

OCCUPANCY AGREEMENT

This OCCUPANCY AGREEMENT/PROPRIETARY LEASE is made and entered into this ___day of _____, 20___, by and between Colfax Ardmore Cooperative Estates, Inc. (hereafter "Cooperative"), a nonprofit mutual benefit corporation having its principal office and place of business at 4353 Colfax Avenue, Studio City, California, and _____ (hereafter "Shareholder").

WHEREAS, the Cooperative has been formed for the purpose of acquiring, owning, and operating a cooperative housing development ("Development") located at 4353 Colfax Avenue, Studio City, California, with the intent that its stockholders shall have the right to occupy the apartments therein as tenants under the terms and conditions hereafter set forth; and

WHEREAS, the Shareholder is the owner and holder of one share of stock of the Cooperative, to which this Occupancy Agreement is appurtenant and which have been allocated to Apartment # ____, carport # ___ and storage locker # __ (collectively, the "Apartment");

NOW THEREFORE, the Cooperative hereby leases to Shareholder, and Shareholder hereby hires and takes from the Cooperative, the Apartment on the following terms and conditions:

1. Term of Occupancy Agreement

The term of the Occupancy Agreement shall be five (5) years commencing at 12:01 a.m. on ____, 20___, and ending on 12:00 a.m. on _____, 20___, unless terminated earlier as herein provided, and shall thereafter continue on a month-to-month basis until a new Occupancy Agreement is executed by the parties pursuant to Paragraph 22.

2. Carrying Charges

(a) Commencing at the time stated in Paragraph 2(b), Shareholder agrees to pay to the Cooperative a yearly rental sum, referred to herein as "Carrying Charges," equal to that proportion of the Cooperative's cash requirements for each calendar year that the number of shares of the Cooperative allocated to the Apartment bears to the total number of shares of the Cooperative issued and outstanding on the date of the assessment. The yearly carrying charges shall be payable in twelve (12) equal monthly installments. For the calendar year beginning on _____, 20___, the total Carrying Charges for the Apartment shall be \$____, or \$___per month.

(b) After thirty (30) days' notice by the Cooperative to the effect that the Apartment is or will be available for occupancy, or upon acceptance of occupancy, whichever is earlier, Shareholder shall make a payment for Carrying Charges covering the unexpired balance of the month. Thereafter, Shareholder shall pay Carrying Charges in advance on the first day of each month. The Board shall have the right to increase Carrying Charges from time to time in accordance with Civil Code Section 5600 et seq.

(c) "Cash requirements" as used herein shall mean the amount that the Board of Directors determine to be necessary for the operation of the Cooperative, including:

- (1) The amount of principal, interest, and/or mortgage insurance premiums, if any, on the mortgage and/or line of credit of the Cooperative real property.
- (2) The cost of all operating expenses of the Cooperative, and services.
- (3) The cost of necessary management and administration.
- (4) The amount of all taxes and assessments levied against the real property, and ground rent, if any.
- (5) The cost of fire and extended coverage insurance for the Cooperative, and any other insurance required by any mortgage on the Cooperative property.
- (6) The cost of furnishing the utilities specified in Paragraph 13 of this Occupancy Agreement.
- (7) The estimated cost of repairs, maintenance, and replacements of the Cooperative property to be made by the Cooperative.
- (8) All reserves set up by the Board of Directors.
- (9) Any other expenses of the Cooperative approved by the Board of Directors, including operating deficiencies, if any, for prior periods.

(d) The Board shall determine the Cooperative's cash requirements for the next year thirty (30) to ninety (90) days prior to the next fiscal year. However, the failure of the Board of Directors to determine the Cooperative's cash requirements for any year shall not be deemed a waiver or modification of the covenants and provisions hereof, or a release of Shareholder from the obligation to pay Carrying Charges, but the Carrying Charges computed for the previous year shall continue until a new determination of cash requirements has been made, and written notification of that amount provided to Shareholder.

(e) The Board may at any time levy a special assessment in order to raise funds for unexpected operation or other costs, insufficient operating or reserve funds, or other purposes as the Board in its discretion considers appropriate. Except for special assessments that relate only to the Shareholder and the Apartment, special assessments levied against the Cooperative membership shall be allocated to all shareholders on the same basis as the monthly Carrying Charges and shall be subject to the limitations set forth in Civil Code Section 5605 et seq., as the same may be amended from time to time. Such special assessments include, but are not limited to, the following:

- (1) A special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, or unexpected repair or replacement of a capital improvement or existing component upon the Common Area and personal property related thereto.

(2) In the event the proceeds of insurance obtained by the Cooperative are paid to any mortgagee of the Apartment and by reason of such payment, said insurance proceeds are not made available to the Cooperative as trustee or otherwise to effect any repair, reconstruction or restoration of any damage and/or destruction to all or any portion of the Development as provided herein, then the amount of such proceeds not made available shall be assessed and charged solely to and against the Shareholder(s) and his/her/their stock as a special assessment.

