

OCCUPANCY AGREEMENT

THIS AGREEMENT made and entered into this _____ day of _____, _____, by and between Michigan Shores Cooperative (the "Corporation"), a nonprofit corporation having its principal office and place of business at 641 Michigan Avenue, Frankfort, Michigan 49635, and _____ ("Member").

WHEREAS, the Corporation has been formed for the purpose of acquiring, owning and operating a cooperative housing project to be located at 641 Michigan Avenue, Frankfort, Michigan 49635, 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 Member is the owner and holder of a certificate of membership of the Corporation and has a bona fide intention to reside in the Project; and

NOW, THEREFORE, in 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 Michigan Shores Cooperative, Frankfort, Michigan 49635.

TO HAVE AND TO HOLD, said dwelling unit unto the Member, his/her executors, administrators and authorized assigns, on the terms and conditions set forth herein and in the corporate Articles 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, and for a term terminating on _____, 20____, renewable thereafter for successive three (3) 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 (1/12th) 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 pertaining to the Project

and to the community or other facilities which the Member is entitled to utilize, including but not limited to the following items:

- (a) The costs 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 assessments 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, sewer, trash removal, gas, heat, common area electricity and common area air conditioning.
- (f) All reserves set up by the Board of Directors pertaining to the Project.
- (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/her 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 the members shall credit any other capital expenditures upon the books of the Corporation to the "Paid-in-Surplus" account as a capital contribution.

The monthly membership Carrying Charges are to be paid no later than the 5th day of the month. If payment is not received by the 10th day of the month, a Notice to Quit will be prepared and presented to the member by the corporate attorney.

A member who is habitually delinquent paying the monthly membership Carrying Charges will invoke the Cooperative's right to invoke the Michigan Summary Proceedings Act. Habitual delinquency is defined as

being late to make payment more than three times within a twelve-month period or three consecutive months.

Until further notice from the Corporation, the monthly Carrying Charges for the above mentioned dwelling unit shall be \$ _____.

ARTICLE 2. WHEN PAYMENT OF CARRYING CHARGES TO COMMENCE

After thirty (30) days notice by the Corporation to the effect that the dwelling 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 un-expired balance of the 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/her 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 and renewed from time to time by and against the parties hereto for further periods of three (3) years from the expiration of the term herein granted and 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 (4) 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 his/her membership certificate for transfer in blank and deposited same with the Corporation, and (b) met all his/her obligations and paid all amounts due under this Agreement up to the 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 for himself/herself and/or his/her 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 entire cooperative community so long as the Member continues to own a membership certificate of the Corporation, occupies his/her dwelling unit, and abides by the terms of this Agreement.

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 RIGHTS TO PEACEABLE POSSESSION; TERMS OF USE OF CORPORATION FACILITIES

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 the Member's sole use and benefit the dwelling unit herein above described, after obtaining occupancy.

Member shall be privileged to enjoy in common with all other members of the Corporation the use of all community property and facilities voluntarily provided by the Corporation at no cost, including but not limited to the exterior grounds, exercise equipment and facilities, shop tools, kitchen facilities and the like. Use of such community property and facilities shall be subject to the rules and regulations from time to time established by the Board of Directors and shall be at the sole risk of the user. Member, on behalf of himself or herself, his or her spouse, family members or invited guests, releases the Corporation, the Board of Directors, and the Corporation's officers and agrees to indemnify, defend and hold harmless the Corporation, the Board of Directors and the Corporation's officers, from

and against any and all claims for injuries to persons (including death) or damages to property resulting from the use (or misuse) and enjoyment of the Corporation's community property and facilities, by Member, his or her spouse, family members or invited guests.

ARTICLE 7. SUBLETTING WITHOUT CONSENT OF CORPORATION

The Member hereby agrees neither to assign this Agreement nor to sublet his/her dwelling unit. 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. Nonpaying guests 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 transferable 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/she nor anyone authorized to act for him/her will refuse to sell his/her membership, after the making of 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 on cooperative property relating to race, color, religion or national origin is recognized as being illegal and void and 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 the Member's personal property.

ARTICLE 10. UTILITIES

The Corporation shall provide water, sewer, trash removal, gas heat and common area electricity, and common area air conditioning in amounts, which it deems reasonable. The Member shall pay directly to the supplier for utilities for apartment electricity, telephone and all other utilities.

