

COOPERATIVE OCCUPANCY AGREEMENT

THIS AGREEMENT, made and entered into this _____ day of _____, 19____, by and between _____ (hereinafter referred to as the Corporation), a corporation having its principal office and place of business at _____ and _____ (hereinafter referred to as Member);

WHEREAS, the Corporation has been formed for the purpose of acquiring, owning and operating a cooperative housing project to be located at _____, with the intent that its members [in stock corporations change "members" to "stockholders" and all the following parenthetical clause "(hereinafter called 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 and holder of a certificate of membership [or _____ shares of common capital stock] of the Corporation and has a bona fide intention to reside in the project;

WHEREAS, the Member has certified to the accuracy of the statements made in his application and family income survey and agrees and understands that family income, family composition and other eligibility requirements are substantial and material requirements of his initial and of his continuing occupancy.

NOW, THEREFORE, in consideration of One Dollar (\$1.00) to each of the parties paid by the other party, the receipt of which is hereby acknowledged, and in further consideration of the mutual promises contained herein, the Corporation hereby lets to the Member, and the Member hereby hires and takes from the Corporation, dwelling unit number _____, located at _____;

TO HAVE AND TO HOLD said dwelling unit unto the Member, his executors, administrators and authorized assigns, on the terms and conditions set forth herein and in the corporate Charter and By-laws of the Corporation and any rules and regulations of the Corporation now or hereafter adopted pursuant thereto, from the date of this agreement, for a term terminating on _____, 19____, renewable thereafter for successive three-year periods under the conditions provided for herein.

ARTICLE 1. MONTHLY CARRYING CHARGES

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

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

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

Notwithstanding the above provisions it is understood and agreed by the Member and the Corporation that where the annual family income of the Member is such that he is entitled to the benefit of the interest reduction payment made by the Secretary of Housing and Urban Development (hereinafter referred to as secretary) to the mortgagee, the monthly Carrying Charges for the member shall be reduced to the extent required by the Secretary as set forth in the Regulatory Agreement.

Until further notice from the Corporation the Monthly Carrying Charges for the abovementioned dwelling unit shall be \$ _____

The Member agrees, however, that if during the term of this agreement the total income of his family exceeds the limitations for occupancy which may be established from time to time by the Secretary of Housing and Urban Development (hereinafter referred to as Secretary) he will pay to the Corporation, at the option of the Corporation and upon 90 days' written notice, additional Monthly Carrying Charges in an amount commensurate with the amount of his family income in excess of the income limitations, pursuant to a plan previously developed by the Corporation and approved by the Secretary. In no event shall the total Monthly Carrying Charge, including such additional charges for excess income, exceed that which would have been applicable had the mortgage of the Corporation borne interest at the rate of 6 percent per annum and a mortgage insurance premium of $\frac{1}{2}$ of 1 percent been required.

The Member agrees that his family income, family composition and other eligibility requirements are substantial and material condition with respect to the amount of monthly carrying charges he will be obligated to pay and with respect to his continuing right of occupancy. The Member agrees to make a recertification of his income to the Corporation at least every two years from the date of this Agreement so long as he is receiving the benefit of interest reduction payments made by the Secretary to the mortgagee. The Member further agrees that the monthly carrying charges are subject to adjustment by the Corporation to reflect income changes which are disclosed on any of the Member's recertifications, as required by the Regulatory Agreement. Immediately upon making such adjustment, the Corporation agrees to give 30 days written notice to the Member stating the new amount the Member will be required to pay, which, until further notice shall then be the Member's monthly carrying charge.

The Member agrees to pay to the Corporation any Carrying Charge which should have been paid but for (a) Member's misrepresentation in his initial income certification or recertification, or any other information furnished to the Corporation; or (b) Member's failure to supply income recertifications when required or to supply information requested by the Corporation.

ARTICLE 2. WHEN PAYMENT OF CARRYING CHARGES TO COMMENCE.