(3) In the event the Shareholder(s) fail to maintain the Apartment or Exclusive Use Common Area and make repairs thereto as required by the Governing Instruments and the Board causes such maintenance and/or repair to be performed in accordance with the provisions hereof, all costs and expenses incurred in connection with such work, maintenance and/or repairs shall be immediately assessed and charged solely to and against the Shareholder(s) and his/her/their stock as a special assessment.

(4) In the event any act or omission of Shareholder(s), any member of his/her/their family, or any of Shareholder(s)' co-occupants, guests, contractors, licensees, agents or invitees, shall increase the premiums for any insurance policy purchased or obtained by the Cooperative for the benefit of the Development and the residents thereof, the amount of said increase shall be assessed and charged solely to and against the Shareholder(s) and his/her/their stock as a special assessment.

(5) The Board may levy a special assessment against the Shareholder(s) and his/her/their stock for such other purposes as may be set forth in these Bylaws or the Occupancy Agreement as well as to reimburse the Cooperative for costs incurred in bringing the Shareholder(s) into compliance with the Cooperative's governing documents.

3. Delinquent Payments

(a) In addition to other sums that have become or will become due pursuant to the terms of this Occupancy Agreement, Shareholder shall pay to the Cooperative all of the following with respect to any Carrying Charges due from Shareholder that are more than fifteen (15) days in arrears:

(1) Reasonable costs incurred in collecting the delinquent amount, including reasonable attorneys' fees;

(2) A late charge of ten percent (10%) of the delinquent amount or \$10.00, whichever is greater; and

(3) Interest on any delinquent amount, reasonable costs of collection, and late charges, at an annual percentage rate not to exceed twelve percent (12%) interest, commencing thirty (30) days after the Carrying Charges become due.

(b) The delinquent amount plus the amount set forth in (a) shall constitute a lien on Shareholder's stock in the Cooperative and shall be a personal obligation of Shareholder.

4. Use of Premises

(a) Shareholder, and any Sublessee authorized pursuant to Paragraph 16 of this Occupancy Agreement, shall occupy the Apartment covered by this Occupancy Agreement as a private dwelling unit for himself or herself, his or her family, and any guests, and for no other purpose. Shareholder shall not permit anything to be done or kept upon the Apartment premises which will (1) increase the rate of insurance on the building or on the contents thereof, (2) obstruct or interfere with the rights of other occupants or annoy them by unreasonable noises or otherwise, or (3) constitute a nuisance or illegal act. Shareholder shall comply with all statutes, ordinances, and requirements of any governmental authorities having jurisdiction over the premises. If, by reason of the occupancy or use of the Apartment by Shareholder, the rate of insurance on the building shall be increased, Shareholder shall become personally liable for the additional insurance premiums.

(b) Notwithstanding anything herein to the contrary, the use of any portion of any Apartment as a "home office" shall not be considered to be a violation of the restrictions set forth herein; provided that such "home office" is incidental to the principal residential use of the Apartment, complies with the Rules and Regulations established by the Board from time to time and applicable zoning laws or regulations without the necessity of first obtaining a special use permit or specific government authorization, does not interfere with the quiet enjoyment of the other residents, and does not produce or generate any external evidence thereof from outside the Apartment.

(c) In addition to any other Rules and Regulations adopted by the Board, Shareholder agrees to abide by the following rules governing Common Areas:

(1) Shared parking spaces, also referred to as "uncovered parking spaces", are for the day-to-day use of residents and guests. The following rules apply to these shared parking spaces:

(i) Vehicles may not remain in any one spot for more than seven consecutive days;

(ii) Vehicles may not be inoperable, unregistered, or uninsured;

(iii) RVs, house trailers, campers, and commercial trucks may not be parked in these shared spaces, with the sole exception of when vendors or service providers are providing service to a resident or residents and use a space to park their vehicle temporarily during the time of service;

(iv) Vehicles which violate any of the above rules are subject to tow at the owner's expense.

(2) No playing or other recreational activity is permitted anywhere in the driveways.

(3) Cars may not remain parked in driveways unless in the process of loading or unloading; and,

(4) Vehicles may not be parked on grass, dirt, or any areas unsuitable for parking.

5. Quiet Enjoyment

Shareholder shall be entitled to the quiet enjoyment of the Apartment and any exclusive use common areas appurtenant thereto, the use of all common areas and facilities of the Cooperative. Shareholder agrees that the reasonable use of the pool, park, and other Common Areas by other shareholders and their guests shall not be considered to be an infringement upon Shareholder's quiet enjoyment.

6. Condition of Premises

Shareholder acknowledges that he or she has examined the Apartment and all equipment and personal property subject to this Occupancy Agreement, and has accepted them in good, safe, and clean condition and repair. Shareholder agrees to notify the Cooperative immediately of any defects, dilapidations, or dangerous conditions concerning or affecting components which are the Cooperative's responsibility to repair.

