

TWO YEAR PROFIT LIMITATION APPLIES
GREENBELT HOMES, INC.

COOPERATIVE HOUSING
PROPRIETARY LEASE AND MUTUAL OWNERSHIP CONTRACT

THIS PROPRIETARY LEASE AND MUTUAL OWNERSHIP CONTRACT (called "Contract") is made as of the ____ day of _____ by and between GREENBELT HOMES, INC., a non-stock Maryland corporation (called "GHI"), and _____, whether one or more persons (called "Member").

BACKGROUND

- a. GHI, through the direction of its Board of Directors (called "Board") and in accordance with its Charter and Bylaws (collectively called "Bylaws") and its Rules and Regulations (called "Rules"), each as may be changed or amended from time-to-time, operates as a non-stock cooperative housing membership organization in which, among other rights, each member has the right to exclusive use and possession of a particular portion of real property owned by GHI.
- b. Member has been approved for membership in GHI, and has become, or simultaneously with the signing of this Contract will become, the member with the right, subject to the terms and conditions set forth in the Bylaws, this Contract, and the Rules, of exclusive use and possession (called "Perpetual Use") of the following dwelling unit and, if applicable, garage, all of which is part of GHI's real property: Unit # _____
Address _____
Type _____ (called "Premises").
- c. Under Maryland law, Member's rights in the Perpetual Use are personal property rights.
- d. Under Maryland law, this Contract creates a legal relationship between GHI and Member as that of landlord and tenant.
- e. This Contract establishes the rights and responsibilities of GHI and Member in connection with the Perpetual Use and the Premises in addition to those rights and responsibilities established by Maryland law.

CONTRACT TERMS AND CONDITIONS

In consideration of the mutual covenants and agreements contained, in this Contract, GHI and Member do mutually agree as follows:

1. MEMBERSHIP; INITIAL FEES AND CHARGES.

- a. Membership. By this Contract, Member is accepted into GHI as a member, is extended all rights and privileges of membership in GHI, and agrees to comply with all the duties and responsibilities of membership in GHI.
- b. Membership Fee. GHI acknowledges receipt from Member of a nonrefundable Membership Fee of \$ _____.
- c. Working Capital Fee. GHI acknowledges receipt from Member of a Working Capital Fee of \$ _____ as payment toward necessary working capital, taxes, insurance, reserves, and expenses of GHI. The Working Capital Fee represents Member's investment in GHI and is refundable without interest at the time this Contract is terminated provided that Member has satisfied all financial obligations arising from or attaching to Member's rights in the Premises, including but not limited to all amounts owed to GHI by virtue of this Contract or otherwise.

2. RENT

- a. In General. Member agrees to pay as rent to GHI any and all amounts due from Member under the terms of this Contract. In addition, Member agrees to pay as rent to GHI any and all fees and charges that, subject to the Bylaws, the Board may from time-to-time determine to be necessary or proper for the continued operation of GHI. All such amounts, fees, and charges (collectively called "Rent") shall include, but not be limited to, Monthly Rent and, if applicable, Additional Rent.
- b. Monthly Rent. Rent that is payable monthly in advance ("Monthly Rent") shall include but not be limited to:
- i. Operating Expenses. Member's share of GHI's costs for operating services, reserves, and maintenance, improvements, and other costs of common areas in GHI.
 - ii. Taxes and Assessments. All taxes and governmental assessments levied against the Premises and, in addition, Member's pro rata share of taxes and assessments for all common areas in GHI. In the event any such tax or governmental assessment is not specifically levied upon or against the Premises, but upon or against a group of dwellings including the Premises, Member agrees to pay a pro rata share of such tax or assessment applicable to the Premises.
 - iii. Administrative Expenses. Member's share of GHI's management and administrative expenses.
 - iv. Insurance. A pro rata share of GHI's insurance expenses.
 - v. Debt Service. A pro rata share of any obligations, borrowings, debts, liabilities, or similar expenses incurred (even though incurred during a period prior to Member's membership in GHI) or to be incurred by GHI.
 - vi. Garage Charges. If the Premises include a garage, the charge agreed upon from time-to-time by GHI and Member for use and possession of the garage.
- c. Additional Rent. Rent that is payable other than on a monthly basis ("Additional Rent") shall include but not be limited to:
- i. Late Fees. The fee determined from time-to-time imposed on those members who fail to make the full Monthly Rent payment by the close of business on the tenth day of any month.
 - ii. Maintenance Charges. The charge determined from time-to-time for repairs, maintenance, or replacements provided on a fee basis.
 - iii. Other Costs. The costs and expenses, including but not limited to the costs and expenses of administration (at rates and in amounts determined by the Board from time-to-time), suffered by GHI because of Member's failure to comply with the terms of this Contract, the Bylaws, or the Rules.
 - iv. Amounts Due Creditor. The amounts due to creditors to whom Member has granted a security interest in Member's equity in the Perpetual Use as permitted in this Contract.
 - v. Collection Costs. The actual costs, including court costs and attorney fees, incurred by GHI to collect Rent not paid when due and payable.
- d. Amount of Rent Payment.
- i. Monthly Rent. The aggregate amount of Member's Monthly Rent payment shall be determined by the Board from time-to-time. Member's aggregate Monthly Rent payment may be decreased or, subject to the Bylaws, increased from time-to-time by the Board when such an adjustment is necessary in the Board's judgment.
 - ii. Additional Rent. The amount of each of the fees and charges that comprise Member's Additional Rent shall be determined by the Board from time-to-time. Each such fee or charge may be increased or decreased from time-to-time by the Board when such an adjustment is necessary in the Board's judgment.

