

SCOTTSDALE EAST HOMES, INC.
OCCUPANCY AGREEMENT
As Amended November 28, 2005

This Agreement, made and entered into this _____ day of _____, 20___, in and between SCOTTSDALE EAST HOMES, INC., (hereinafter referred to as the Corporation), a not-for-profit corporation having its principal office and place of business as 8210 East Garfield Street, Scottsdale, Arizona 85257, and _____ (hereinafter referred to as Member);

Whereas, the Corporation has been formed for the purpose of acquiring, owning and operating a cooperative housing corporation located at Scottsdale, Arizona, with the intent that its members shall have the right to occupy the dwelling units thereof under the terms and conditions hereinafter set forth; and,

Whereas, the following person(s) are shown on the books of the Corporation as member(s) in the Corporation, and as such are lawfully entitled to one (1) membership, and to transfer or sell same, subject to the restrictions and limitations set forth herein and in the Corporation s Bylaws, including but not limited to, prior approval by the Corporation of any such sale or transfer:

The following additional persons are recognized by the Corporation solely as approved occupants of the dwelling unit referenced herein, but shall have no right to either vote or sell or transfer membership:

All of the above named persons have declared their intention to reside in property owned by the Corporation according to the regulations and conditions now in effect or hereinafter adopted by the Corporation.

Now therefore, in consideration of the mutual promises contained herein, the Corporation hereby leases to the Member, and Member hereby lets from the Corporation, dwelling unit number, dwelling unit number _____ located at _____ East Garfield Street, Scottsdale, Arizona 85257.

Member s occupancy of said dwelling unit shall be at all times subject to the terms and conditions set forth in this Occupancy Agreement and in the Corporation s Bylaws, and to any Rules and Regulations of the Corporation now and hereafter adopted pursuant thereto.

Until further notice, any modifications to this Occupancy Agreement by the Member, excluding the first change, effectuated at the request of the Member, including but not limited to the deletion or addition of approved occupants, shall be conditioned upon payment to the Corporation of an administrative fee of fifty dollars (\$50.00). The Corporation reserves the right to adjust the administrative fee from time to time in its sole discretion.

ARTICLE 1

MONTHLY CARRYING CHARGES

Commencing at the time indicated in Article 2 hereof, Member agrees to pay Corporation a monthly sum, referred to herein as Carrying Charge, equal to one-twelfth (1/12) of Member's proportionate share of the sums required by the Corporation, as estimated from time to time by its Board of Directors in accordance with the Corporation's Bylaws, to meet its annual expenses, which expenses include but are not necessarily limited to the following items:

- a. The total cost of all operating expenses of the Corporation, including without limitation the cost of furnishing all necessary services to members.
- b. The total cost incurred for management and administration of the Corporation.
- c. The total of all charges for taxes and assessments levied against the Corporation including ground rent if any.
- d. The total cost of fire and extended coverage insurance on the property of the Corporation, and the total cost of such other insurance obtained by the Corporation.
- e. The total cost of furnishing water, and providing access to electricity, gas, refuse collection and other utilities to the Corporation or Members as otherwise defined in *Article 9*.
- f. The total of all operating reserves established by the Board of Directors, including without limitation the General Operating Account and the Reserve Accounts for replacements.
- g. The total estimated cost of repairs, maintenance and replacement of Corporation property as estimated by the Board of Directors.
- h. The total of any other expenses of the Corporation approved by the Board of Directors, including the recoupment of operating deficiencies, if any, experienced during prior periods.

The Board of Directors shall determine the amount of the Carrying Charge. The Carrying Charge shall be estimated on an annual basis and divided by the number of months remaining in the then current fiscal year. In no event shall any Member be charged with more than his proportionate share thereof as determined by the Board of Directors.

That portion of the Carrying Charge levied for payments on the Reserve Accounts of the Corporation, or for any other capital expenditure, shall be credited upon the books of the Corporation.

Until further notice from the Corporation, the monthly Carrying Charge for the above mentioned dwelling unit shall be \$_____. Payment of said Carrying Charge shall be made by check, money order or automatic withdrawal from your bank. Cash will not be accepted.