7. Repairs

(a) Shareholder agrees to repair and maintain the Apartment (including its interior walls, floors, ceiling, windows, doors, and outlets), and its exclusive use common areas, at his or her own expense as follows:

(1) To repair, maintain and replace any original or substituted fixtures, appliances and facilities installed in the dwelling, or any item added by the Cooperative;

(2) Shareholder further agrees:

(i) to keep clean and repair (inside and outside) all windows and glass patio doors of the Apartment, including replacing broken window glass, as necessary;

(ii) repair, maintain and replace, as necessary, the screens in the windows and doors;

(iii) to maintain, repair and replace, as necessary, the furnace equipment and garbage disposal servicing the Apartment;

(iv) to maintain, repair and replace, as necessary, all locks and hardware on doors and gates servicing the Apartment;

(v) to maintain, repair and replace, as necessary, all shower pans, toilets and other plumbing fixtures within the Apartment; and,

(vi) to maintain adequate floor coverings that block noises and insure adequate insulation on second floor apartments in compliance with the County of Los Angeles

Regulations in Title 13, Chapter 13.45 and Chapter XI "Noise Regulation" of the City of Los Angeles Municipal Code.

(3) The Shareholder (as tenant) is fully responsible for purchasing his own liability insurance, loss of personal property by fire, water, or any reason, or for damage to any items in the dwelling added by the Cooperative. The Cooperative strongly suggests that the Shareholder purchase earthquake and loss assessment insurance.

(4) Any repairs or maintenance necessitated by the negligence or misuse by Shareholder or anyone living in or visiting the Apartment including, but not limited to, any repair of damage caused by water leaking or flowing from an appliance in Shareholder's Apartment,

(5) Any redecoration of the Apartment in accordance with Paragraph 8 of this Occupancy Agreement.

(b) The Cooperative shall provide and pay for all necessary repairs, maintenance, and replacements, except as specified in, Paragraph 7(a), above. The Cooperative's repair obligation shall include all necessary common area plumbing and electrical repairs, as well as all necessary repairs to fences, gates and exterior doors, unless such repairs are necessitated by Shareholder's negligence. Shareholder, not the Association, is responsible to restore any floor, wall and/or ceiling finishes which may be disturbed during the course of repairs to the Cooperative's common areas.

(c) The officers and employees of the Cooperative shall have the right to enter the Apartment of Shareholder only upon notice, in accordance with the provisions of Paragraph 9 of this Occupancy Agreement, in order to effect necessary repairs, maintenance, and replacements, and to authorize entrance for such purposes by employees of any contractor, utility company, municipal agency, or others upon notice given in accordance with the provisions of Paragraph 9. However, in the event of an emergency repair, entry may be made at any time, without notice.

(d) Shareholder acknowledges that he or she is responsible for the cost of any temporary relocation of Shareholder or any other occupants of Shareholder's Apartment occasioned by repairs to the Common Area or by any structural pest control work performed by or at the request of the Cooperative for the purpose of keeping the Common Areas free of infestation by wood-destroying pests or organisms.

(e) If Shareholder fails to effect and pay for the repairs, maintenance, or replacements specified in Paragraph 7(a), above in a manner satisfactory to the Cooperative, the Cooperative may do so and shall assess Shareholder(s) as a special assessment the cost of repair or replacement thereof, together with costs and attorneys' fees. Such assessment to be due and payable within thirty (30) days after written notice thereof by the Board.

(f) Each Shareholder shall be liable to the Cooperative for any damage to the Common Area or any improvements, landscaping or equipment thereon and Exclusive Use Common Area, which may be sustained by reason of the negligence, misuse or willful misconduct of said Shareholder(s) and anyone occupying or visiting the Apartment (including, but not limited to, equipment or appliance failure within the Shareholder's Apartment) and shall be assessed by the Board as a special assessment for the cost of repair or replacement thereof,

together with costs and attorneys' fees. Such assessment shall be due and payable within thirty (30) days after written notice thereof by the Board.

(g) Shareholder shall be liable for any damage to another Cooperative apartment caused by the following:

- (1) Negligence or willful misconduct by the Shareholder.
- (2) Negligence or willful misconduct by anyone occupying or visiting the Apartment.
- (3) Equipment or appliance failure within the Shareholder's Apartment.

8. Alterations and Additions

(a) Shareholder(s) shall not, without the prior written consent of the Cooperative, make any alterations to the building structure inside the Apartment or any externally visible alterations or improvements to his Apartment, any alterations in the water, gas or steam pipes, electrical conduits, plumbing or other fixtures connected therewith or remove any additions, improvements or fixtures from the Apartment. Shareholder(s) shall not, without the prior consent of the Cooperative, make alterations or improvements to any Common Area or Exclusive Use Common Area, including any patios.

(b) Shareholder(s) shall not, without the prior written consent of the Cooperative, install in the Apartment any air conditioning equipment, laundry equipment, electric/gas heater or power tools. Each Shareholder agrees that the Cooperative may require the prompt removal of any such equipment at any time and that the failure of Shareholder(s) to remove such equipment upon request shall constitute a default within the meaning of Section 18 of this Agreement.

(c) Shareholder(s) may not install any hard surface flooring in the Apartment or permit any sub-flooring to remain exposed without the prior written approval of the Board.

