder shall not make any structural alterations in the Apartment, or in the water, electrical conduits, plumbing, or other related fixtures, or remove any additions, improvements, or fixtures from the Apartment without the Mutual's written consent.

If the Stockholder, for any reason, ceases to occupy the Apartment, the Stockholder shall surrender to the Mutual possession of the Apartment, including any alterations, additions, fixtures, and improvements.

The Stockholder shall not install or use in the Apartment any air conditioning equipment, washing machine, clothes dryer, or shop tools except hand-portable power tools without the Mutual's prior written consent. The Stockholder agrees that the Mutual may require the prompt removal of any such equipment at any time, and the Stockholder's failure to remove such equipment on the Mutual's request constitutes a default within the meaning of Article 14 of the Occupancy Agreement.

ARTICLE 13. MEMBERSHIP IN THE FOUNDATION

The Stockholder is required to have an active membership in the Foundation as a condition of occupancy of the Apartment and is subject to the Foundation's requirements concerning that membership. The Stockholder must apply for and be approved for membership in the Foundation under the Foundation's bylaws and pay whatever membership fee the Foundation has established. The Foundation provides that information separately.

The Foundation owns the community facilities in trust, and operates and maintains them within Leisure World for the benefit of all of the mutual corporations in the Leisure World development. The Mutual's Stockholders have rights to use and enjoy those facilities pursuant to their occupancy in the Mutual and their membership in the Foundation. The Foundation also provides certain services, including administrative and recreational services.

The extent and nature of, and charges for, the facilities and services provided by the Foundation and the persons to whom those services are available are determined from time to time pursuant to agreement between the Mutual, the Foundation, and the other mutuals corporations in Leisure World. The operating expenses of the community facilities and the services furnished by the Foundation are included in the Carrying Charges. The Foundation furnishes to the Stockholder in escrow a copy of the current fees for additional services provided by the Foundation. The Stockholder is responsible for such charges in addition to the Carrying Charges.

ARTICLE 14. DEFINITION AND EFFECT OF DEFAULT BY MEMBER

In the event that any of the events specified in paragraphs (a) to (k) below occur, the Mutual may give to the Stockholder notice that the Stockholder's right to occupy under this Occupancy Agreement will expire at a date not less than 30 days from the date of

notice. In the case of the default specified in paragraph (h), notice shall be 10 days instead of 30 days. All covenants are to be construed as conditions. Time is of the essence in all matters where time is at issue.

If the Mutual issues the notice of the default described above, the Stockholder's right to occupy the Apartment will expire on the date fixed in the notice. The Mutual may restore the Stockholder's right to occupy the Apartment if the default has been cured in a manner deemed satisfactory to the Mutual before the expiration of the notice period. The Stockholder agrees that it shall be lawful and permitted for the Mutual to reenter the Apartment and remove all persons and personal property from the Apartment, either by summary dispossession proceedings or by suitable action or proceeding at law or in equity or by any other proceeding which may apply to the eviction of tenants or by force or otherwise, and to repossess the Apartment as if this Agreement had not been made:

If, at any time during the term of this Occupancy Agreement, the Stockholder shall cease to be the owner and legal holder of the Stock;

- (a) If the Stockholder attempts to transfer or assign this Occupancy Agreement in a manner inconsistent with the provisions of the bylaws.
- (b) If, during the term of the Occupancy Agreement, a court of law declares the Stockholder bankrupt under the laws of the United States.
- (c) If, during the term of the Occupancy Agreement, a court of law appoints a receiver of the Stockholder's property pursuant to state or federal laws.
- (d) If, during the term of the Occupancy Agreement, the Stockholder makes a general assignment for the benefit of creditors.
- (e) If, during the term of the Occupancy Agreement, a court orders a levy on, and the sale of, any of the Mutual's stock owned by the Stockholder.
- (f) If the Stockholder fails to make, and/or pay for, repairs and maintenance as required in Article 11 of the Occupancy Agreement or commits waste.
- (g) If the Stockholder fails to pay any sum due under the terms of Articles 1 or 10 of the Occupancy Agreement.
- (h) If the Stockholder fails to pay any charge which, if not paid, could become a lien against the Project.
- (i) If the Stockholder, without the prior written approval of the Mutual, allows a co-occupant(s) to occupy the Apartment permanently. Occupancy for more than 60 days in any calendar year by any person not approved for occupancy is permanent occupancy for the purposes of this section.
- (j) If the Stockholder defaults in the performance of any obligations under this Occupancy Agreement.
- (k) If, at any time during the term of this Occupancy Agreement, the Stockholder shall abandon the Apartment.