ARTICLE 2

WHEN PAYMENT OF CARRYING CHARGES ARE TO COMMENCE

On or before the effective date of this Agreement, Member shall make the first month s payment of the Carrying Charge, prorated from the effective date of this Agreement. Thereafter, Member shall pay the Carrying Charge in advance on the first day of each month.

For the convenience of the Member(s), the Corporation will allow a ten (10) day grace period for the payment of said Carrying Charge. This grace period terminates at 4:00 PM M.S.T. on the tenth (10th) day of the month in which the payment is due, after which said payment will be considered delinquent and a late charge assessed as hereinafter provided.

ARTICLE 3

LATE CHARGES AND OTHER COSTS IN CASE OF DEFAULT

Member covenants and agrees that, in addition to all other sums that are or may become due and payable under the terms of this Agreement, Member shall pay to Corporation a Late Charge in an amount periodically established by the Board of Directors. A late charge shall be assessed in the case of each payment of Carrying Charge, or part thereof, remaining unpaid after 4:00 PM M.S.T. on the tenth (10th) day of the month in which such payment was due.

Until further notice, the Late Charge is set at ten dollars (\$10.00) per day for each and every day payment remains delinquent after the tenth (10th) day of the month in which the payment was due.

A charge of thirty dollars (\$30.00) shall be assessed for each and every check returned to the Corporation due to insufficient funds or closed account.

If Member defaults in making a payment of Carrying Charge or in the performance or observance of any of the provisions of this Agreement, and Corporation obtains the services of any collection agency or attorney with respect to the Member s defaults, Member shall also pay all costs of collection and/or attorney s fees incurred by Corporation, whether or not suit is brought.

ARTICLE 4

PATRONAGE REFUNDS

The Corporation agrees that it will refund or credit to Member within ninety (90) days after the end of each fiscal year Member s proportionate share of such sums, if any, by which the amount Member has paid in anticipation of expenses exceeds the amount actually needed for expenses of all kinds, including without limitation, reserves. The amount of such excess, if any, shall be determined by the Board of Directors in its sole and absolute discretion.

ARTICLE 5

PREMISES TO BE USED FOR RESIDENTIAL PURPOSES ONLY

Member(s) shall occupy the dwelling unit referenced in this Agreement as a private, single-family dwelling and for no other purpose. No commercial activities of any kind, including without limitation, any activities characterized or classified as home occupations , are permitted.

Occupancy of the dwelling unit is restricted to Member, Member s immediate family, and/or such other occupants as the Corporation may specifically approve in writing. As utilized herein, the term immediate family shall be deemed to include Member s spouse, son, daughter, mother or father.

Member and other approved occupants of Member s unit may enjoy the use, in common with the other Members of the Corporation, of all common property and facilities of the Corporation, so long as Member continues to occupy the dwelling unit in compliance with the terms of this Agreement.

Member agrees that the number of occupants may not exceed, in the case of each of the following types of dwelling units:

Studio	2 Occupants
1 Bedroom Apartment	2 Occupants
2 Bedroom Apartment/Townhouse	4 Occupants
3 Bedroom Townhouse	6 Occupants

(Note: An enclosed patio does not qualify as an extra bedroom)

Should the number of persons occupying a dwelling unit at any time exceed the maximum number specified herein, Member must, within thirty (30) days (with certain Hardship exceptions to be determined by a majority vote of the Board) of the date notice is given by the Corporation of such excessive occupancy, either: (1) bring the number of occupants into compliance with the terms hereof; (2) at Member s own expense, move to a larger dwelling unit in the Corporation; or (3) vacate the dwelling unit. Member s failure to do so shall constitute a default under the terms of this Occupancy Agreement. The Board of Director s determination of the number of

occupants of any dwelling unit shall be final and conclusive.

Member shall not permit or suffer anything to be done or kept upon or within Member s dwelling unit which will increase the rate of insurance for the Corporation, as determined by the insurer, or on the contents thereof, or which will obstruct or interfere with the rights of other members or occupants or annoy them by unreasonable noises or otherwise, nor will member commit or permit any nuisance on the premises or commit or suffer any immoral or illegal act to be committed thereon. Member shall comply with the requirements of the Bylaws and this Occupancy Agreement and any applicable Federal, State, or local laws and/or regulations. If by reason of Member s occupancy or use of Member s dwelling unit the Corporation s rate of insurance is increased, Member shall become personally liable to the Corporation for all additional insurance premiums or charges incurred.