(d) Plans and resubmittals thereof shall be approved or disapproved by the Board in writing within thirty (30) days. If a proposed change is disapproved, the written decision shall include both an explanation of why the proposed change is disapproved and a description of the procedure for reconsideration of the decision by the Board. The approval of the plans, specifications and plot plan may be withheld by reason of the reasonable dissatisfaction of the Board with any of the following reasons:

- (1) Location of the structure,
- (2) Elevation,
- (3) Color scheme or finish,
- (4) Design or style,

- (5) Proportions,
- (6) Architecture, shape or height,
- (7) Appropriateness of the proposed alterations,
- (8) Materials used therein,
- (9) Kind, pitch or type of roof proposed to be placed thereon,
- (10) Planting, landscaping, size, height or location of trees, or

(11) Board's reasonable dissatisfaction with any or all other matters or things which, in the reasonable judgment of the Board will render the proposed improvement inharmonious or out of keeping with the general plan of improvements of the Development or with the improvements erected on other apartments units.

(e) The restrictions herein are not intended to empower the Board to act arbitrarily, capriciously, or whimsically in the process of reviewing plans. Standards should be established which are both reasonable and objective, and which are reasonably ascertainable, and are uniformly and fairly applied to all, and in all cases. The Board shall base their decisions on what is in the best interests of the Development as a whole, and not upon what will appease a particular member or group of members.

(f) The Board shall have the right and duty to promulgate reasonable standards against which to examine any request made pursuant to this Occupancy Agreement in order to ensure that the proposed plans conform harmoniously.

(g) Should Shareholder make any alterations or additions to the Apartment, Common Areas or Exclusive Use Common Areas without the express written consent of the Cooperative as required by this Section, the full cost of restoring the premises to their prior condition shall be borne by Shareholder and promptly paid, on written demand, to the Cooperative, and, if not paid, may be levied against Shareholder as a special assessment.

9. The Cooperative's Right of Entry

(a) The Cooperative and the Cooperative's agents may enter the Apartment only under the following circumstances:

- (1) In case of emergency.
- (2) To make necessary or agreed repairs, decorations, alterations, or improvements including, but not limited to, those set forth in Paragraph 7(b) and 7(d) of this Occupancy Agreement.
- (3) Supply necessary or agreed services.

(4) Exhibit the Apartment to prospective or actual purchasers, mortgagees, tenants, repair personnel, or contractors.

(5) After Shareholder has abandoned or surrendered the Apartment.

(6) Pursuant to court order.

(7) To conduct an inspection of fixtures, pipes and appliances if the Cooperative reasonably believes that an Apartment has not been occupied for two months.

(8) To inspect any and all construction or improvements made or being made to an Apartment, whether or not approval was required or granted.

(9) To determine the source of damage. The right of entry shall include the right to open up walls, ceilings and floors, as may be necessary to identify the component causing the damage. If the source of the damage is a component for which the Shareholder is responsible to maintain, then, after notice and a hearing, the Board shall have the authority to assess as a special assessment to the Shareholder responsible for maintaining such component, the costs incurred by the Cooperative in gaining access, identifying and (if necessary) repairing the source of the damage.

(b) The Cooperative shall give Shareholder twenty-four (24) hours' notice of the Cooperative's intent to enter the Apartment. The Cooperative, and the Cooperative's agents and employees, shall enter an Apartment only during normal business hours, except (1) in cases of emergency, (2) if the tenant has abandoned or surrendered the Apartment, or (3) if it is impractical to do so.

10. Rules and Regulations

Shareholder's occupancy of the Apartment shall be subject to any rules and regulations ("Rules and Regulations") for the Development now or hereafter adopted or amended by the Board of Directors from time to time including, but not limited to, rules regarding noise, odors, pets, parking, patios, and use of common areas. Each Shareholder of an Apartment, the members of his family and his tenants, guests, licensees, representatives, agents, and invitees shall abide by such rules and regulations. Such rules and regulations shall be binding upon each and every Shareholder and the members of his family and his tenants, guests, employees, licensees, representatives, agents and invitees and said rules shall have the same force and effect as if they were set forth in the Bylaws.

11. Pets

(a) Shareholder may keep up to one (1) pet in the Apartment, provided, however, no pet is allowed in the Apartment unless or until the Shareholder has signed the Cooperative's pet agreement, as the same may be amended from time to time. For purposes hereof, the term "pet" shall mean a cat, dog (not weighing more than thirty (30) pounds) or other small common household pet.

(b) Except as set forth in sub-section (a), above, no other types of animals, nor any reptiles, livestock or poultry of any kind shall be kept in any Apartment.

(c) Each Shareholder shall be absolutely liable to each and all remaining Shareholders, their families, guests, tenants and invitees for any damage to person or property caused by any pets or other animals brought up or on, kept upon or in, the Cooperative by a Shareholder or by members of his family, guests, invitees or tenants.

(d) Except as stated above, the express written consent of the Board must be obtained by a Shareholder prior to bringing pets onto the property.

(e) Pets shall not be allowed on the Common Area except as may be permitted by the rules and regulations adopted by the Board of Directors.

