

**MONTGOMERY MUTUAL, INC.
OCCUPANCY AGREEMENT**

File No. _____

THIS OCCUPANCY AGREEMENT made and entered into this _____ day of _____ 20____, (hereinafter referred to as the “Agreement”) by and between Montgomery Mutual, Inc., (hereinafter referred to as the “Corporation” or the “Cooperative”) a corporation having its principal office and place of business at 3701 Rossmoor Blvd., Silver Spring, Maryland 20906 and _____ (hereinafter referred to as “Member”).

RECITALS

WHEREAS, the Corporation is the owner and operator of a cooperative housing project located at Rossmoor Leisure World of Maryland, (hereinafter referred to as “Leisure World”), whose members shall have the right to occupy the dwelling units thereof under the terms and conditions hereinafter set forth; and

WHEREAS, the Member is the owner of one (1) share of capital stock of the Corporation and holder of a certificate of membership, Series _____, of the Corporation and, unless otherwise provided for herein, has a bona fide intention to reside within Leisure World;

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) 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 leases to the Member, and the Member hereby leases from the Corporation, dwelling unit number _____, together with the appurtenances and fixtures and any terraces, balconies or patios the use of which is allocated exclusively to the occupants of the dwelling unit, located within Leisure World (hereinafter referred to as the “Dwelling Unit”);

TO HAVE AND TO HOLD said Dwelling Unit unto the Member, his or her heirs, executors, administrators and authorized assigns, on the terms and conditions set forth herein and in the Articles of Consolidation and the Amended and Restated Bylaws (hereinafter referred to as the “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 of three (3) years and automatically renewable thereafter for successive three (3) year terms, unless terminated, under the conditions provided for herein.

DEFINITIONS:

- (a) "Annual Expenses" is defined in Article 1 hereof.
- (b) "Bylaws" is defined in the Recitals set forth above.
- (c) "Candidate Sign" is defined in Article 13.4 hereof.
- (d) "Cooperative Fee" or "Coop Fee" is defined in Article 1 hereof.
- (e) "Dwelling Unit" is defined in the Recitals set forth above.
- (f) "Immediate Family" is defined in Article 5.1 hereof.
- (g) "Leisure World" is defined in the Recitals set forth above.
- (h) "Member" is defined in the opening paragraph hereof.
- (i) "Mutuals" is defined in Article 14 hereof.
- (j) "No-Impact Home Based Business" is defined in Article 6.1 hereof
- (k) "Non-Member Occupant" is defined in Article 5.1 hereof.
- (l) "Occupancy Agreement" is defined in the opening paragraph hereof.
- (m) "Recognition Agreement" is defined in Article 9.4 hereof.
- (n) "Rent" is defined in Article 1 hereof.
- (o) "Special Assessment" is defined in Article I hereof.
- (p) "Trustee" is defined in Article 1 hereof.

ARTICLE 1. MONTHLY COOP FEE.

(1) The rent payable by the Member during the term of this Agreement shall include the Coop Fee, as hereinafter defined, and any other sum due to the Cooperative from the Member in accordance with the terms of this Agreement (hereinafter referred to singularly and collectively referred to as "Rent"). Commencing at the time indicated in ARTICLE 2 hereof, the Member agrees to pay to the Corporation, or its authorized agent, a monthly sum in the amount established by the Board of Directors from time to time as required by the Corporation, as estimated by its Board of Directors, to meet its annual expenses, (hereinafter referred to as "Cooperative Fee" or "Coop Fee") including but not limited to the following items (hereinafter collectively referred to as the "Annual Expenses"):

- (a) The cost of all operating expenses of the property and services furnished, including charges by the community facilities Trustee (hereinafter called the "Trustee") for facilities furnished by the Trustee.
- (b) The cost of necessary management and administration.
- (c) The amount of all taxes and assessments levied against the property of the Corporation or which it is required to pay.
- (d) The cost of fire and extended coverage insurance on the property of the Corporation and such other insurance as the Corporation may effect or as may be required by any mortgage on the property of the Corporation.
- (e) The cost of furnishing water, electricity, heat, garbage and trash collection, and other utilities, to the extent furnished by the Corporation.

(f) All reserves set up by the Board of Directors.

(g) The estimated cost of repairs, maintenance and replacements of the property to be made by the Corporation.

(h) The amount of principal, interest, mortgage insurance premiums, and other required payments on any mortgage held by the Corporation.

(i) Any other expenses of the Corporation approved by the Board of Directors, including operating deficiencies, if any, for prior periods.

(2) The Board of Directors shall determine the amount of the Coop Fee annually, but may do so at more frequent intervals should circumstances so require. No Member shall be charged with more than his or her share thereof as determined by the Board of Directors. That amount of the Coop Fee required for payment on the principal of the mortgage of the Corporation, if any, 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 Coop Fee for the above-mentioned Dwelling Unit shall be \$_____. The Member shall also pay to the Corporation any special assessment that may be levied by the Board of Directors from time to time to pay for any repair, alteration or improvement to the Cooperative's property or any deficit from operations for a prior period or other cash requirements. Such special assessments shall be deemed Rent and shall be payable in a lump sum or in periodic installments as the Board of Directors shall determine.

(3) The failure of the Board of Directors to determine the Annual Expenses for any year or portion thereof shall not be deemed a waiver or modification in any respect of the covenants and provision hereof, or a release of the Member from the obligation to pay the Coop Fee, but the Coop Fee computed on the basis of the Annual Expenses as last determined for any year, or portion thereof, shall thereafter continue to be the Coop Fee until a new determination of the Annual Expenses shall be made by the Board of Directors.

ARTICLE 2. WHEN PAYMENT OF COOP FEE TO COMMENCE.