ARTICLE 6

MEMBERS RIGHT TO PEACEABLE POSSESSION

In consideration of the Member s full and continuing compliance with the terms and conditions of this Agreement, the Corporation covenants that, so long as this Agreement remains in effect, Member may have and enjoy the use, benefit and peaceable possession of the dwelling unit referenced herein, and may further enjoy in common with all other Members of the Corporation, the use of all common property and facilities of the Corporation. Provided further, however, that the Member specifically understands and agrees that the commitment of any of the following acts by Member, or by any person occupying or visiting Member s dwelling unit, shall constitute violation of the other Members rights to peaceable possession and constitute just cause for the termination of this occupancy agreement.

1. **ILLEGAL ACTIVITY**- Neither Member, nor any person in Member s household, nor any guest present on or near the Corporation premises with Member s permission, express or implied, shall engage in any form of criminal activity, including without limitation, drug-related criminal activity. Drug-related Criminal Activity as utilized herein shall mean the illegal manufacture, sale, distribution, use or possession with intent to manufacture, sell, distribute, or use of a controlled substance (as defined in Section 102 of the Controlled Substance Act (21 U.S.C.002).

2. **CRIMINAL ACTIVITY** - Neither Member, nor any person in Member s household, nor any guest present on or near the Corporation premises with Member s permission, express or implied, shall engage in any criminal act or any act intended or calculated to facilitate criminal activity.

3. **ACTS OF VIOLENCE** - Neither Member, nor any person in Member s household, nor any guest present on or near the Corporation premises with Member s permission, express or implied, shall engage in or threaten any act of violence, including but not limited to, the discharging of firearms on or near the Corporation premises.

4. **CAUSE FOR TERMINATION** - A single violation of any of the above provisions shall be a

material violation and a condition of default under this Occupancy Agreement, and Member understands and agrees that any violation shall constitute good cause for termination of the Occupancy Agreement. The Board of Director s determination of the existence of a violation justifying termination shall be final and conclusive. This provision will be vigorously enforced.

ARTICLE 7

NO SUBLETTING

Member understands and agrees that Member has neither the right nor the legal ability to sell, assign, sublet, or otherwise transfer any interest in the dwelling unit (including without limitation any right of occupancy under the terms of this agreement) other than as expressly provided for herein and in the Corporation s Bylaws. Any attempted sale, transfer, sublet, or alienation of any such interest of any nature undertaken in violation of this provision shall result in immediate termination of this Occupancy Agreement and the forfeiture of the Member s rights hereunder.

ARTICLE 8

TRANSFERS

Membership in the Corporation is limited to natural persons or approved Trusts, as described in the SEH Bylaws. Further, no member or trust may, at any time, hold more than one (1) membership in the Corporation, nor may any SEH member or any member of such person s immediate family (as defined above) be admitted to membership in the Corporation on more than three (3) separate occasions.

To comply with any and all Equal and Fair Housing laws and regulations, public listing and advertising for the transfer of any membership may not take place without prior notification to the Corporation by the Member of the Member s intent to sell it s membership. After such notification to the Corporation of intent to sell, the membership may be listed and publicly advertised for sale to any interested and qualified buyer.

As a condition precedent to the transfer of any membership, a transfer fee shall be paid to the Corporation in such amount as shall be established by the Board of Directors from time to time. The applicable transfer fee payment shall be negotiated between the current Member and the incoming Member. The transfer fee will be paid by check or money order. Cash will not be accepted.

The sales price of a Membership is not set by the Corporation, but is rather determined by negotiations between the buyer and seller. The sales price for the sale of a membership must be paid by Certified or Cashier s Check in the presence of the Corporation s General Manager in the Corporation s office, and a copy thereof will be retained by the Corporation. Neither the Membership nor any interest in the Member s Occupancy Agreement may be utilized in any way as collateral to secure any portion of a sales price, and any attempt to utilize either a Membership or an Occupancy Agreement for such a purpose shall nullify the sale and transfer of the

Membership.