(f) Any pet causing or creating a nuisance, obnoxious odors or unreasonable disturbance, shall be permanently removed from the Development upon twenty (20) days written notice from the Cooperative. This shall be enforceable by penalties which may be imposed as frequently as each thirty (30) days.

(g) An animal on the Common Area unaccompanied by its owner will be subject to immediate pick up by the Humane Society or similar organization without liability to the Cooperative.

(h) Animals must be on a leash at all times when outside of the Shareholder's Apartment or balcony/patio. No animal shall be allowed on a balcony/patio when the Shareholder or other person is not at home. All animals must be taken off of the Common Area when walked and not allowed to defecate/urinate on the Common Area. Should an accident occur, Shareholders must immediately remove all excrement left by their pet. This requirement shall be enforceable by penalties for each occurrence.

(i) Monetary penalties may be imposed upon a Shareholder who brings or whose visitors, tenants, etc. bring animals, reptiles, livestock or poultry of any kind onto the property without express written permission of the Board.

12. Management, Taxes, and Insurance

The Cooperative shall provide and pay for all of the following:

(a) The costs of necessary management, operation, and administration of the Cooperative; and

(b) All taxes or assessments levied against the Cooperative; and

(c) Fire insurance and extended coverage, other insurance as required by any mortgage on the property, and any other insurance that the Cooperative may deem advisable on the property. The Cooperative will not, however, provide insurance on Shareholder's interest in the Apartment or on his or her personal property.

13. Utilities

The Cooperative shall provide water, sewer service, and garbage service to the premises. Shareholder shall pay all charges and any required deposits for all other utilities directly to the supplier, excluding common area electricity and gas charges.

14. Condemnation/Eminent Domain

Should all or any portion of the Apartment or the building in which the premises are located be taken by any public or quasi-public agency or entity under the power of eminent domain, this Occupancy Agreement shall terminate as of 12:01 a.m. on the date title to the portion taken by eminent domain vests, or the date actual physical possession of the portion taken by eminent domain is taken by the agency or entity exercising the eminent domain power. Any and all compensation or damages awarded for the taking by eminent domain, except that awarded Shareholder for the moving of or damage to personal property owned by Shareholder on the premises, shall belong to the Cooperative and Shareholder shall have no claim against the Cooperative or the agency or entity exercising eminent domain for the value of the unexpired term of the Occupancy Agreement.

15. Destruction of Premises

If any part of the Apartment or the building in which the Apartment is located is destroyed by fire, casualty, or other cause not the fault of Shareholder, the Cooperative shall determine whether to restore the damaged premises. If the Cooperative determines to undertake restoration, the Cooperative, at its cost, shall promptly repair and restore the building to its former condition, and shall promptly repair and restore the Apartment in accordance with the following standards: (1) walls and ceilings shall be returned to "paint ready" condition; (b) floors shall be returned to original construction move-in condition, or its equivalent, at the Cooperative's discretion, and (c) closets, doors, and kitchen cabinets shall be returned to original construction move-in condition.

While the repairs and restoration work are in progress, the Carrying Charges payable under the Occupancy Agreement shall be abated for the time and to the extent that Shareholder is prevented from fully occupying the premises in Shareholder's usual and normal manner; provided, however, that in lieu of making those repairs and performing that restoration work, the Cooperative may terminate the Occupancy Agreement if either (a) the necessary repair or restoration work cannot reasonably be completed under then-applicable governmental laws and regulations within one hundred and twenty (120) working days after it is commenced, or (b) the loss is not covered by the Cooperative's then-existing fire and extended coverage insurance policies or such other insurance policies procured by the Cooperative.

In the event the Cooperative decides not to restore the premises, the Carrying Charges shall cease from the date of the loss or damage. Further, the Cooperative shall determine the amount that shall be paid to the Shareholder to redeem the common stock of the Shareholder which shall be based on the respective appraised fair market value of all of the apartments as of the date of destruction, expressed as percentages, and computed by dividing such appraised fair market value of each apartment by the total of such appraised fair market values of all

apartments in the Development subject to (i) the rights of any mortgagees holding mortgages covering the Apartment or Shareholder's stock therein, and (ii) all unpaid Carrying Charges of Shareholder together with any interest charges attributable thereto.

In no event shall the Cooperative be responsible for any loss or damage to the personal property of Shareholder(s) or for improvements made to the Apartment by Shareholder(s).

16. Subletting

(a) The Cooperative is a shareholder-occupied complex. Shares are sold with the understanding that the buyer and/or his or her family will occupy the apartment. Accordingly, Shareholder hereby agrees not to sublet his or her Apartment without the prior written consent of the Cooperative, which consent may be withheld in the Cooperative's sole discretion. In addition to approving any sublease, the Cooperative must approve of the Shareholder's tenant ("Sublessee"). In no event shall Shareholder be permitted to sublet the Apartment within the first four years of membership in the Cooperative. Consent to any one subletting shall not be deemed a consent by the Cooperative to any subsequent subletting. The liability of Shareholder under this Occupancy Agreement shall continue, notwithstanding the fact that he or she may have sublet the Apartment with the approval of the Cooperative, and Shareholder shall be responsible to the Cooperative for the conduct of his or her Sublessee and for all obligations hereunder. Violation of this provision shall, at the option of the Cooperative, result in termination and forfeiture of the Shareholder's rights under this Occupancy Agreement.