e. Time of Rent Payment.

- i. Monthly Rent. Member's Monthly Rent payment shall be due and payable in advance beginning on the first day of the month following the date of this Contract, and continuing thereafter on the first day of each month until this Contract is terminated.
- ii. Additional Rent. Member's Additional Rent payment shall be due and payable, without demand, either at the time set by this Contract, at the time incurred by GHI, at the time otherwise due and payable, or as may be agreed by Member and GHI in writing, as applicable.

f. Security Interest. As security for the payment of Rent as well as any and all other sums that now are or in the future may be due from Member to GHI, Member grants, conveys, and assigns to GHI a security interest in all of Member's right, title, and interest in and to the Perpetual Use, Member's equity in the Perpetual Use, and this Contract. Member agrees to execute at any time and from time-to-time any further instruments, documents, or assurances that GHI or its representative may request to evidence this grant of security interest.

3. PERPETUAL USE AND OCCUPANCY.

- a. Perpetual Use. Subject to the terms and conditions set forth in this Contract, the Bylaws, and the Rules, Member may peaceably have and enjoy the Premises for Member's exclusive use and possession, and may enjoy, in common with all other members of GHI, the use of all common property and facilities of GHI
- b. Occupancy. Member has the right to occupy the Premises as of the date of this Contract as long as all initial fees and charges due under this Contract have been paid and ownership of the Premises has otherwise transferred to Member. The Premises shall be occupied only as a private residence and only by Member, Member's immediate family, one unrelated adult, and any dependent children of that unrelated adult, subject to the Rules on the maximum number of occupants. Member's "immediate family" is limited to Member's spouse and the children (including foster children), grandchildren, parents, grandparents, brothers, and sisters of Member and Member's spouse. Except for subletting as may be permitted under this Contract, Member must reside at the Premises.

c. Occupant List. Member must file with GHI at the time this Contract is executed a list showing the name of Member's relationship with each person who will occupy the Premises. This list must be updated before any change in occupants of the Premises may occur. No person may occupy the Premises for more than forty five (45) days unless that person's name is on Member's occupant list filed with GHI or Member has otherwise obtained GHI's written approval of that person as a temporary occupant.

d. Authorized Use of Premises. Member and each person named on the occupant list filed with GHI shall use the Premises and the common property and facilities in conformance with the terms of this Contract, the Bylaws, and the Rules. Use of the Premises or any part of the Premises for any purpose contrary to the interests of GHI or its members as determined by GHI or contrary to law is not authorized. It shall be the duty of Member to respect the comfort and peace of mind of neighbors as well as of all members and tenants of GHI, not to engage in conduct that is objectionable conduct, and to ensure that all persons occupying or visiting in the Premises so act. Member agrees not to do or allow to be done, or keep or allow to be kept upon the Premises, anything that will increase the rate of insurance on the Premises or do or allow to be done any act or thing that shall or may be a nuisance, annoyance, inconvenience, or damage to GHI or its members or tenants, or to the occupants of adjoining dwellings or of the neighborhood.