Upon the resale of a membership of the Corporation, the Coop Fee shall become payable as established in the escrow agreement between the seller and the new buyer. The retiring Member shall be responsible for the Coop Fee pro-rated from the first day of the month in which the transfer occurs to the last day of his or her ownership and the new Member shall be responsible for payment of the Coop Fee prorated from his or her first day of ownership to the last day of the month in which the transfer occurs. Thereafter, the Member shall pay the Coop Fee each month, in advance, payable on the first day of each month unless the Board of Directors shall direct otherwise. There shall not be any deduction from the Coop Fee on account of any set-off or claim which the Member may have against the Corporation.

ARTICLE 3. PATRONAGE REFUNDS.

At the discretion of the Board of Directors, the Corporation may refund or credit to the Member, within ninety (90) days after the end of each fiscal year, his or her 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.

ARTICLE 4. RENEWAL OF TERM.

This Agreement shall be for an initial term of three (3) years and shall automatically renew for additional three (3) year terms at the expiration of the previous term upon the same covenants and agreements, other than the amount of the Coop Fee unless: (1) notice of the Member's election not to renew shall have been given to the Corporation, in writing, at least sixty (60) days 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 his or her membership certificate for transfer in blank and deposited same with the Corporation, and (b) met all his or her obligations and paid all amounts due under this Agreement up to the time of said expiration, and (c) vacated the Dwelling Unit leaving same in good condition and repair. Upon compliance with provisions (1) and (2) of this Article, the Member shall have no further liability under this Agreement and shall not be entitled to payment from the Corporation.

ARTICLE 5. OCCUPANCY OF DWELLING UNIT.

(1) If a Member is fifty-five (55) years of age or over, that Member may occupy the Dwelling Unit covered by this Agreement as a private Dwelling Unit for himself or herself and/or his or her Immediate Family members who are at least fifty-five (55) years of age or over 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 Leisure World so long as he or she abides by the terms of this Agreement. As used herein, the term Immediate Family shall be deemed either (a) the Member's spouse; or (b) one additional adult having a relationship with the Member recognized as the equivalent to a spouse and (i) the Member's parents, grandparents, children, siblings; and (ii) the parents, grandparents, children or siblings of such spouse or additional adult. If, however, the Member is less than fifty-five (55) years of age, then the Dwelling Unit may be occupied by a member of the Member's Immediate Family who is fifty-five (55) years of age or over hereinafter referred to as the "Non-Member Occupant"). The Non-Member Occupant shall be a party to and sign this Agreement. In no event shall (i) more than two (2) adults occupy the Dwelling Unit; or (ii) any occupant of the Dwelling Unit be less than fifty-five (55) years of age without the prior written approval of the Board of Directors, which consent may be withheld or granted on such conditions as the Board of Directors may in its sole discretion impose. No guests, employees, caregivers or family members may occupy the Dwelling Unit for more than thirty (30) days unless the Member or the Non-Member Occupant is concurrently residing in the Dwelling Unit. The Member shall notify the Corporation of all occupants' names, ages and relationship of the occupants to the Member.

(2) Occupancy of the Dwelling Unit shall also be determined in accordance with the Articles of Consolidation, the Bylaws and the rules and regulations enacted by the Board of

Directors and when enacted, such rules and regulations shall be deemed incorporated into this Agreement. Notice of any new or modified rules shall be given to all Members and occupants of Dwelling Units affected thereby. A violation of the rules and regulations shall constitute a breach of this Agreement and such violation shall be subject to such sanctions, as determined by the Board of Directors, including, but not limited to the levying of a monetary fine. All Members and occupants of the Dwelling Unit must comply with the terms of this Agreement, all of the rules and regulations now in effect and hereafter adopted by the Board of Directors of the Corporation and by Leisure World Community Corporation, Trustee its successors and assigns for the use of all community property and facilities. The Corporation shall not be responsible to the Member or any other occupant of the Dwelling Unit for the non-observance or violation of this Agreement or the rules and regulations by any other Member or occupant of a Dwelling Unit.

(3) Neither the Member nor any occupant of the Dwelling Unit shall do any act or permit or suffer anything to be done in the Dwelling Unit or anywhere within the building in which the Dwelling Unit is located (hereinafter referred to as the "Premises") or within Leisure World which is in violation of law, is hazardous, or will increase the rate of insurance for the Dwelling Unit or the Premises or on the contents thereof. If by reason of the occupancy or use of said Dwelling Unit by the Member or any other occupant of the Dwelling Unit, the rate of insurance on the Dwelling Unit or the Premises shall increase, the Member shall become personally liable for the additional insurance premiums and said amount shall be collected as Rent due on the first day of the calendar month following written demand therefore by the Corporation.

(4) Neither the Member nor any occupant of the Dwelling Unit shall do any act or permit anything to be done in the Dwelling Unit, the Premises or within Leisure World which will obstruct or interfere with the right of Members or other occupants, or annoy them by unreasonable noises or otherwise, nor will they commit or permit any nuisance in the Dwelling Unit, the Premises or Leisure World or commit or suffer any immoral or illegal act. The Member and other occupants of the Dwelling Unit shall comply with all health requirements and all other governmental authorities with respect to the Dwelling Unit and the Premises.

ARTICLE 6. DWELLING UNIT AND PREMISES TO BE USED FOR RESIDENTIAL PURPOSES ONLY.

(1) Definitions. For purposes hereof, a "No-Impact Home-Based Business" means a business that:

- (a) Is consistent with the residential character of the Dwelling Unit;
- (b) Is subordinate to the use of the Dwelling Unit for residential purposes and requires no external modifications that detract from the residential appearance of the Dwelling Unit;
- (c) Uses no equipment or process that creates noise, vibration, glare, fumes, odors, or electrical or electronic interference detectable by neighbors or that causes an increase

of Annual Expenses that can be solely and directly attributable to a No-Impact Home-Based Business; and

(d) Does not involve use, storage, or disposal of any grouping or classification of materials that the United States Secretary of Transportation of the State or any local governing body designated as a hazardous material.