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

ARTICLE 3. PATRONAGE REFUNDS.

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

ARTICLE 4. MEMBER'S OPTION FOR AUTOMATIC RENEWAL.

It is covenanted and agreed that the term herein granted shall be extended from time to time by and against the parties hereto for further periods of three years each from the expiration of the term herein granted, upon the same covenants and agreements as herein contained unless; (1) notice of the Member's election not to renew shall have been given to the Corporation in writing at least four months prior to the expiration of the then current term, and (2) the Member shall have on or before the expiration of said term (a) endorsed all his (stock) (membership certificate) for transfer in blank and deposited same with the Corporation, and (b) met all his obligations and paid all amounts due under this Agreement up to time of said expiration, and (c) vacated the premises, leaving same in good state of repair. Upon compliance with provisions (1) and (2) of this Article, the Member shall have no further liability under this agreement and shall be entitled to no payment from the Corporation.

ARTICLE 5. PREMISES TO BE USED FOR RESIDENTIAL PURPOSES ONLY.

The Member shall occupy the dwelling unit covered by this agreement as a private dwelling unit for himself and/or his immediate family and for no other purpose, and may enjoy the use in common with other members of the corporation of all community property and facilities of the project so long as he continues to own a [membership certificate] [share of common stock] of the Corporation, occupies his dwelling unit, and abides by the terms of this agreement. Any sublessee of the Member, if approved pursuant to Article 7 hereof, may enjoy the rights to which the Member is entitled under this Article 5.

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

ARTICLE 6. MEMBER'S RIGHT TO PEACEABLE POSSESSION.

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

ARTICLE 7. NO SUBLETTING WITHOUT CONSENT OF CORPORATION.

The Member hereby agrees not to assign this agreement nor to sublet his dwelling unit without the written consent of the Corporation on a form approved by the Department of Housing and Urban Development (hereinafter referred to as HUD). The liability of the Member under this Occupancy Agreement shall continue notwithstanding the fact that he 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 sublessee. Any unauthorized subleasing shall, at the option of the Corporation, result in the termination and forfeiture of the member's rights under this Occupancy Agreement. Non-paying guest of the Member may occupy Member's unit under such conditions as may be prescribed by the Board of Directors in the rules and regulations.

ARTICLE 8. TRANSFERS.

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

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

ARTICLE 9. MANAGEMENT, TAXES AND INSURANCE.

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

ARTICLE 10. UTILITIES.

The Corporation shall provide water, electricity, gas, heat and air conditioning in amounts which it deems reasonable. (Strike out any of the foregoing items in this Article which are not applicable.) The Member shall pay directly to the supplier for all other utilities.

ARTICLE 11. REPAIRS.

(a) By Member. The Member agrees to repair and maintain his dwelling unit at his own expense as follows:

- (1) Any repairs or maintenance necessitated by his own negligence or misuse;
- (2) Any redecoration of his own dwelling unit; and
- (3) Any repairs, maintenance or replacements required on the following items:
(Insert the items desired, subject to HUD approval.)

(b) By Corporation. The Corporation shall provide and pay for all necessary repairs, maintenance and replacements, except as specified in clause (a) of this Article. The officers and employees of the Corporation shall have the right to enter the dwelling unit of the member in order to effect necessary repairs, maintenance, and replacements, and to authorize entrance for such purposes by employees of any contractor, utility company, municipal agency, or others, at any reasonable hour of the day and in the event of emergency at any time.

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

ARTICLE 12. ALTERATIONS AND ADDITIONS.

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

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

The Member shall not, without the prior written consent of the Corporation, install or use in his dwelling unit any air conditioning equipment, washing machine, clothes dryer, electric heater, or power tools. (Strike out any of the foregoing items which are not applicable.) The Member agrees that the Corporation may require the prompt removal of any such equipment at any time, and that his failure to remove such equipment upon request shall constitute a default within the meaning of Article 13 of this agreement.