e. Rules Relating to Occupancy and Care of Premises. The Board may impose any reasonable Rules not inconsistent with the Bylaws, and may change the Rules from time-to-time as in its judgment may be necessary or desirable for, among other purposes, the safety, care, and cleanliness of the Premises, common facilities, and surrounding dwellings, and for the preservation of good order and comfort therein, and Member agrees to observe and comply faithfully with such Rules, and agrees that all persons occupying or visiting in the Premises also shall observe and comply with such Rules.

4. OPERATING SERVICES, UTILITIES, AND RESERVES.

- a. GHI Duties. GHI shall: (i) provide necessary management and administration of GHI; (ii) provide for the payment of all taxes and assessments levied against GHI; (iii) procure and provide for the

payment of fire and extended coverage and public liability insurance and provide, through purchase of such other insurances or through self-insurance, coverage and protection as the Board may deem advisable, including insurance on the Premises, but such insurance or self-insurance protection shall NOT cover Member's personal property, including alterations, betterments, or improvements in, on, or appurtenant to the Premises (for example, sheds or fences); (iv) set up reserves to cover contingencies, repurchases, and future costs of replacements; and (v) subject to different provisions that may be contained in the Rules from time-to-time, pay for all current repairs, maintenance, and replacements on the items provided by GHI in accordance with the general maintenance, and replacements necessitated by the negligence of Member or any person occupying or visiting in the Premises shall be paid entirely by Member.

b. Member Duties. Heating, air conditioning, and hot water charges will be individually metered and billed, and Member shall pay for these charges directly to the appropriate utility companies. Water and sewer charges will be individually metered and billed, and Member shall pay for these charges directly to the appropriate companies or agencies. GHI shall not be responsible for paying Member's electric, natural gas, water, or sewer charges.

5. REPAIRS, MAINTENANCE, AND REPLACEMENTS.

a. General Maintenance Program. GHI shall have the exclusive authority to direct from time-to-time the manner of maintaining, repairing, and replacing the Premises and the equipment in the Premises owned by GHI. The expense of making all repairs or taking any other action necessitated by negligence of Member or of persons occupying or visiting in the Premises shall be paid entirely by Member as Additional Rent.

b. Additional Maintenance Items. GHI may direct that certain project-wide items of repair, maintenance, or replacement will be furnished by GHI on a prepayment basis, in which case Monthly Rent will include a fee representing Member's share of the cost for such items. GHI reserves the right to provide such other items of repair, maintenance, or replacement with respect to the Premises on a fee basis as GHI may from time-to-time determine, and the charges for such items will be included in Additional Rent. In lieu of furnishing any such items on a prepayment or fee basis, GHI may authorize the member to provide the same, subject to such requirements and conditions as GHI may, in its sole discretion prescribe.

c. Notice of Maintenance Needs. Member shall give immediate notice to GHI of accidents or defects requiring repairs to be made by GHI or of repairs required to be made to the structure of the Premises, or to the electrical or plumbing systems.

d. Member Maintenance Responsibilities. Member agrees to provide all window shades, curtain rods, screens, screen doors, and interior painting and decorating. Member further agrees to attend to all other repair or maintenance activities determined and identified by the Board to be member maintenance responsibilities. If Member does not provide interior painting or decorating, or does not attend to other member maintenance responsibilities identified by the Board, in a manner satisfactory to GHI within ninety (90) days after written demand upon Member, GHI may (but is not required to) have any work performed which in its sole judgment is necessary, and a charge for the cost thereof shall be included in Additional Rent and paid immediately by Member without demand upon Member.