ARTICLE 9

UTILITIES

The Corporation shall provide water, electricity and gas in such amounts as are deemed reasonable and necessary for the use of the common areas. The Member is responsible for and shall pay directly for all utilities (including deposits for same) provided to the Member's dwelling unit with the exception of water and refuse pick-up, which the Corporation shall pay.

ARTICLE 10

REPAIRS

10.1 By Member - Member agrees to promptly undertake and complete, at Member's sole expense, any and all of the following repairs and/or maintenance on Member's dwelling unit:

- a. Any repairs or maintenance necessitated by negligence or misuse
- b. Any redecoration or remodeling
- c. Any repair, maintenance or replacement pertaining to the following: cooking range, stove top, oven, refrigerator, garbage disposal, door locks (except Arcadia doors), doorbells, any carpeting or flooring, bathtubs, toilet seats, drapes, fence and gates; and any new room additions, patio covers, or storage sheds, whether added by current member or a previous member.

10.2 By Corporation - The Corporation shall provide and pay for all other necessary repairs, maintenance and replacements, except as specified in *Section 10.1* of this Article. Such other repairs, maintenance and replacements shall encompass the roof, siding, water heater, air conditioning/heating unit and furnace. The Corporation shall further be responsible for a one-time replacement of original countertops and tub surrounds, with the Corporation having the sole right to determine whether such replacement is necessary in the case of any dwelling unit. The officers, employees and General Manager of the Corporation shall have the right to enter the Member's dwelling unit in order to effect necessary repairs, maintenance, and replacements, and may 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.

Members shall provide the General Manager with a set of keys to their unit that will be kept in a locked key box and be available to the General Manager in order to complete repairs or in case of emergencies. Any expenses incurred for locksmith fees if member fails to provide said keys shall be the Member's responsibility.

10.3 Should the Member fail to effect the repairs, maintenance or replacements specified in *Section 10.1* of this Article in a manner satisfactory to the Corporation and pay for same, the Corporation may do so and add the full cost thereof to the Member's next month's Carrying Charge. The Corporation shall have the right to inspect and to repair any damages or conditions for which the Corporation is claimed to be responsible. The removal or repair of any faulty or damaged items or conditions by the Member undertaken without first affording the Corporation the right to inspect and repair or replace same shall relieve the Corporation of all responsibility for such removal and repair.

10.4 The Corporation shall have the unconditional right to limit the scope of or defer annual repairs or replacements of fixtures of a non-emergency nature in the case of any dwelling unit where the costs of such non-emergency repairs or replacements have or may have an adverse impact on the Corporation's annual budget.

ARTICLE 11

ALTERATIONS AND ADDITIONS

Members shall not, without the Corporation's prior written consent, make any structural alterations in or to the water, gas, and/or electrical conduits and wiring, or to the plumbing, or to the fencing or siding, or to any fixtures in the dwelling unit. Members may not, under any circumstances remove any additions, improvements, or fixtures from the dwelling unit. The Corporation shall have the right to require, at the Member's expense, the removal or reinstatement to its original state of any unauthorized addition, improvement, or fixture. Any additions, improvements, or fixtures installed in any dwelling unit shall meet the Corporation's standards of good appearance, taste and workmanship as determined by the Board of Directors. The Corporation shall have sole and exclusive right to designate contractors authorized to perform work in or on any dwelling unit.

Should the Member, for any reason, cease to be an occupant of the premises, all alterations, additions, fixtures, and/or improvements in or to the dwelling unit shall become the sole and exclusive property of the Corporation.

Members shall not, without the Corporation's prior written consent, install or use any air conditioning or cooling equipment, dishwasher or washing machine (when a space or capacity is not provided), clothes dryer, electric heater, or heavy power tools (of an excessively noisy nature for long duration). The Member agrees that the Corporation may require the immediate removal of any such equipment at any time, and that the Member's failure to remove such equipment, upon request, shall constitute a default within the meaning of Article 12 of this agreement.