The Stockholder expressly waives any and all right of redemption in case the Stockholder shall be dispossessed by judgment or warrant of any Court or judge. The words "enter," "reenter," and "reentry," as used in the Occupancy Agreement, are not restricted to their technical legal meaning. In the event the Stockholder breaches or threatens to breach any of the terms or conditions of the Occupancy Agreement, the Mutual shall have the right to invoke any remedy allowed at law or in equity, as if reentry, summary proceedings, and other remedies were not provided for in the Occupancy Agreement.

The Stockholder expressly agrees that there exists under this Occupancy Agreement a landlord-tenant relationship and that, in the event the Stockholder breaches or threatens to breach any of the terms or conditions of the Occupancy Agreement, there shall be available to the Mutual the legal remedy or remedies available to a landlord under applicable law for the breach or threatened breach by a tenant of any provision of a lease or rental agreement.

Notwithstanding any other provisions of this Agreement, if the Stockholder is in default of the Occupancy Agreement, the Stockholder expressly waives any and all notices and demands for possession as provided for under applicable law.

The Mutual's failure to avail itself of any remedy under this Agreement shall not waive nor destroy the Mutual's right to avail itself of such remedies for similar or other breaches by the Stockholder.

ARTICLE 15. MEMBER TO COMPLY WITH ALL CORPORATE REGULATIONS

The Stockholder agrees to abide by the Mutual's articles of incorporation, bylaws, and rules and regulations in force on the date of this agreement or as later adopted or amended.

ARTICLE 16. EFFECT OF FIRE LOSS ON INTERESTS OF MEMBER

In the event of loss or damage by fire or other casualty to the Apartment, without the Stockholder's fault or negligence, the Mutual shall determine whether to restore the damaged Apartment.

If the Mutual determines to restore the Apartment, the Carrying Charges shall abate, totally or in part—as the Mutual determines—until the Apartment has been restored.

In the event the Mutual determines not to restore the Apartment, the Mutual shall further determine the amount that it shall pay to the Stockholder to redeem the Stock and to reimburse the Stockholder for the loss the Stockholder may have sustained. If the Mutual determines not to restore the Apartment, the Carrying Charges shall cease from the date of such loss or damage.

ARTICLE 17. INSPECTION OF DWELLING UNIT

The Stockholder agrees that the Mutual, its officers and employees, and with the Mutual's approval, the employees of any contractor, utility company, municipal agency or others, shall have the right to enter the Apartment to inspect and/or repair it at any reasonable hour of the day with notice. Reasonable notice is either 24-hours written notice personally delivered to the Stockholder, or, posted at, or delivered to a person of suitable age, at the Apartment. The Mutual may also serve the written notice by mail sent at least six days in advance.

ARTICLE 18. ABANDONMENT

The Stockholder agrees that if the Carrying Charges have not been paid for 60 days, and the Mutual believes the Apartment has been abandoned, the Mutual may issue a Notice of Belief of Abandonment (Abandonment Notice) pursuant to Civil Code section 1951.3 at its discretion. If the Mutual elects not to serve an Abandonment Notice, the Mutual may proceed as provided for in Article 14 for any default.

If after 15 days of service of the Abandonment Notice, the Stockholder has not responded as requested in the Abandonment Notice, the Stockholder shall be in default and the Stockholder's rights under the Occupancy Agreement shall terminate as provided for in Article 14.