(b) The sublease shall be in a form acceptable to the Cooperative, shall require the Sublessee to abide by the terms of the Cooperative's Governing Instruments during his or her subtenancy by signing an Occupancy Agreement and rules and regulations, and shall give to the Cooperative an irrevocable power to dispossess or otherwise act for the Shareholder in case of default under the sublease.

(c) In addition to subsection (b), Shareholder hereby assigns to the Cooperative all of such Shareholder's rights as lessor, i.e., the right, power and authority to: (i) collect the rents, issues and profits (collectively, "Rent") of said Shareholder's Apartment, including Rent due and unpaid, (ii) initiate an Unlawful Detainer action against the Sublessee, (iii) enter upon and take possession of the Apartment, (iv) re-rent the Apartment in the Cooperative's name and collect Rent therefrom without liability to the Shareholder except for any Rent which may be collected over and above the Carrying Charge and other amounts owed to the Cooperative by the Shareholder, and (v) avail itself of any other remedies permitted by law. Notwithstanding the foregoing, each Shareholder retains the right to collect Rent from such Shareholder's Apartment for so long as the Shareholder shall be current in the payment of such Shareholder's Carrying Charges and other amounts owed to the Cooperative. Once a Shareholder becomes delinquent in payment of such Shareholder's Assessments, said Shareholder's rights as lessor are extinguished in favor of the Cooperative.

17. Assignment

Shareholder may only assign this Occupancy Agreement, or transfer the shares to which it is appurtenant, in accordance with the provisions set forth in the Bylaws. In the event that a

Shareholder shall leave, bequeath or devise by will, trust or other manner his shares, then such Shareholder's heirs may not occupy the appurtenant Apartment unless and until such heirs have: (a) provided the Board with sufficient proof of such heir's right to inherit the Shareholder's interest in the Apartment; (b) been interviewed by the Board; (c) have been approved by the Board; and, (d) have signed an Occupancy Agreement.

18. Acts Constituting Breach of Occupancy Agreement

(a) Shareholder(s) shall commit a material breach of this Occupancy Agreement, and shall be subject to termination of his/her/their membership in the Cooperative in accordance with the Bylaws upon the occurrence of any of the following events:

(1) Shareholder(s) are in default for fifteen (15) days in the payment of Carrying Charges and/or special assessments, as provided in Paragraph 3 of this Occupancy Agreement or any other sum owing to the Cooperative pursuant to the terms of the Governing Instruments;

(2) Shareholder(s) cease to be the owner of the shares of stock to which this Occupancy Agreement is appurtenant;

(3) A receiver of any of the Shareholder(s)' property is appointed under any of the laws of the United States or of any state;

(4) Any of the shares of stock to which this Occupancy Agreement is appurtenant are levied upon and sold under the process of any court;

(5) Any of the Shareholder(s) is adjudged a bankrupt or makes a general assignment for the benefit of creditors except in connection with any share loan financing obtained in connection with the purchase of the share;

(6) Any of the Shareholder(s) attempt to transfer or assign this Agreement in a manner contrary to the provisions contained herein or as provided for in the Bylaws;

(7) Any of the Shareholder(s) fails to effect and/or pay for repairs and maintenance as provided for in this Agreement;

(8) Shareholder(s), or anyone occupying or visiting the Apartment, fails to abide by the terms of, or defaults in the performance of any obligations of Shareholder(s) under, the Occupancy Agreement and/or the Governing Instruments;

(9) Shareholder allows any person not authorized by the Bylaws or the Occupancy Agreement including, without limitation, Section 3.05 of the Bylaws and Paragraph 4 of the Occupancy Agreement, to use or occupy the Apartment, and fails to cause that person to vacate the premises within fifteen (15) days after written notice from the Cooperative; or if any authorized person(s) are occupying an Apartment without a Shareholder also occupying the Apartment;

(10) Shareholder(s) fail to notify the Board in writing of any new person who is occupying the Apartment; or,

(11) Shareholder(s), or anyone occupying or visiting the Apartment, engages in any illegal activity in the Apartment or the Development.

19. Notice of Termination or Disciplinary Action

(a) If the Cooperative intends to terminate the rights of Shareholder(s) as a tenant stockholder in the Cooperative:

(1) The Cooperative shall send written notice, postage prepaid, by first-class or registered mail addressed to the last address of the Shareholder(s) shown on the Cooperative's records, stating that membership in the Cooperative and all rights appurtenant to membership will expire on a date not less than thirty (30) days after the date of mailing the notice, and the reasons for termination; and

(2) The notice shall provide the Shareholder(s) with an opportunity to show cause to the Board, orally or in writing, why the termination should not take place at a hearing. Written notice of the hearing shall be sent not less than ten (10) days before the date of the hearing, and the hearing shall be held not less than five (5) days before the effective date of termination, .