e. Structural Changes. Member shall not make any structural alterations in or additions to the Premises, or in the electrical wiring or plumbing or the fixtures connected therewith, or to the building or grounds containing or adjacent to the Premises without prior written approval from GHI in each case. In any event, any such change, alteration, or addition must be in conformity with the general character of the neighborhood and all applicable government codes. In the event that written consent of GHI is not first obtained, or if any other violations of the provisions of this paragraph occur, GHI has the right in its sole discretion to restore the Premises, building, or grounds to their original condition with the cost thereof to be paid entirely by Member as Additional Rent. Further, if deemed necessary, GHI has the right to terminate this Contract for cause if the provisions of this paragraph are violated and such action by GHI shall not in any way limit Member's obligation to pay the costs of restoration.

f. Access to Premises and Making Repairs. Member shall at all reasonable times allow the agents and employees of GHI to enter and inspect the Premises and, upon reasonable notice, to make such repairs as may be necessary or proper as determined by GHI employees in their sole discretion. In any event, agents and employees of GHI shall have the right to enter the Premises at any time and to take such action as GHI, in its sole discretion, deems necessary to comply with health, safety, building, or other government codes.

g. Limitations on Maintenance.

i. GHI SHALL HAVE NO OBLIGATION TO PROVIDE ANY MAINTENANCE OR REPAIRS TO ANY ADDITIONS, BETTERMENTS, OR IMPROVEMENTS THAT WERE MADE AFTER 1952, OR ANY ADDITIONS, BETTERMENTS, OR IMPROVEMENTS MADE TO THE PREMISES IN THE FUTURE UNLESS SPECIFICALLY ENUMERATED IN AN AMENDMENT TO THIS CONTRACT, provided that GHI will maintain all additions, betterments, or improvements made by GHI as a part of the 1980 rehabilitation project performed by GHI and will maintain the heating systems and related equipment that were installed with the approval of GHI and in accordance with its usual maintenance policies.

ii. MEMBER ACKNOWLEDGES THAT IT IS MEMBER'S OBLIGATION AND RESPONSIBILITY TO DETERMINE WHETHER ANY ADDITIONS, BETTERMENTS, OR IMPROVEMENTS HAVE BEEN MADE TO THE PREMISES AND THE EXTENT THEREOF. MEMBER AGREES TO BE LIABLE AND RESPONSIBLE FOR ALL MAINTENANCE AND REPAIRS IN CONNECTION WITH THOSE ADDITIONS, BETTERMENTS, OR IMPROVEMENTS AND MEMBER AGREES TO PAY THE FULL AMOUNT OF REAL ESTATE TAX ASSESSED AS A RESULT OF ANY OF THOSE ADDITIONS, BETTERMENTS, OR IMPROVEMENTS.

h. Limitations on Replacement of Premises if Severely Damaged. If fire, natural disaster, or other casualty or event causes the Premises to be damaged, the Board shall determine, in its sole discretion, whether and in what manner the Premises shall be repaired, restored, replaced, or reconstructed. If the Board determines that because of the damage, it is in the best interests of GHI not to repair, restore, replace, or reconstruct the Premises, Member agrees that GHI has the right to terminate Member's membership and purchase Member's equity in the Perpetual Use as provided in this Contract.

6. ASSIGNMENT OF PERPETUAL USE AS COLLATERAL.

a. Right to Assign. In addition to the granting by Member of a security interest to GHI, Member shall have the right to grant a security interest in Member's equity in the Perpetual Use and to assign Member's right, title, and interest in the Perpetual Use and this Contract for the purpose of financing or refinancing the purchase of Member's equity in the Perpetual Use, but such an assignment shall be allowed only to a creditor preapproved by the Board. Member shall give GHI prior written notice of any such assignment and shall furnish GHI with a copy of the executed note, security agreement, and all related loan documents immediately after execution of such documents.

b. Recognition Agreement. GHI agrees to enter into recognition or similar agreement with any creditor that has been preapproved by the Board to facilitate the assignment discussed above, but only if the Board has given its prior approval to such recognition or similar agreement.

c. Transfer of Note or of Servicing Rights. Member shall immediately notify GHI of any transfer in ownership of the Note or transfer of loan servicing rights of which member is made aware. Member shall provide GHI with a copy of any notice Member receives concerning transfer of the Note or the loan servicing rights.

d. Default. Any failure to comply with the terms of an assignment of the Perpetual Use shall be considered a failure to comply with the terms of this Contract, and upon receiving notice of any such failure, GHI shall have the power, without further notice to Member, to exercise any and all rights and remedies of GHI under this Contract arising upon a failure to comply with this Contract. GHI may assign its rights and remedies under this Contract, including its right to proceed in any appropriate court, to the assignee of the Perpetual Use or to that assignee's designated representative.