ARTICLE 12

DEFAULT BY MEMBER AND REMEDIES

12.1 Default Definition: Any of the following shall constitute a condition of default on the part of the Member.

12.1.1 The Member's failure to pay the Carrying Charge or any other sums the Member is obligated to pay under the terms of this agreement when due, where such failure continues for thirty (30) days following the posting or delivery of written notice of default by the Corporation to the Member;

12.1.2 The third (3rd) occurrence within any calendar year of the Member's failure to pay the Carrying Charge or any other sums the Member is obligated to pay under the terms of this Agreement within ten (10) days of the date such Carrying Charge or other sums are due;

12.1.3 Any attempted assignment or transfer of the Member's ownership in the Corporation or of the Member's rights under this Agreement in a manner inconsistent with the provisions of this Agreement, the Corporation's Articles of Incorporation, or the By-laws;

12.1.4 Any attempt to lease or sublet the Member's dwelling unit or to otherwise transfer or assign any rights therein other than in the manner expressly provided for herein;

12.1.5 The Member's failure to occupy the dwelling unit in a manner consistent with this Agreement, and with the Corporation's Articles of Incorporation and By-laws;

12.1.6 The Member's failure to maintain the legal ownership of the membership in a manner consistent with this Agreement, and with the Corporation's Articles of Incorporation and Bylaws;

12.1.7 The Member's failure to effect repairs and maintenance pursuant to *Article 10* of this Agreement within thirty (30) days following written demand by the Corporation or its agent;

12.1.8 The Member's failure or refusal to allow prompt entry into the Member's dwelling unit for the annual mandatory SEH inspection;

12.1.9 The Member's failure to perform any of the Member's obligations or covenants hereunder; and

12.1.10 A finding by the Board pursuant to *Articles 5, 6 and/or 13* hereof that the Member has violated any of the Corporation's Bylaws, Occupancy Agreement or Rules and Regulations.

12.2 Remedies Upon the occurrence of any one (1) or more of the events of default set forth above, the Corporation shall be entitled to immediately exercise, at its election, any one (1) or more of the following remedies:

12.2.1 Upon the occurrence of any of the events of default set forth in *Section*

12.1 in this Article (subject, however, to compliance with the provisions of *subsection 12.2.2 a-f* of this Article in the case of a default under *subsection 12.1.10* of this Article), the Corporation may, at its option and in its sole and absolute discretion:

- a. Terminate this Agreement and the Member's rights hereunder, without giving the Member any additional notice thereof, whereupon the Member shall immediately vacate the Member's dwelling unit, peaceably surrender possession thereof to the Corporation, and transfer ownership of the Member's membership to the Corporation in the manner specified in the Bylaws. It being understood by the Member that if the Member refuses to transfer the Member's membership in the Corporation as set forth in this paragraph, the Member hereby irrevocably appoints the Board of Directors, or any person designated by the Board of Directors, as the Member's attorney-in-fact for the purpose of effecting such transfer and executing such documents as may be necessary to effect such transfer.
- b. With or without terminating this Agreement, cure the Member's default. The Member shall be liable to the Corporation for all of the Corporation's expenses incurred, which amounts shall be payable by the Member to the Corporation upon demand;
- c. Re-enter the dwelling unit and remove all persons and/or personal property therefrom by whatever means or proceedings may be available to the Corporation at law or in equity, and in the event of such entry the Member acknowledges and agrees that the Member has no redemption rights whatsoever; and
- d. Recover from the Member all of the Corporation's expenses, costs and damages arising out of any event of default, including but not limited to, the costs of all clean-up, repair, alterations, refurnishing, refurbishing, bookkeeping or other administrative costs, legal expenses (whether or not suit is brought and whether or not this Agreement is terminated), and costs and expenses of litigation.
- e. The Member understands and agrees that the above remedies are in addition to whatever remedies the Corporation has available to it at law or in equity or under the terms of this Agreement. The Member further understands and agrees that the above remedies are cumulative and are not mutually exclusive, it being the intent of the Member and the Corporation that the Corporation may avail itself of one, or some, or all of such remedies in the Corporation's sole and absolute discretion. The Corporation's failure to insist, in any one or more instances, upon strict performance of any of the provisions of this Agreement, or to exercise any right or option herein contained, or to serve any notice or to institute any action or proceeding, shall not be construed as a waiver or a relinquishment in the future of any such provisions, options or

rights, but such provisions, options or rights shall continue and remain in full force and effect.