(2) Permitted Activity. No-Impact Home Based Businesses shall be considered a residential activity and a permitted activity, subject to the following requirements:

(a) No-Impact Home Based Businesses are prohibited in any areas constituting portions of the Cooperative possessed in common by Members; and

(b) Every Member or other occupant of the Dwelling Unit who operates a No-Impact Home Based Business may be required to remit a fee to the Cooperative on an annual basis at the maximum amount allowed by law.

(3) Prohibiting No-Impact Home Based Business. No-Impact Home Based Businesses may be prohibited within the Cooperative provided that a majority of the total eligible votes of the Cooperative vote in favor of prohibiting No-Impact Home Based Business. The prohibition against No-Impact Home Based Business may be eliminated and No-Impact Home Based Businesses may be approved by the vote of a majority of the total eligible votes of the Cooperative.

ARTICLE 7. MEMBER'S RIGHT TO PEACEABLE POSSESSION.

In return for the Members' and other occupants' continued fulfillment of the terms and conditions of this Agreement, the Corporation covenants that the Member and all other lawful occupants may, at all times while this Agreement remains in effect, have and enjoy for his or her sole use and benefit the Dwelling Unit hereinabove described, after obtaining occupancy, and may enjoy in common with other Members of the Corporation the use of all community property and facilities of Leisure World.

ARTICLE 8. NO SUBLETTING WITHOUT CONSENT OF CORPORATION.

The Member hereby agrees neither to assign this Agreement nor to sublet his or her Dwelling Unit without the prior written consent of the Corporation on a sublease form approved by the Corporation's Board of Directors. The Board of Directors shall have the right to establish, from time to time, a form sublease and to require the Member to use such approved form of sublease. Unless otherwise approved by the Board of Directors, all subtenants shall be over fifty-five (55) years of age and in compliance with all of the occupancy requirements contained in Article V of this Agreement. Subletting shall include the occupancy of the Dwelling Unit by any person whether or not rent is paid to the Member or other lawful occupant of the Dwelling Unit by the subtenant. To undertake a sublease of a Dwelling Unit, the Member shall be required to submit to the Board of Directors a copy of the executed sublease and an information form concerning the prospective subtenant not less than twenty-one (21) days prior to the effective

date of the sublease. The Board of Directors shall have the right to review the sublease to determine whether the sublease conforms to the requirements set forth herein. Such review shall be deemed to have been completed if no request for further information is made by the Board of Directors within twenty-one (21) days following submittal by the Member of a copy of the executed sublease and information form. There shall be no limitation on the right of the Board of Directors to grant or withhold consent to a sublet. The Corporation may impose such limitations and restrictions upon subletting as the Board of Directors, in its sole discretion, may determine. During the term of this Agreement and any renewals thereof, a Member shall be permitted to sublease his or her Dwelling Unit one (1) time for one (1) term. Any additional sublease terms, or renewal of an existing sublease, shall require the prior consent of the Board of Directors which consent may be withheld by the Board within its sole and absolute discretion. All subleases shall be for a minimum term of six (6) months and for no longer than a term of two (2) years, unless a longer term is approved by the Board of Directors. No sublease shall be for a portion of the Dwelling Unit. The liability of the Member under this Agreement shall continue notwithstanding the fact that he or 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 or her subtenant. Any unauthorized subleasing shall, at the option of the Corporation, result in the termination and forfeiture of the Member's rights under this Agreement.

ARTICLE 9. RESALE AND ASSIGNMENT OF OCCUPANCY AGREEMENT.

(1) Procedures:

This Agreement shall not be transferrable or assignable, nor shall such assignment or transfer take effect for any purpose, unless and until:

(a) The assignee is an individual or entity that qualifies as a Member under Section 216 of the Internal Revenue Code of 1986, as amended, the terms of this Agreement and the Corporation's rules and regulations; and

(b) An instrument of assignment in form and substance approved by the Corporation's Board of Directors is executed and acknowledged by the Member-assignor and delivered to the Corporation; and

(c) An agreement executed and acknowledged by the assignee on a form approved by the Board of Directors assuming and agreeing to be bound by all the covenants and conditions of this Agreement on and after the effective date of said assignment shall have been delivered to the Corporation, or at the request of the Board of Directors, the assignee shall have surrendered the assigned Occupancy Agreement and entered into a new Occupancy Agreement in the same form; and

(d) All shares of the Member to which this Agreement is appurtenant shall have been transferred to the assignee; and

(e) All sums due from the Member shall have been paid to the Corporation, together with a sum to be fixed by the Board of Directors to cover legal and other expenses of the Corporation in connection with such assignment and transfer of shares; and

(f) The Member has rendered all upgrades, or has remitted payment to cover the cost of all upgrades, to the Dwelling Unit deemed necessary by the Board of Directors in its sole and absolute discretion; and

(g) A search or certification from a title abstract company as the Board of Directors may require shall be delivered to the Corporation.