(b) Cooperative may not suspend Shareholder's voting rights or privileges for use of the Common Area, levy an individual special assessment against Shareholder and/or impose monetary penalties against Shareholder without notice and a hearing. The Cooperative (after notice and a hearing) shall be authorized to both levy a special assessment for damages against Shareholder and impose a monetary penalty related to the same event, and nothing contained herein shall require that such special assessment and/or penalty be levied at the same time.

20. Surrender of Stock Upon Termination

On or before the effective termination date of Shareholder's rights under this Occupancy Agreement pursuant to Paragraph 19 of this Occupancy Agreement, Shareholder shall surrender to the Cooperative his or her stock certificate and Occupancy Agreement, endorsed in any manner that may be required by the Cooperative. Whether or not the instruments are surrendered, the Cooperative may thereupon at its election cancel the stock and treat the cancellation as a purchase of the retiring Shareholder's interest in the Cooperative or sell the interest to a new purchaser, and pay the purchase amount less authorized deductions to the former Shareholder in accordance with the Bylaws.

21. The Cooperative's Remedies for Breach of Occupancy Agreement

Shareholder agrees that a landlord-tenant relationship exists between the parties to this Occupancy Agreement, and that in the event of a breach or threatened breach by Shareholder, as provided in Paragraph 18 of this Occupancy Agreement, the Cooperative shall have the right to pursue any remedies generally available to a landlord for the breach or threatened breach of a rental agreement by a tenant, including the right to:

(a) Exercise the remedy described in California Civil Code Section 1951.4 (the Cooperative may continue Occupancy Agreement in effect after Shareholder's breach and abandonment and recover rent as it becomes due, if Shareholder has right to sublet or assign, subject only to reasonable limitations).

(b) Commence, in lieu of or in addition to the action provided for in (c), an action against Shareholder to recover all amounts specified in Section 1951.2 of the Civil Code.

(c) Commence, in lieu of or in addition to the action described in (b), an action to reenter and regain possession of the premises in the manner provided by the laws of California governing unlawful detainer.

(d) In addition to any other rights and remedies, after notice and hearing, Shareholder(s) shall be subject to disciplinary action by the Board, including suspension of voting rights or privileges for use of the Common Area, or the imposition of monetary penalties in accordance with the provisions of the Bylaws, if Shareholder(s), or anyone occupying or visiting the Apartment, defaults on the performance of any covenant herein or under the Governing Instruments, other than the covenant to pay Carrying Charges. Any monetary penalty imposed pursuant to this Section shall be a special assessment against such Shareholder(s) and the Apartment.

22. Expiration and Renewal

(a) If the option to renew set forth in (b) is not exercised, this Occupancy Agreement will expire on the date set forth in Paragraph 1 of this Occupancy Agreement. Shareholder(s) shall thereafter have no further liability under this Occupancy Agreement if, on or before the expiration date, he or she has taken the following actions:

- (1) Endorsed his/her/their stock certificates for transfer in blank and deposited them with the Cooperative;
- (2) Met all of his/her/their obligations and paid all amounts due under this Occupancy Agreement up to the time of expiration; and
- (3) Vacated the Apartment, leaving it in a good state of repair.

(b) It is covenanted and agreed that the term of this Occupancy Agreement herein granted shall be extended and renewed from time to time by and against the parties hereto for further periods of five (5) years each from the expiration of the term herein granted, upon the same covenants and agreements as herein contained, provided that Shareholder(s) are in compliance with the Governing Instruments, unless:

- (1) notice of the election by Shareholder(s) not to renew shall have been given to the Cooperative in writing at least sixty (60) days prior to the expiration of the then current term, and the Shareholder(s) shall have on or before the expiration of the said term (a) endorsed all his stock for transfer in blank and deposited same with the Cooperative, (b) met all of Shareholder's obligations and paid all amounts due under this agreement up to the time of said expiration, and (c) vacated the Apartment, leaving same in good state of repair. Upon

compliance with provisions of this sub-Section, Shareholder(s) shall have no further liability under this Agreement and shall be entitled to no payment from the Cooperative; or

(2) the Cooperative sends a new form of Occupancy Agreement to Shareholder(s) at least sixty (60) days prior to the expiration of the then current term.

(c) In the event that a Shareholder is not in compliance with the Governing Instruments ninety (90) days before the end of the term of the Occupancy Agreement (or any renewals thereof), the Cooperative may elect not to renew the Occupancy Agreement by providing Shareholder(s) written notice thereof at least sixty (60) days prior to the end of the term, and the right of Shareholder(s) to occupy the Apartment shall terminate upon the expiration of the five-year term.

(d) In no event, however, shall the term herein granted be extended or renewed beyond a date of 99 years from the date hereof.

23. Cooperation

Shareholder shall preserve and promote the cooperative ownership principles on which the Cooperative has been founded, abide by the Articles of Incorporation, Bylaws, rules and regulations of the Cooperative, and any amendments thereto, and by his or her acts of cooperation with its other members bring about for himself or herself, and his or her co-members, a high standard in home and community conditions.