ARTICLE 13. DEFINITION OF DEFAULT BY MEMBER AND EFFECT THEREOF.

It is mutually agreed as follows: At any time after the happening of any of the events specified in clauses (a) to (i)* of this Article the Corporation may at its option give to the Member a notice that this agreement will expire at a date not less than ten (10) days thereafter. If the Corporation so proceeds all of the Member's rights under this agreement will expire on the date so fixed in such notice, unless in the meantime the default has been cured in a manner deemed satisfactory by the Corporation, it being the intention of the parties hereto to create hereby conditional limitations, and it shall thereupon be lawful for the Corporation to re-enter the dwelling unit and to remove all persons and personal property therefrom, either by summary dispossession proceedings or by suitable action or proceeding, at law 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 had not been made:

- (a) In case at any time during the term of this agreement the Member shall cease to be the owner and legal holder of a membership [or share of the stock] of the Corporation.
- (b) In case the Member attempts to transfer or assign this agreement in a manner inconsistent with the provisions of the By-Laws.
- (c) In case at any time during the continuance of this agreement the Member shall be declared a bankrupt under the laws of the United States.
- (d) In case at any time during the continuance of this agreement a receiver of the Member's property shall be appointed under any of the laws of the United States or of any State.
- (e) In case at any time during the continuance of this agreement the Member shall make a general assignment for the benefit of creditors.
- (f) In case at any time during the continuance of this agreement any of the stock or membership of the Corporation owned by the Member shall be duly levied upon and sold under the process of any Court.
- (g) In case the Member fails to effect and/or pay for repairs and maintenance as provided for in Article 11 hereof.
- (h) In case the Member shall fail to pay any sum due pursuant to the provisions of Article 1 or Article 10 hereof.
- (i) In case the Member shall default in the performance of any of his obligations under this agreement.
- (j) In case at any time during the term of this agreement the limitations for occupancy which may be established from time to time by HUD are exceeded.
- (k) In case at any time during the term of this agreement, the Member fails to comply promptly with all requests by the Corporation or HUD for information and certifications concerning the income of the Member and his family, the composition of the Member's family and other eligibility requirements for occupancy in the project.
- (l) Material noncompliance with the terms of this Lease Agreement also includes, but is not limited to:
 - (1) consuming, or permitting to be consumed, any alcoholic beverages in the outdoor areas of the project by a Tenant or a member of the Tenant's household, a guest of the Tenant or other person under the Tenant's control, or;
 - (2) selling, distributing, manufacturing, using, or possessing in or near the project or Tenant's unit of any illicit drugs, such as marijuana, heroin, cocaine or crack by a Tenant or a member of the Tenant's household, a guest of the Tenant's or other person under the Tenant's control, on or near the Project, or,
 - (3) otherwise violating ARTICLE 14.A. entitled, "UNLAWFUL ACTIVITIES".

The Member hereby expressly waives any and all right of redemption in case he 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, a summary proceedings, and other remedies were not herein provided for.

The member hereby waives all rights to advance notice provided for in the Pennsylvania Landlord Tenant Act of 1951 as amended "any HUD required notice period may run concurrently with any notice period required by state or local law."

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 law by a tenant of any provision of a lease or rental agreement.

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

ARTICLE 14. MEMBER TO COMPLY WITH ALL CORPORATE REGULATIONS.

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

ARTICLE 14.A. UNLAWFUL ACTIVITIES.

Notwithstanding any other provision of this Lease, the Tenant, members of Tenant's household, guests of Tenant, and other persons under Tenant's control shall not engage in unlawful activity, including drug-related criminal activity, in the Tenant's unit or on or near the project premises, and such unlawful activity shall be cause for termination of tenancy. "Drug-related criminal activity" means the illegal manufacture, sale, distribution, use, or possession of a controlled substance as defined in Section 102 of the United States Controlled Substances Act, 21 U.S. Code Section 802. Criminal conviction under federal, state or local law shall not be a pre-condition for termination of tenancy.