- f. The receipt and acceptance by the Corporation of Carrying Charges or other sums the Member is required to pay under the terms of this Agreement at a time when the Member is in breach of any covenant of this Agreement, whether or not the Corporation has knowledge of the existence of such breach, shall not be deemed a waiver of such breach, and no waiver by the Corporation of any covenant or provision of this Agreement shall be effective unless expressly stated in writing signed by the Corporation.

12.2.2 Upon the occurrence of an event of default as set forth in *subsection 12.1.10* of this Article, the Corporation, by and through its Board of Directors, shall:

- a. If the Member's violation is the Member's first (1st) violation of any of the Rules and Regulations, issue a letter of warning with instructions on how to remedy the violation requiring that same be corrected within ten (10) days from the date of the letter. The Member's failure to comply with such instructions and remedy the violation within such period shall constitute an event of default entitling the Corporation to exercise any or all of those remedies specified in *subsection 12.2.1* of this Article.
- b. If the Member's violation is the Member's second (2nd) violation of the Rules and Regulations, collect from the Member the sum of One Hundred Dollars (\$100.00), in which event this Agreement shall not be terminated unless the Member should fail to remedy such violation within the time period specified in *subsection 12.2.1* of this Article.
- c. If the Member's violation is the Member's third (3rd) violation of any of the Rules and Regulations, either collect from the Member the sum of Two Hundred Dollars (\$200.00), in which event this Agreement shall not be terminated unless the Member should fail to remedy such violation within the time period specified in *subsection 12.2.2.a* of this Article, or pursue any of the remedies set forth in *subsection 12.2.1* of this Article.
- d. If the Member's violation is the Member's fourth (4th) violation of any of the Rules and Regulations, pursue any of the remedies set forth in *subsection 12.2.1* of this Article.
- e. No pets of any kind are allowed (regardless of the ownership of the pet) in a dwelling unit or on the premises at any time with the exception of: fish, 1 canary, 1 parakeet, or 1 cock-a-tiel. An assessment of Seventy-five dollars (\$75.00) will be imposed in the case of a first (1st) violation of this restriction. In the event any violation is not immediately cured, or in the case of any second (2nd) offense, the Corporation shall have the right to immediately terminate this Occupancy Agreement.

- f. Any violation of the Corporation s Rules and Regulations by any occupant, guest or invitee of any member, shall, for purposes of this Article, be deemed a violation by such Member.

ARTICLE 13

MEMBER TO COMPLY WITH ARTICLES OF INCORPORATION, BYLAWS AND RULES AND REGULATIONS

The Member hereby covenants and agrees that the Member will preserve and promote the cooperative ownership principles upon which the Corporation has been founded, and abide by the Corporation s Articles of Incorporation, Bylaws, this Occupancy Agreement, and the Rules and Regulations and any amendments or changes as may be made in the future thereto. The Member understands that the Member has a proportionate ownership interest in the Corporation, and that such interest carries with it the obligation to uphold the tenets and purposes of the Corporation. The Member further understands that the Rules and Regulations of the Corporation and enforcement thereof by the Corporation are necessary in order to maintain and preserve a pleasant, enjoyable and orderly lifestyle within the cooperative community. In light of the necessity and importance of the Rules and Regulations, the Corporation and the Member hereby agree as follows:

1. The Member agrees to abide by, and agrees to ensure that the Member s family, guests, visitors, invitees and licensees abide by, the Rules and Regulations;
2. The Corporation, by and through its Board of Directors, may upon its own initiative undertake to investigate a potential violation of any Rule or Regulation by any Member, and shall thereupon notify the Member in writing of such investigation and the reasons therefore;
3. Further, the Board of Directors shall investigate any potential violation of any Rule or Regulation by any Member within 10 days of receipt of a written accusation of said violation signed by at least 2 voting Members of SEH.
4. If, after conducting such investigation pursuant to clause (1), (2), or (3) of this Article, as it may in its sole discretion deem appropriate, a majority of the Board of Directors determines that there is no probable cause to believe that the Member did, in fact, commit the alleged violation, the Board shall notify the Member and, if applicable, the accusing Member(s) of such and shall take no further action regarding the particular alleged violation;
5. If, after conducting any such investigation, a majority of the Board of Directors determines that there is probable cause to believe that Member did, in fact, commit the alleged violation of the Rules and Regulations, the Board shall hold a closed hearing no less than five (5) days after giving the Member and, if applicable, the accusing Member(s) written notice thereof. At such hearing, the Board shall inform the Member of the nature of the alleged violation. After receiving such testimony and/or evidence as the

Board in its sole discretion deems appropriate, the Board may question the Member, and, if applicable, the accusing Member(s) regarding the alleged violation. Upon concluding the hearing, the Board shall then vote by secret ballot on whether the Member has, in fact, committed the alleged violation. In the event three (3) or more of the Directors vote no , such shall be deemed to be conclusive proof that the Member has not violated the applicable Rule or Regulation, and the Board shall notify the Member and, if applicable, the accusing Member(s) in writing of such within three (3) days after the conclusion of the hearing. In the event three (3) or more of the Directors vote yes , then that shall be deemed conclusive proof that the Member has committed the alleged violation and the Board shall notify the Member and, if applicable, the accusing Member(s) in writing of such within three (3) days after the conclusion of the hearing, and the Member shall thereupon be subject to the provisions of *Article 12* concerning the Corporation s remedies for violation by the Member of the Rules and Regulations. In the latter event, the notice to the Member shall indicate the amount the Member shall pay to the Corporation by reason of the violation, or if applicable, the nature of such other remedies the Corporation plans to pursue under the provisions of *Article 12*.

6. In the event the accused Member fails to attend the hearing, then the hearing shall be rescheduled within five (5) days following the date of the originally scheduled hearing of the Member and, if applicable, the accusing Member(s) shall be notified in writing of such. In the event the Member fails to attend the rescheduled hearing, such failure shall be deemed to be conclusive proof that the Member committed the alleged violation and the Member shall thereupon be subject to the provisions of *Article 12* concerning the Corporation s remedies for violation by the Member of the Rules and Regulations without further notice of such from the Board.

ARTICLE 14

EFFECT OF FIRE LOSS ON INTEREST OF MEMBER

Each dwelling unit is required to have a working smoke/fire alarm, (2 for townhouses - 1 upstairs and 1 downstairs) and the Member shall have the responsibility to check the same for proper functioning on a periodic or annual basis.

In the event of loss or damage by fire or other casualty to the Member s dwelling unit without the fault or negligence of the Member, the Corporation shall determine whether to restore the damaged premises and shall further determine, in the event such premises shall not be restored, the Membership associated with the damaged unit shall be cancelled and the amount which shall be paid to the Member to reimburse the Member for the loss sustained as a result of the loss of the Member s membership in the Corporation and the Member s ability to occupy the dwelling unit. Such reimbursement shall apply solely to the original dwelling unit, and nothing contained herein shall be construed to apply to any losses sustained by the Member by reason of any damage, injury or loss associated with the Member s personal property and/or household belongings, or room additions. Insurance on personal and/or household belongings is under all circumstances the Member s sole responsibility. If the Corporation determines to restore the premises, the Carrying Charge for the Member s dwelling unit shall abate wholly or partially as

determined by the Corporation until the dwelling unit has been restored.

ARTICLE 15

MANAGEMENT, TAXES AND INSURANCE

The Corporation shall provide for necessary management, operation and administration of the Corporation, shall pay or provide for the payment of all taxes or assessments levied against the Corporation, shall procure and pay, or provide for payment of, all replacement insurance and extended coverage, and all other insurance required by any mortgage on the Corporation or otherwise deemed advisable by the Corporation. The Corporation will not, under any circumstances, provide insurance on any personal property of any Member, or any room additions or patio enclosures.