24. Subordination Clause

It is specifically understood and agreed by the parties hereto that this Agreement and all rights, privileges and benefits hereunder are and shall be at all times subject to and subordinate to any lien of a first mortgage or first deed of trust and accompanying documents executed by Cooperative, and to any and all modifications, extensions and renewal thereof, which may be placed on the property of Cooperative or any part thereof. Shareholder hereby agrees to execute, at the Cooperative's request and expenses, any instrument which the Cooperative 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 Shareholder hereby appoints the Cooperative and each and every officer thereof, and any future officer, Shareholder's irrevocable attorney-in-fact during the term hereof to execute any such instrument on behalf of Shareholder. Shareholder does hereby expressly waive any and all notice 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, Shareholder does hereby constitute the Shareholder's agent to receive and accept such notices on Shareholder's behalf.

25. Waiver of Damages

(a) Neither the Cooperative, nor the Board, nor any member thereof, nor any member of any committee appointed by the Board, nor the officers of the Board, nor any of them, nor the management agent, nor the manager, if any, nor the manager's staff, shall be liable for any failure to provide any service or perform any duty, function or responsibility designated herein to be performed by them, or for injury and/or damage to persons or property in the project, or

resulting from electricity, water, mold, rain, dust or sand which may leak or flow from outside of the Apartment or from any pipes, drains, conduits, appliances or equipment or from any other place or cause, unless caused by the gross negligence of the Cooperative, its Board, Officers, the manager or the manager's staff.

(b) Neither the Cooperative nor any member of its Board of Directors, its officers, manager or any member of the manager's staff shall be responsible to any Shareholder nor to any member of Shareholder's family, co-occupants, social guests, contractors or invitees for any loss or damage suffered by reason of theft or otherwise of any article, vehicle or thing which may be stored by such Shareholder or other person in or on any portion of the Common Area.

26. Notices

Except as otherwise expressly provided herein or by law, any notice to be served on either party by the other shall be in writing, and shall be deemed given when it is personally delivered to the party to whom it is directed, or when it is deposited in the mail, first-class postage prepaid, addressed to the Shareholder at the address of the Apartment, or to the Cooperative in care of the Cooperative's managing agent as set forth in paragraph 29 below. Either party may change his or her address for purposes of this paragraph by giving written notice of the change to the other party in the manner provided in this paragraph.

27. Attorneys' Fees

Should any litigation be commenced between the parties to this Occupancy Agreement concerning the Apartment, this Occupancy Agreement, or the rights and duties of either in relation thereto, the party prevailing in that litigation shall be entitled, in addition to any other relief granted, a reasonable sum as and for attorneys' fees, which shall be determined by the court or in a separate action brought for that purpose.

28. Amendment of Occupancy Agreement

This approved form of Occupancy Agreement may be amended only at a regular or special meeting of the Cooperative by the affirmative vote (in person or by proxy) or written consent of members representing a majority of the Cooperative.

29. Identity of Cooperative Manager and Owner

Pursuant to Civil Code Section 1962:

(a) The name and usual street address of the person authorized to manage the Cooperative premises is _____, or such other manager as hired by the Board of Directors.

(b) The name and usual street address of the owner of the premises or person authorized to act for and on behalf of the owner for the purposes of service of process and receipt of all notice and demands is:_____.

30. Miscellaneous

(a) Any capitalized term used herein which is not defined herein shall have the same meaning as it has in the Bylaws.

(b) The provisions of this Occupancy Agreement shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a cooperative development, and this Occupancy Agreement shall be construed and governed in accordance with California law.

(c) The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any of the provisions hereof shall not affect the validity of the remaining provisions.

(d) This Occupancy Agreement shall inure to the benefit of and be binding upon the heirs, personal representatives, grantees, beneficiaries, successors and assigns of the Shareholder.

(e) Each remedy provided for by this Occupancy Agreement for breach of any of the covenants, conditions, restrictions, reservations, liens or charges contained herein shall be in addition to any other available remedy, whether provided for by law or in equity, and all of such remedies whether provided for by this Occupancy Agreement or otherwise shall be cumulative and not exclusive.

(f) In the case of joint ownership of a stock certificate, the liability of each of the Shareholders thereof in connection with the liabilities and obligations of Shareholders set forth in or imposed by this Occupancy Agreement, shall be joint and several.

(g) References to the masculine gender in this Agreement shall include the feminine and neuter genders; references to the singular shall include the plural; all as required by the context of this Agreement.

[THIS SPACE INTENTIONALLY LEFT BLANK]

(h) Any capitalized term used herein which is not defined herein shall have the same meaning as it has in the Bylaws.

Executed on _____, 20____, at Los Angeles, California.

“Cooperative”

Colfax Ardmore Cooperative Estates, Inc.

By: _____
(signature)

(typed name and title)

BY SIGNING BELOW (IN THE PRESENCE OF A NOTARY), SHAREHOLDER HEREBY AGREES THAT HE/SHE/THEY HAVE READ, UNDERSTOOD AND AGREE TO COMPLY WITH THIS OCCUPANCY AGREEMENT:

“Shareholder”

By: _____
(signature of Shareholder)

(typed name)

By: _____
(signature of Shareholder)

(typed name)