The Member shall have submitted to the Board of Directors notice that the Member intends to sell his or her membership and assign this Agreement not less than twenty-one (21) business days prior to the scheduled date of the sale and assignment of this Agreement, together with an information form concerning the prospective assignee. The Board of Directors shall have an option for a period of fifteen (15) days thereafter, but not the obligation, to purchase the membership, together with all of the Member's rights with respect to the Dwelling Unit at an amount to be determined by the Corporation as representing the fair market value thereof, as defined in the Articles of Consolidation, less any amounts due by the Member under the terms of this Agreement and less the cost or estimated cost of all deferred maintenance. If the Corporation waives, in writing, its right to purchase the membership under the foregoing option, or if the Corporation fails to exercise such option within the fifteen (15) day period, the Member may sell his or membership and assign this Agreement. The Board of Directors shall have the right to review the proposed assignment to determine whether the assignee is able to comply with the financial terms of this Agreement. The Board of Directors shall have the right to run a credit check on the proposed assignee and to request any information from the proposed assignee which the Board, in its reasonable and sole discretion, deems necessary in order to determine whether the prospective assignee can comply with the financial terms of this Agreement. Such review shall be deemed to have been completed if no request for further information is made by the Board of Directors within fifteen (15) days following submittal by the Member of the proposed sale and assignment and information form.

Upon the assignment of this Agreement in compliance herewith, the Member-assignor shall have no further liability on any of the covenants of this Agreement to be performed thereafter.

(2) Assignment Upon Death. If the Member shall die and his or her membership in the Corporation passes by will or intestate distribution to a member of his or her Immediate Family, such legatee or distributee, if approved by the Corporation, which, consent shall not be unreasonably withheld, shall be an assignee to this Agreement. Neither the Member nor his or her executor, personal representative, administrator, trustee or receiver of the property of the Member, nor anyone to whom the interest of this Agreement shall pass by law, shall be entitled to further assign this Agreement, or occupy or sublet the Dwelling Unit or any part thereof, except upon compliance with the terms of this Agreement. If a Member dies and an obligation is not assumed in accordance with the foregoing provision, then the Corporation shall have the option to purchase the membership from the deceased Member's estate in the manner provided

in Paragraph (1) of this Article, written notice of the death being deemed the equivalent to notice of intention to sell his or her membership.

(3) Pledge of Shares and Agreement. A pledge of this Agreement and the shares to which it is appurtenant shall not be a violation of this Agreement, but except as otherwise provided herein, neither the pledge nor any transferee of the pledged security shall be entitled to have the shares transferred of record on the books of the Corporation, nor to vote such shares, nor to occupy or permit the occupancy by others of the Dwelling Unit, nor to sell such shares without first complying with all of the transfer requirements contained herein.

(4) Recognition Agreement. Notwithstanding anything contained herein, the Member shall enter into an agreement (commonly known as a “Recognition Agreement”) with any holder of a security interest in the shares of the Cooperative or mortgagee whose mortgage or deed of trust is secured in whole or in part by the Member’s interest in this Agreement, provided that such Recognition Agreement is on a form acceptable by the Cooperative and the Cooperative reserves the right to impose additional conditions on its agreement to enter into a Recognition Agreement, such as the payment of a reasonable fee.

ARTICLE 10. MANAGEMENT, TAXES AND INSURANCE.

The Corporation shall provide necessary management, operation and administration of the property, subject to the discretionary power of the Board to determine from time to time what services are proper and the manner in which the Cooperative’s property will be operated and maintained, pay or provide for the payment of all taxes or assessments levied against the property; procure and pay or provide for the payment of fire insurance and extended coverage, and other insurance as required by any mortgage on the property, and such other insurance as the Corporation may deem advisable on its property. The Corporation will not, however, provide insurance on the Member’s or other occupant’s personal property.

ARTICLE 11. UTILITIES.

The Corporation shall provide electricity and water for exterior and interior use, sewage disposal, cable service, garbage and trash collection. The cost of these services shall be included in the Coop Fee.

ARTICLE 12. REPAIRS.

(1) By Member. The Member accepts the Dwelling Unit with any alterations or additions in “as is” condition unless otherwise specified in the sales contract. All Members whose Dwelling Units have another Dwelling Unit below it, at their own expense, shall install and continue to maintain carpeting over at least seventy-five percent (75%) of the floor space of such Dwelling Unit. Such carpeting shall be the property of the Member. The Member agrees to repair and maintain his or her assigned Dwelling Unit at his or her own expense to include the following:

(a) Any repair or maintenance necessitated by his or her own negligence or misuse or the negligence or misuse of the occupants of the Dwelling Unit;

(b) Any redecoration of the interior of his or her assigned Dwelling Unit:

(c) Any repairs or maintenance to the interior of the Dwelling Unit, including all fixtures installed by the Member or other occupant of the Dwelling Unit, microwaves and other items within the interior surfaces of the perimeter walls, floors and ceilings of the Dwelling Unit to keep the Dwelling Unit in good repair and condition, whether such repairs or maintenance are occasioned by normal wear and tear or otherwise, except for water damage caused by leaks due to weather or faulty drainage through roofs, walls, floors or seals in or around exterior doors or windows;

(d) Any repairs or maintenance of exterior structures, attachments, enclosures or patio extensions added by the Member, or occupant of the Dwelling Unit or by a previous Member or occupant of the Dwelling Unit and accepted by the Member at the time of resale; and

(e) Any repairs or maintenance necessary to comply with all the requirements of insurance authorities, all laws and ordinances of federal state and county governmental authorities having jurisdiction over the Dwelling Unit and rules, regulations, orders, directives and requirements of all departments and agencies and of any other governmental, public or quasi-public authorities having jurisdiction over the Dwelling Unit.

(2) By Corporation. Except as specified in this Agreement, the Corporation shall provide and pay for all necessary repairs, maintenance and replacements of all appliances, (except for microwaves), fixtures (except those installed by the Member or other occupant of the Dwelling Unit), exterior surfaces and fittings, including detached storage sheds, and repairs necessitated by water damage or faulty drainage as specified in this Article. The Member shall remove all additions and improvements rendered to the Dwelling Unit and all personal property prior to the Cooperative rendering all necessary repairs, maintenance and replacements at the Member's sole cost and expense and sole risk of loss. The Member shall promptly notify the Corporation of (i) any damage to any portion of the Corporation's property or the Dwelling Unit, or (ii) any condition that if not remedied may cause damage to the Corporation's property or Dwelling Unit.