ARTICLE 15. EFFECT OF FIRE LOSS ON INTERESTS OF MEMBER.

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

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

ARTICLE 16. INSPECTION OF THE DWELLING UNIT.

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

ARTICLE 17. SUBORDINATE CLAUSE.

The project, of which the above-mentioned dwelling unit is a part, was or is to be constructed or purchased by the Corporation with the assistance of a mortgage loan advanced to the Corporation by a private lending institution with the understanding between the Corporation and the lender that the latter would apply for mortgage insurance under the provisions of the National Housing Act. Therefore, it is specifically understood and agreed by the parties hereto that this agreement and all rights, privileges and benefits hereunder are and shall be at all times subject to and subordinate to the lien of a first mortgage and the accompanying documents executed by the Corporation under date of _____, (or to be executed by the Corporation) payable to _____ in the principal sum of \$ _____ with interest at _____ per centum, and insured or to be insured under the provisions of the National Housing Act, and to any and all modifications, extensions and renewals thereof and to any mortgage or deed of trust made in replacement thereof and to any mortgage or deed of trust which may at any time hereafter be placed on the property of the Corporation or any part thereof. The Member hereby agrees to execute, at the Corporation's request and expense, any instrument which the Corporation or any lender may deem necessary or desirable to effect the subordination of this agreement to any such mortgage, or deed of trust, and the Member hereby appoints the Corporation and each and every officer thereof, and any future officer, his 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 agent to receive and accept such notices on the Member's behalf.

ARTICLE 18. LATE CHARGES AND OTHER COSTS IN CASE OF DEFAULT.

The Member covenants and agrees that, in addition to the other sums that have become or will become due, pursuant to the terms of this Agreement, the Member shall pay to the Corporation a late charge in an amount to be determined from time to time by the Board of Directors for each payment of Carrying Charges, or part thereof, more than 10 days in arrears.

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

ARTICLE 19. NOTICES.

Whenever the provisions of law or the By-Laws 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 unit or to the Member's last known address; and any notice or demand by the Member to the Corporation shall be deemed to have been duly given if delivered to an officer of the Corporation. Such notice may also be given by depositing same in the United States mails addressed to the Member as shown in the books of the Corporation, or to the President of the Cooperative, as the case may be, and the time of mailing shall be deemed to be the time of giving of such notice.

ARTICLE 20. ORAL REPRESENTATION NOT BINDING.

No representations other than those contained in this agreement, the Charter and the By-Laws of the Corporation shall be binding upon the Corporation.

ARTICLE 21. REGULARLY SCHEDULED CERTIFICATIONS.

Every year on or about the _____ day of _____, Corporation will request member to report the income and composition of member's household and so supply any other information required by HUD for the purposes of determining member's carrying charges. Member agrees to provide accurate statement of this information and to do so by the date specified in Corporation's request. Corporation will verify the information supplied by Member and use the verified information to recompute the amount of Member's carrying charges.

- (a) If Member does not submit recertification information by the date specified in Member's request, the Corporation may impose the following penalties. Corporation may implement these penalties only in accordance with the administrative procedures and time frames specified in HUD's regulations, handbooks and instructions related to the administration of multifamily subsidy programs:
 - (1) Require Member to pay the higher, HUD-approved market carrying charges.
 - (2) Implement any increase in carrying charges resulting from the recertification processing without providing the 30-day notice otherwise required by paragraph 4 of this agreement.
- (b) Member may request to meet with Corporation to discuss any change in carrying charges from the recertification process. If Member requests such a meeting, Corporation agrees to meet with Member and discuss how Member's carrying charge was computed.

ARTICLE 22. REPORTING CHANGES BETWEEN REGULARLY SCHEDULED CERTIFICATIONS.