ARTICLE 19. SUBORDINATION

This Occupancy Agreement is and shall be subject and subordinate to any mortgages or deeds of trust now a lien upon the Project—of which the Apartment forms a part—and to any and all extensions, modifications, renewals and replacements of those mortgages, deed of trust, or deeds of trust and this Occupancy Agreement may, at the Mutual's option, be made subject and subordinate to the lien of any other mortgage or mortgages, deed of trust, or deeds of trust which shall at any time be placed on the Project.

The Stockholder agrees to execute, at the Mutual's request and expense, any instrument that the Mutual or any lender may deem necessary or desirable to effect the subordination of the Occupancy Agreement to any mortgage, deed of trust, or deeds of trust on the Project which includes all land owned by the Mutual. The Stockholder appoints the Mutual and each of its officers as his irrevocable attorney-in-fact during the term of this Occupancy Agreement to execute any instrument set out above on the Stockholder's behalf.

The Stockholder expressly waives any notices of default and of foreclosure of said mortgage, deed of trust, or deeds of trust that are required by law. In the event this waiver is not legally valid, the Stockholder appoints the Mutual as its agent to receive and accept such notices on the Stockholder's behalf.

ARTICLE 20. NOTICES

Whenever the provisions of law or the Mutual's bylaws or the Occupancy Agreement require that one party give notice to the other party, such notice may be given by depositing the written notice in a post office, in a post-paid, sealed envelope addressed to the person to whom the notice is to be given, at the person's address as the person's address appears in the Mutual's books, and the time when the notice is mailed shall be deemed to be the time of giving of such notice.

ARTICLE 21. FISCAL REPORTS

The Mutual shall provide a statement of the Mutual's income and disbursements to the Stockholder at the end of each fiscal year.

ARTICLE 22. ORAL REPRESENTATION NOT BINDING

No representations other than those contained in the Occupancy Agreement, the Mutual’s articles of incorporation, bylaws, and rules and regulations in force on the date of this agreement or as later adopted or amended, shall be binding upon the Mutual.

ARTICLE 23. REMEDIES

The exercise of any of the rights or remedies as provided in the Occupancy Agreement 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 or remedies, whether provided by the Occupancy 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 Stockholder to perform or observe any provision of the Occupancy Agreement.

ARTICLE 24. LATE CHARGES AND OTHER COSTS IN CASE OF DEFAULT

The Stockholder agrees that, in addition to the other sums that have become or will become due, under the terms of the Occupancy Agreement, the Stockholder shall pay the Mutual a late charge of \$10.00 or 10%, whichever is greater, for each Carrying Charges payment, or part of the Carrying Charges payment, that is more than 15 days in arrears.

Both state law and the Corporation’s governing documents provide for interest on the delinquent assessment, late charges, and collection fees costs. Accordingly, interest may be imposed thirty (30) days after the assessment is due, at an annual percentage rate not to exceed Twelve Percent (12%), consistent with Civil Code Section 5650.

If stockholder defaults in making a payment of Carrying Charges or in the performance or observance of any provision of this Agreement, and the Mutual has obtained the services of any attorney with respect to the defaults involved, the Stockholder agrees to pay to the Mutual any costs or fees involved, including reasonable attorney's fees, notwithstanding the fact that a suit has not yet been instituted or does not go to judgment. If the Mutual files suit, the Stockholder also agrees to pay the cost of the suit.

NOTE:

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

THIS AGREEMENT IS SUBJECT TO THE LIMITATIONS IMPOSED BY CIVIL CODE SECTION 51.3 AND AS LATER AMENDED REGARDING SENIOR HOUSING.

SEAL BEACH MUTUAL NO. SIXTEEN

STOCKHOLDER

[Mutual Officer’s Name] [Title]

[Stockholder’s Name]

[Mutual Officer’s Signature]

[Stockholder’s Signature]

[Stockholder’s Name]

[Stockholder’s Signature]

[Stockholder’s Name]

[Stockholder’s Signature]