(3) Right of Corporation to Make Repairs at Member's Expense.

If the Member shall fail for thirty (30) days after notice, or in case of emergency no notice need be given, to make the repairs, maintenance or replacements specified in this Article in a manner satisfactory to the Corporation and pay for same, the Corporation may do so, including, but not limited to removing any enclosure, addition, alteration or improvement that was installed in or attached to the Dwelling Unit or any balcony, terrace or patio appurtenant thereto by the current Member or occupant of the Dwelling Unit or by a previous Member or occupant of the Dwelling Unit and add the cost thereof to the Member's next monthly Coop Fee. Any sum owed by the Member to the Corporation hereunder shall be deemed Rent.

ARTICLE 13. ALTERATIONS AND ADDITIONS.

(1) Consent Required. The Member shall not, without the written consent of the Board of Directors, make any structural alterations to the interior of the Dwelling Unit, or any enclosures, additions, alterations or improvements to: (i) the balcony, terrace, or patio appurtenant to the Dwelling Unit; or (ii) the exterior of the Dwelling Unit; or (iii) any place which the Cooperative is required to maintain; or (iv) the water, electrical conduits, wiring or outlets, plumbing, heating, air conditioning systems, telecommunication equipment, alarm system or other fixtures connected therewith. There shall be no limitation on the right of the Board of Directors to grant or withhold consent for any reason or for no reason. Consent may be subject to such conditions as the Board of Directors may impose, in its sole and absolute discretion, including, but not limited to minimum insurance requirements for contractors. The performance by the Member of any enclosures, additions, alterations or improvements shall be in a first class workmanlike manner, in accordance with any applicable rules and regulations of the Cooperative and all governmental agencies having jurisdiction thereof. The Member should also obtain all required permits and approvals and all contractors or subcontractors shall be licensed, bonded and insured. The Member hereby agrees to indemnify the Cooperative, its Board of Directors, officers, employees, other Members, occupants of Dwelling Units and agents, for all losses, damages or fines suffered by them as a result of the Member's requiring, permitting, suffering or allowing any work, decoration, alteration, repair or upkeep to the Dwelling Unit and any balcony, terrace or patio appurtenance thereto in violation of the requirements of this Agreement, or all applicable laws, ordinances, rules and regulations. The Member is hereby responsible for any maintenance, changes, additions, alterations or improvements rendered to his or her Dwelling Unit by any occupant of the Dwelling Unit.

(2) Removal of Fixtures. The Member shall not, without the prior written consent of the Board of Directors, remove any fixtures, appliances (except for microwaves), additions or improvements from the Dwelling Unit except as herein below provided. If the Member shall have placed in the Dwelling Unit, at the Member's expense, any additions, alterations, improvements, appliances or fixtures, which can be removed without structural alterations or permanent damage to the Dwelling Unit, then title thereto shall remain with the Member and the Member shall have the right prior to the termination of this Agreement to remove the same at the Member's sole expense, provided that: (i) the Member at the time of such removal shall not be in default in the payment of Coop Fees or other Rent due to the Cooperative or in the performance of any other covenants or conditions of this Agreement; (ii) the Member shall, at the Member's own expense, repair all damage to the Dwelling Unit which shall have been caused by either the installation or removal of any such addition, alteration, improvement, appliance or fixture; and (iii) if the Member removed from the Dwelling Unit any article or materials owned by the Cooperative or any fixtures or equipment necessary for the use of the Dwelling Unit, the Member shall either restore such articles and materials and fixtures and equipment and repair any damage resulting from their removal or replace them with others of a kind and quality then customary in comparable Dwelling Units and satisfactory to the Cooperative. On the expiration or termination of this Agreement, the Member shall surrender to the Cooperative possession of the Dwelling Unit with all additions, improvements, appliances (except for microwaves) and fixtures then included therein, except as hereinabove provided. Any additions, improvements, fixtures or appliances not removed by the Member on or before the expiration or termination of

this Agreement, shall at the option of the Cooperative, be deemed abandoned and shall become the property of the Cooperative and may be disposed by the Cooperative without liability or accountability to the Member.

(3) Mechanic's Lien. In case a notice of mechanic's lien shall be filed against the Cooperative's property purporting to be for labor or material furnished or delivered to the Dwelling Unit or the Member, or anyone claiming under the Member, the Member shall cause such lien to be discharged by payment, bond or otherwise; and if the Member shall fail to do so within ten (10) days after notice from the Board of Directors, then the Cooperative shall cause such lien to be discharged by payment, bonding or otherwise, without investigation as to the validity thereof or of any offsets or defenses thereto, and shall have the right to collect, as Rent, all amounts so paid and all costs and expenses paid or incurred in connection therewith, including reasonable attorney's fees and disbursements, together with interest thereon from the time or times of payment.

(4) Candidate Signs. In this section "candidate sign" means a sign on behalf of a candidate for public office or a slate of candidates for public office. Candidate signs or a sign that advertises the support or defeat of any proposition may not be displayed:

(a) In any areas constituting those portions of the Cooperative possessed in common by Members.

(b) If such display is in violation of any federal, state or local law;

(c) In violation of any time limitation set forth in any federal, state or local law, or if not specified by a law governing the jurisdiction in which the Cooperative is located to a time permitted not less than: (i) thirty (30) days before the primary election, general election or vote on the proposition; and (ii) seven (7) days after the primary election, general election or vote on the proposition.