ARTICLE 16

INSPECTION OF DWELLING UNIT

The Member agrees that the General Manager or a Member of the Board of Directors or their designee, shall have the right to enter the Member's dwelling at least once annually to make inspections thereof at any reasonable hour of the day when noticed at least two (2) weeks in advance. The inspection is necessary to determine unit condition and whether all items within the dwelling are functioning properly.

ARTICLE 17

NOTICES

Whenever the provisions of law or the Bylaws of the Corporation or this Agreement require notice to be given to either party hereto, such notice may be given in writing by depositing the same in a post office or letter box in a postpaid, sealed wrapper addressed to the person to whom the notice is to be given, at his or her address as the same appears in the books of the Corporation, and the time when the same shall be mailed or deposited shall be deemed to be the time of the giving of such notice.

ARTICLE 18

FISCAL REPORTS

Within a reasonable time after the end of each fiscal year, upon receipt of a written request from a Member, the Corporation shall furnish to the Member a statement of the income and

disbursements of the Corporation.

ARTICLE 19

ORAL REPRESENTATION NOT BINDING

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

ARTICLE 20

SUCCESSION

This Agreement shall be binding on the personal representatives and successors in interest of each of the parties hereto.

ARTICLE 21

CHANGES (AMENDMENTS) TO OCCUPANCY AGREEMENT

This Occupancy Agreement may be amended by a two-thirds (2/3rd) vote of Members present and voting at any Special or Annual Meeting called for such purpose, provided that a quorum as prescribed in 4.7 of the Bylaws is present or voting at any such meeting. Amendments may be proposed by the Board of Directors or by a petition signed by at least twenty percent (20%) of the membership having been presented to the Secretary of the Board. Any such proposed amendment to this Agreement will be added to the Book of Resolutions, then be processed in accordance with Article 12, Book of Resolutions, of the SEH By-laws. The Member agrees to be fully and conclusively bound by the terms and provisions of any amendment and/or addition to this Occupancy Agreement adopted in accordance with the terms of this Article as if such amended or added terms and provisions were set fully forth herein verbatim as of the date of the Member's execution hereof.

ARTICLE 22

EQUAL HOUSING OPPORTUNITY

The Member agrees to abide by the obligation of Equal and Fair Housing Regulations imposed upon the Corporation as follows: The policy of Scottsdale East Homes (the Corporation) is to provide equal housing opportunity for all persons regardless of race, color, religion (creed), sex or national origin, and to abide by the provisions of Executive Order 11063, which prohibits discriminatory practices in housing and related activities.

10/21/2005

Member further understands, acknowledges and agrees, on behalf of himself, his executors and administrators, that Member is not, by reason of this Occupancy Agreement or otherwise, acquiring or receiving any right, title or interest in or to any property, real or personal, now owned or hereafter acquired by the Corporation, other than the right to occupy the dwelling unit referenced herein subject to compliance with the terms hereof, and that no representations of any kind have been made by the Corporation regarding any transfer to member of any such rights now or at any time in the future.

By signing this occupancy agreement, Member agrees, on behalf of himself, his executors and administrators, to abide by the terms and conditions set forth herein and in the Articles of Incorporation, The Bylaws of the Corporation, and the Rules and Regulations of the Corporation, now or hereafter adopted pursuant thereto, from the date of this agreement throughout the term of this agreement.

I understand I am agreeing to occupy this unit AS IS after a pre-membership sale inspection by the General Manager. It is suggested that the membership buyer and seller be present during such inspection. I further understand that only items maintained by SEH per this agreement and found defective and noted during such inspection will be repaired or replaced.

No sale of any membership is final until this Occupancy Agreement has been signed by the President or Vice President of the Board of Directors of Scottsdale East Homes, Inc.

SELLER (Member)

SELLER (Member)

BUYER (New Member)

BUYER (New Member)

DATE

BUYER (New Member)

Total Membership Purchase Price:	\$
- Less amount held for Repairs:	\$
- Less late fees or other fees owed by the seller:	\$
Balance to Seller:	_____ \$
Transfer and/or Name Change Fee \$ _____	Check # _____

SEH General Manager

SEH Housing Inspector

Approved

Date

Title