ARTICLE 11. REPAIRS

- (a) By Member: The Member agrees to repair and maintain his /her dwelling unit at his/her own expense as follows:
- (1) Any repairs or maintenance necessitated by the Member's own negligence or misuse;
 - (2) Any redecoration of the Member's own dwelling unit.
 - (3) Any repairs, maintenance or replacements required on the following items: Additional appliances, additional window treatment, wall coverings, additional floor coverings, furnishings, household goods and personal property.
 - (4) In any requested upgrade by the member, the entire cost of the item(s) shall be assigned to the member.
- (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 with reasonable notice and, in the event of emergency, at any time.

(c) Right of Corporation to 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 heat pipes, electrical conduits, communications 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/she 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/her dwelling unit any air conditioning equipment, washing machine, clothes dryer, electric heater or power tools. The Member agrees that the Corporation may require the prompt removal of any such equipment at any time, and require the prompt removal of any such equipment at any time, and that his/her 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 clause (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 reenter the dwelling unit and to remove all persons and personal property there from, either by unlawful detainer 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 of any time during the term of this Agreement the Member shall cease to be the owner and legal holder of a membership of the Corporation.
- (b) In case the Member attempts to transfer or assign this Agreement in a manner inconsistent with the provisions of the 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 of any time during the continuance of this Agreement the Member shall make a general assignment for the benefit of creditors.
- (f) In case of any time during the continuance of this Agreement the Membership interest in 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/her obligations under this Agreement.
The member hereby expressly waives any and all right of redemption in case the Member shall be dispossessed by judgment or warrant of any court or judge; the words "enter", reenter" 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 reentry, summary proceedings and other remedies were not herein provided for.

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 Member.

ARTICLE 14. MEMBER TO COMPLY WITH ALL CORPORATE REGULATIONS

The Member covenants that he/she will preserve and promote the cooperative ownership principles on which the Corporation has been founded, abide by the Articles of Incorporation, 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/her or by promulgating them in such other manner as to constitute adequate notice.

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 of the Member and to reimburse him/her for such loss as he/she 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 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 with reasonable notification and at any time in the event of emergency.

ARTICLE 17. SUBORDINATION CLAUSE

The Project, of which the above mentioned dwelling unit is a part, was or is to be constructed 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 or to be executed by the

Corporation and insured or to be insured under the provisions of the National Housing Act, and 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/her irrevocable attorney-in-fact during the term hereof to execute any such instrument on behalf of the Member. The Member does hereby expressly waive any and all notices of default and notices of foreclosure of said mortgage, which may be required by law.

In the event a waiver of such notices is not legally valid, the Member does hereby constitute the Corporation his/her 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 Charge, or part thereof, more than ten (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 the corporation any costs or fees involved, including reasonable attorneys' 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 of the By-Laws of the Corporation or this Agreement require notice to be given to the other 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/her 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 office of the Corporation. Such notice may also

be given by depositing same in the United States Mail addressed to the Member as shown in the books of the Corporation, or to the President of the Corporation, as the case may be, and the time of mailing shall be deemed to be the time of giving of such notice.

ARTICLE 20. ORAL REPRESENTATION NOT BINDING

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

ARTICLE 21. REMEDIES

The exercise of any of the rights or remedies as herein provided with respect to any default shall not preclude or affect the subsequent exercise of such rights or remedies at different times for different defaults.

The respective rights or remedies, whether provided by this Agreement or by law, or available in equity, shall be cumulative and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or different defaults, or for the same or different failures of the Member to perform or observe any provision of this Agreement.

ARTICLE 22. GENDER REFERENCE

Any reference to the word "his" herein shall be interpreted to read and mean the word "her" in the event the Member is female and the word "their" in the event the Member is a couple.

ARTICLE 23. MEDICAL & EMERGENCY SERVICES

The member hereby acknowledges that the Corporation does not provide medical services or emergency assistance of any kind. The member acknowledges that the Corporation does not employ medical personnel and there is not medical staff on site. The member agrees to arrange for any necessary skilled or unskilled medical care at the members expense. The corporation shall not be responsible for providing skilled or unskilled medical care or emergency assistance to members. The Member hereby

agrees to defend, indemnify and hold harmless the Corporation and its agents, directors, officers and employees for any claims for damages or personal injury that may arise from negligent acts of the Corporation, its agents, directors, officers and employees in assisting members that request emergency assistance or any type of medical assistance.

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

MICHIGAN SHORES COOPERATIVE

BY: _____
Its _____

Member: _____

Member: _____