ARTICLE 14. COMMUNITY FACILITIES AND SERVICES FURNISHED

The community facilities, streets and certain other off-site improvements and amenities within Leisure World are owned in trust and operated for the benefit of the members of the Corporation and other corporations owning and operating cooperatives, condominiums or homeowner associations within Leisure World (hereinafter called "Mutuals"). The terms of the trust, including the nature and extent of the facilities and services to be provided by the Trustee, are set forth in the Trust Agreements between Suburban Trust Company, a Maryland Corporation, as Trustee, and the Mutuals located within Leisure World of Maryland and the amendments to the Trust Agreements. Leisure World Community Corporation has been named as the successor trustee to the Trust Agreements. As provided in Article 1 hereof, the Member agrees to pay to the Corporation the Member's proportionate share of the charges to the Corporation by the Trustee for community facilities and services made in accordance with the terms of the Trust Agreements.

ARTICLE 15. DEFINITION OF DEFAULT BY MEMBER AND EFFECT THEREOF

(1) It is hereby mutually agreed that if at any time, after the happening of any of the events specified in clauses (a) to (n) of this Article, the Corporation shall give to the Member notice that this Agreement will expire at a date not less than thirty (30) days thereafter, all of the Member's rights 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 dispossess proceedings or by suitable action or proceeding 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 Agreement has 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 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 Articles of Consolidation, the Bylaws or this Agreement.

(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 the Member shall make a general assignment for the benefit of creditors.

(e) 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 and the order appointing such receiver shall not be vacated within thirty (30) days.

(f) In case at any time during the continuance of this Agreement the membership in the Corporation owned by the Member shall be duly levied upon and sold under the process of any Court whatsoever unless this levy shall be discharged within thirty (30) days.

(g) In case the Member fails to effect and/or pay for repairs and maintenance as provided for in Article 12 hereof.

(h) In case the Member shall be in default for a period of one month in the payment of any Coop Fee, Rent, or any other sum due pursuant to the terms of this Agreement and shall fail to cure such default within thirty (30) days after written notice from the Board of Directors

(i) In case the Member shall default in the performance of any of his or her obligations under this Agreement, other than the convent to make payments, and such default shall continue for thirty (30) days after written notice from the Board of Directors.

(j) In case the Member, without the prior written approval of the Corporation, permits an unauthorized person or persons to occupy or co-occupy the Dwelling Unit and the Member shall fail to cause such unauthorized person or persons to vacate the Dwelling Unit within ten (10) days after written notice from the Board of Directors.

(k) In case at any time during the continuance of this Agreement, the Cooperative shall determine, upon the affirmative vote of two-thirds (2/3s) of the Directors, at a meeting duly called for that purpose, because of objectionable conduct on the part of the Member or any person occupying or visiting the Dwelling Unit, the tenancy of the Member is undesirable. Objectionable conduct shall include: (i) conduct on the part of the Member or any person residing in or visiting the Dwelling Unit which (A) repeatedly violates or disregards the terms of this Agreement or the rules and regulations established in accordance with the provisions of this Agreement; or (B) permits or tolerates an illegal or dangerous condition or dangerous or disruptive person to enter into or remain in the Dwelling Unit; or (ii) conduct on the part of the Member or any person residing in the Dwelling Unit or regularly visiting the Dwelling Unit with the consent of the Member, which constitutes a felony or any crime or violence or threatened violence affecting the Cooperative or any person lawfully residing in a Dwelling Unit within the Cooperative.

(l) In case at any time during the continuance of this Agreement, the Cooperative shall determine upon the affirmative vote of two-thirds (2/3) of its then Directors at a meeting of such Directors duly called for that purpose, and the affirmative vote of the Members owning at least eighty percent (80%) in amount of its then issued and outstanding shares, at a meeting of the Members duly called for that purpose to terminate all Agreements.

(m) In case at any time during the continuance of this Agreement, the Dwelling Unit shall be destroyed or damaged and the Members shall decide not to repair or rebuild as provided herein.

(n) In case at any time during the continuance of this Agreement, the Dwelling Unit or a substantial portion thereof shall be taken by condemnation proceedings.

(2) The Member hereby expressly waives any and all rights to a stay of execution and all rights to notice of service of any writ of restitution or any other action at law or in equity and any and all rights of redemption in case he or she 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.

(3) In the event the Cooperative recovers possession of the Dwelling Unit because of a default by the Member, the Member shall continue to remain liable for payment of a sum equal to the Coop Fee which would have become due hereunder and shall pay the same in installments at the times such Coop Fee would be due hereunder. No suit brought to recover any Coop Fee or

Rent shall prejudice the right of the Cooperative to recover any subsequent installments. After resuming possession, the Corporation, may, at its option, from time to time: (i) relet the Dwelling Unit for its own account; or (ii) relet the Dwelling Unit as the agent of the Member, in the name of the Member or in its own name, for a term or terms which may be less than or greater than the period which would otherwise have constituted the balance of the term of this Agreement, and may grant, in its discretion any concessions, including free Rent. Any reletting of the Dwelling Unit shall be deemed for the account of the Member, unless within ten (10) days after such reletting, the Board of Directors shall notify the Member that the Dwelling Unit has been relet for the Cooperative's own account. The fact that the Cooperative may have relet the Dwelling Unit as agent of the Member shall not prevent the Cooperative from thereafter notifying the Member that it proposes to relet the Dwelling Unit for its own account. If the Cooperative relets the Dwelling Unit as agent of the Member, it shall after reimbursing itself for its expenses in connection therewith, including leasing commissions and a reasonable amount for attorney's fees and expenses, and decorations, alterations and repairs in and to the Dwelling Unit, apply the remaining expenses of such reletting against the Member's continuing obligations hereunder and collectible as Rent. There shall be a final accounting between the Cooperative and the Member upon the earliest of the following four (4) dates: (i) the date of expiration of the term of this Agreement; or (ii) the date as of which a new occupancy agreement covering the Dwelling Unit shall have become effective; or (iii) the date the Board of Directors gives written notice to the Member that it has relet the Dwelling Unit for the Cooperative's own account; or (iv) the date upon which all occupancy agreements of the Cooperative terminate. From and after the date upon which the Cooperative becomes obligated to account to the Member, as above provided, the Cooperative shall have no further duty to account to the Member for any expenses of reletting and the Member shall have no further liability for sums thereafter accruing hereunder, but such termination of the Member's liability shall not affect any liabilities theretofore accrued.