- (a) If any of the following changes occur at any time, Member agrees to advise the Corporation immediately:
 - (1) Any household member moves out of the Unit.
 - (2) An adult member of the household who was reported as unemployed on the most recent certification or recertification obtains employment.
 - (3) The household's income increases by more than \$40/month after: (a) Corporation has reduced members carrying charge because of a decrease in income reported pursuant to paragraph 22b below; or (b) Member has submitted certification information showing an average monthly household income of less than \$ _____ per household member.
- (b) The Tenant may report any decrease in income or any change in other factors considered in calculating the Tenant's rent. Unless the Landlord has confirmation that the decrease in income or change in other factors will last less than one month, the Landlord will verify the information and make the appropriate rent reduction. However, if the Tenant's income will be partially or fully restored within two months, the landlord may delay the certification process until the income is known, but the rent reduction will be retroactive, and the Landlord may not evict the Tenant for nonpayment of the rent due during the period of the reported decrease and the completion of the certification process. The Tenant has thirty (30) days after receiving written notice of any rent due for the above described time period to pay or the Landlord can evict for nonpayment of rent.
- (c) If Member does not advise Corporation of these interim changes, Corporation may increase Member's carrying charge to the HUD-approved market carrying charge. Corporation may do so only in accordance with the time frames and administrative procedures set forth in HUD's regulations, handbooks and instructions on the administration of multifamily subsidy programs.
- (d) Member may request to meet with Corporation to discuss how any change in income or other factors affected Member's carrying charge or Member's Assistance Payment. If member requests such a meeting, Corporation agrees to meet with Member and explain how Member's carrying charge was computed.

ARTICLE 23. MEMBER'S OBLIGATION TO REPAY.

If Member submits false information on any application, certification or request for interim adjustment or does not report interim changes in family income or other factors as required by paragraph 21 of this Agreement, and as a result, is charged a carrying charge less than the amount required by HUD's carrying charge formula, Member agrees to reimburse Corporation for the difference between the carrying charge Member should have paid and the rent Member was charged. Member is not required to reimburse Corporation for undercharges caused solely by Corporation's failure to follow HUD's procedures for computing carrying charges or assistance payments.

ARTICLE 24. UNIT SIZE AND TRANSFER.

The member understands that HUD requires the corporation in accordance with HUD Handbook 4350.3 to assign units according to the size of the household and the age and sex of household members. If the member is or becomes eligible for a different size unit and the required size unit becomes available, the member may request to be transferred to such unit at an agreeable price. The corporation, because of the equity value each member has accrued as the result of his occupancy, and also because the member may have made substantial interior improvements, will not require the member to transfer to a different size unit.

ARTICLE 25. PENALTIES FOR FALSE INFORMATION.

If member deliberately submits false information regarding income, family composition or other data on which Member's eligibility or carrying charge is determined, Corporation may, with HUD approval, require Member to pay the higher, HUD approved market carrying charge for as long as Member remains in the Project. In addition, Member could become subject to penalties available under Federal law. Those penalties include fines up to \$5,000 and imprisonment for up to two years.

ARTICLE 26. INTEGRATION.

This agreement and its attachments make up the entire agreement between Member and Corporation regarding the Unit. If any court declares a particular provision of this agreement to be invalid or illegal, all other terms of this agreement will remain in effect and Corporation and Member will continue to be bound by them.

ARTICLE 27. ATTACHMENTS TO THE AGREEMENT.

Member certifies that Member has received a copy of this agreement and the following attachments to this agreement and understands that these attachments are part of this agreement:

- (a) Attachment No. 1 - Form HUD-50059, Certification and Recertification of Member's Eligibility.
- (b) Attachment No. 2 - Unit Inspection Report.
- (c) Attachment No. 3 - House Rules (if any).

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

BELMAR GARDENS, INC.
REGIONAL SALES, INC., AGENT

By: _____ (SEAL)

MEMBER AND STOCKHOLDER:

_____ (SEAL)

_____ (SEAL)

TO BE DULY ACKNOWLEDGED