(4) If the Member shall any time sublet the Dwelling Unit and shall default in the payment of any Coop Fee or Rent, the Board of Directors may, at its option, so long as such default shall continue, demand and receive from the subtenant the Coop Fee or Rent due or becoming due from such subtenant to the Member, and apply the amount to pay sums due and to become due from the Member to the Cooperative. Any payment by a subtenant to the Cooperative shall constitute a discharge of the obligation of such subtenant to the Member to the extent of the amount so paid. The acceptance of the Coop Fee or Rent from any subtenant shall not be deemed a consent to or approval of any subletting or assignment by the Member, or a release or discharge of any of the obligations of the Member hereunder.

(5) Upon the termination of this Agreement under the provisions of subdivision (a) to (k) inclusive or (n) of this Article 15, the Member shall surrender to the Cooperative the certificate for the shares of the Cooperative owned by the Member to which this Agreement is appurtenant. Whether or not said certificate is surrendered, the Cooperative may issue a new occupancy agreement for the Dwelling Unit and issue a new certificate for the shares of the Cooperative owned by the Member and allocated to the Dwelling Unit when a purchaser therefore is obtained, provided that the issuance of such shares and such occupancy agreement to such purchaser is authorized by a resolution of the Board of Directors, or by a writing signed by a majority of the Board of Directors, or by members, owning of record, at least a majority of the shares of the Cooperative's accompanying occupancy agreements then in force. Upon such

issuance, the certificate owned or held by the Member shall be automatically cancelled and rendered null and void. Upon the issuance of any new occupancy agreement and certificate, the Member's liability hereunder shall cease and the Member shall only be liable for Coop Fees, Rent and expenses accrued to that time. The Cooperative shall not, however, be obligated to sell such shares and appurtenant occupancy agreement or otherwise make any attempt to mitigate damages.

(6) 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 Maryland by a tenant of any provision of a lease or rental agreement.

(7) The failure on the part of the Corporation to avail itself of any of the remedies given under this Agreement shall neither 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.

(8) Upon termination of this Agreement, the Member shall vacate the Dwelling Unit and surrender possession thereof to the Cooperative or sign any instrument which may reasonably be required to evidence the surrendering of all estate and interest of the Member in the Dwelling Unit.

ARTICLE 16. EFFECT OF FIRE LOSS ON INTERESTS OF MEMBER.

(1) In the event of loss or damage by fire or other casualty covered by the Cooperative's multi-peril policies, the Cooperative shall at its own cost and expense, with reasonable dispatch after receipt of notice of said damage, repair or replace or cause to be repaired or replaced with materials of a kind and quality then customary in building of the type of building similar to the Dwelling Unit and the Premises. If the damage is not covered by the Cooperative's multi-peril policies, then the Cooperative shall not be obligated to repair or replace, or cause to be repaired or replaced the Dwelling Unit. The Board of Directors shall further determine that in the event such Dwelling Unit shall not be restored the Member shall be paid an amount to redeem his or her membership as described in the Bylaws and Articles of Consolidation of this Corporation.

(2) In case the damage resulting from fire or other casualty shall be so extensive as to render the Dwelling Unit partly or wholly untenable, or if the means of access thereto shall be destroyed, under such circumstances, the Coop Fee shall be proportionally abated until the Dwelling Unit has been restored or the means of access restored. If said damage shall be caused by the act or negligence of the Member, or his or her occupants, guests, employees or agents, the Coop Fee shall not be abated. If, on the other hand, the Corporation determines not to restore the Dwelling Unit, the Coop Fee shall cease from the date of such loss or damage. Notwithstanding anything contained herein, the Cooperative shall not repair or replace any equipment, appliances, furniture, fixtures, wallpaper or other decorations that were installed by the Member or other occupant of the Dwelling Unit.

ARTICLE 17. INSPECTION OF DWELLING UNIT.

The Cooperative, its agents, professional advisors, employees and contractors, shall be permitted to enter a Dwelling Unit upon due notice to the Member and occupants of the Dwelling Unit to: (i) inspect and to make necessary repairs, decorations, alterations or improvements; or (ii) supply services only by mutual agreement during normal business hours, except in an emergency; or (iii) exhibit the Dwelling Unit to perspective buyers, mortgagees, or tenants during normal business hours, including weekends, except as the Cooperative and the Member agree otherwise. Nothing in this Article shall prevent the Cooperative, its agents, professional advisors, employees and contractors from entering the Dwelling Unit in an emergency situation or, after due notice. The Cooperative shall restore the Dwelling Unit to its proper and usual condition at the Cooperative's expense if such repairs are the obligation of the Cooperative or at the Member's expense if such repairs are the obligation of the Member or are caused by the act or omission of the Member or his or her occupants, guests, employees or invitees. Such entry by the Corporation shall not be deemed a trespass and except as noted in this Article 17, the Cooperative shall not be liable for any damage caused by such entry.

ARTICLE 18. COOPERATIVE'S IMMUNITIES

The Cooperative shall not be liable, except by reason of the Cooperative's gross negligence, for any failure or inefficiency of heat, air conditioning, water, electric, cable, telephone or other services supplied by the Cooperative, or for interference with light, air, view or other interest of the Member. No abatement of the Coop Fee or other compensation or claim of eviction shall be made or allowed because of the making or failure to make or delay in making any repairs, alterations or decorations to the Dwelling Unit or the Premises, or any fixture or appurtenances therein, or for space taken to comply with any law, ordinance or governmental regulation, or for interruption or curtailment of any service agreed to be furnished by the Cooperative, due to accidents, alterations or repairs, or to difficult or delay in securing supplies or labor, or other causes beyond the Cooperative's control, unless due to the Cooperative's gross negligence.

ARTICLE 19. SUBORDINATION CLAUSE.

This Agreement and all rights, privileges and benefits hereunder are and shall be at all times be subject to and subordinate to the lien of a first mortgage or deed of trust, if any, which may hereafter be placed on the Cooperative's property 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 or her agent to receive and accept such notices on the Member's behalf.

ARTICLE 20. LATE CHARGES AND OTHER COSTS IN CASE OF DEFAULT.

The Member covenants and agrees to pay the Coop Fee, and any Rent to the Corporation pursuant to the terms of this Agreement without any deduction on account or any set-off or claim which the Member may have against the Corporation. If the Member shall fail to pay any installment of the Coop Fee, Rent, or any other sum due hereunder within ten (10) days of the due date, a late charge in an amount equal to five percent (5%) of the Coop Fee, not to exceed the highest rate permitted by law, shall become due and payable.

If a Member defaults in making a payment of the Coop Fee or Rent, or if the Member or any other occupant of the Dwelling Unit defaults in the performance 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 costs of the suit, in addition to other aforesaid costs and fees.

ARTICLE 21. 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 or her Dwelling Unit or to the Member's last known address as shown on the records of the Corporation; 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 mails or by overnight courier service addressed to the Member as shown in the books of the Corporation, or to the President of the Corporation, as the case may be, and the time of mailing shall be deemed to be the time of giving of such notice.

ARTICLE 22. SEVERABILITY.

If any provision of this Agreement is for any reason held invalid or unenforceable by any court of competent jurisdiction, governmental agency or arbiter, such invalidity or unenforceability will not affect any other provision hereof. Any provision of this Agreement that is declared invalid or unenforceable in any application will remain in full force and effect as to valid applications, and the offending provision will be deemed to be modified to the minimum extent necessary to make such provision valid and enforceable.

ARTICLE 23. ORAL REPRESENTATION NOT BINDING.

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

ARTICLE 24. AMENDMENT.

The form and provisions of all the agreements then in effect and thereafter to be executed may be changed by the approval of the Members owning at least two-thirds (2/3) of the shares of the Cooperation then issued and outstanding. Such changes shall be binding on all Members, even if they did not vote for such change, and shall apply to any renewals of this Agreement, including automatic renewals. Approval by the Members as provided for herein shall be evidenced by written consent or by the affirmative vote taken at a meeting called for such purpose.

ARTICLE 25. INDEMNITY TO CORPORATION.

The Member agrees to save the Corporation harmless from all liability, loss, damage, and expense arising from injury to person or property occasioned by the failure of the Member to comply with any provision hereof, or due wholly or in part to any act, default or omission of the Member or any person dwelling or visiting the Dwelling Unit.

ARTICLE 26. WAIVER OF JURY TRIAL.

TO THE EXTENT PERMITTED BY LAW, THE RESPECTIVE PARTIES HERETO SHALL AND THEY HEREBY DO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO ON ALL MATTERS WHATSOEVER ARISING OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE MEMBER'S USE OR OCCUPANCY OF THE DWELLING UNIT OR ANY CLAIM OF DAMAGE RESULTING FROM ANY ACT OR OMISSION OF THE PARTIES IN ANY WAY CONNECTED WITH THIS AGREEMENT OR THE DWELLING UNIT.

ARTICLE 27. RIGHT OF INJUNCTION.

In the event of any breach or threatened breach by the Member of any provisions hereof, the Corporation shall have the right of injunction and the right to invoke any remedy at law or in equity, as if re-entry, summary proceedings and other remedies not herein provided for, and the election of one or more remedies shall not preclude the Corporation from any other remedy.

ARTICLE 28. FINING.

In addition to the other remedies set forth in this Agreement, the Board of Directors may levy reasonable fines against the Member for non-monetary defaults of the terms of this Agreement, the Bylaws or the Cooperative's rules and regulations by the Member or the occupants of the Dwelling Unit, provided that written notice is given to the Member and, if

applicable, the occupants of the Dwelling Unit. Each day that a violation continues, after notice is given, is a separate violation. If a Member requests, in writing, a hearing before the Board of Directors prior to the imposition of a fine, the imposition of the fine shall be suspended until the hearing is held. All unpaid fines shall constitute Rent and shall be due upon demand by the Cooperative.

ARTICLE 29. NO DISCRIMINATION

The Corporation will not discriminate against any person because of his or her race, creed, religion, color, national origin, ancestor, gender, sexual orientation, or other ground proscribed by law when exercising any right reserved to it in this Agreement. The Dwelling Unit is intended to constitute housing intended and operated for occupancy by at least one person fifty-five (55) years of age or older per dwelling unit, to the extent required by and not inconsistent with the Federal Fair Housing Act, 42 U.S.C. Section 3601, et seq., and Article 49B Section 19 et seq., of the Annotated Code of Maryland as such laws are amended from time to time.

ARTICLE 30. PROPRIETARY DOCUMENTS

A copy of the Cooperative's Articles of Consolidation, Bylaws and Rules and Regulations are attached to this Agreement and incorporated herein by reference.

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

MONTGOMERY MUTUAL, INC.

MEMBER

By: _____
President, Montgomery Mutual, Inc.