7. SUBLETTING.

a. Right to Sublet. Member shall have no right to sublet the Premises except in accordance with the provisions of this Contract, and any subletting other than in accordance with the provisions of this Contract shall be null and void. GHI shall have a right to evict any subtenant whose sublease was not approved by GHI or who does not comply with the provisions of this Contract without incurring any liability whatsoever to Member or to such subtenant. The definition of "subtenant" in this Contract is any person occupying the Premises at a time when Member is not occupying the Premises, whether or not the subtenant pays or has paid any consideration.

b. Temporary Absence. During periods when Member must be absent from the Premises, Member may sublet for periods not exceeding two (2) years at a time, or for longer periods when, in the sole judgment of the Board the circumstances warrant. In such circumstances, Member may sublet all, but not a part, of the Premises to a subtenant, but only with the previous written consent of GHI.

c. Member Responsibilities. Any approval by GHI of a subletting shall not operate to relieve Member of any obligations of Member in this Contract, the Bylaws, or the Rules, but shall only be an approval of the subtenant as an acceptable temporary occupant of the Premises. During the subletting, member shall remain responsible for the actions or inactions of the subtenant, and such actions or inactions may be cause for termination of this Contract.

d. Payments by Subtenant. GHI has the right to require the subtenant to make total Monthly Rent payments and Additional Rent payments, if any, directly to GHI, and to otherwise enforce performance of the obligations under the sublease. GHI has the right to require Member to pay a fee in any amount, established from time-to-time by the Board, for administering the subtenancy. Upon the request of Member, but at GHI's sole option and subject to all provisions of this subletting provision and subject to payment of a service charge therefore, GHI may act as Member's agent in obtaining a suitable subtenant for period authorized by Member. Acceptance of such agency by GHI shall not operate to relieve Member of any obligations under this Contract.

e. Form of Sublease. Any sublease made hereunder shall be in the form provided by GHI. Among other provisions, this form shall provide that the sublease will terminate upon thirty (30) days' written notice if at any time GHI determines that the subtenant's occupancy is undesirable because of objectionable conduct on the part of such subtenant or other persons occupying or visiting in the Premises; provided that in the event of any default by the subtenant of the sublease or default in the payment of any charges due from the subtenant or Member in connection with the sublease, the sublease shall terminate immediately and no written notice is needed. In the event the subtenant ceases to occupy the Premises during the period covered by the sublease, GHI may sublet the Premises again, upon the consent of Member, to any acceptable new subtenant during the balance of the term covered by the authorized sublease.

f. Rent. The terms of this subletting provision shall not be construed to prohibit Member from charging the subtenant as rent an amount in excess of the total Monthly Rent payments for which Member and subtenant are liable to GHI.

8. TRANSFER OF PERPETUAL USE.

a. In General. Subject to the limitations and conditions in this Contract, the Bylaws, and the Rules, Member has the right to sell Member's equity in the Perpetual use and to transfer member's right, title, and interest in the Perpetual Use and in the Premises.

b. Two-Year Profit Limitation. Member and GHI agree that in the interest of all GHI members, no speculation in the property of GHI shall be allowed. Therefore, Member agrees that notwithstanding any provision in this Contract to the contrary, Member shall not sell and transfer legal interest in Member's equity in the Perpetual Use, or otherwise transfer in any manner legal interest in the Perpetual Use, at a profit to Member until Member has resided within the unit for a total period of 24 months starting on the date of the Contract.

c. Joint Membership. If this Contract represents a joint membership as permitted in the Bylaws, the joint Members may transfer the Perpetual Use to one of them; provided, however, that the person who intends to continue as the member with rights in the Perpetual Use shall not be permitted to occupy or continue occupancy of the Premises without the prior approval of GHI, and such person is required to be approved as a member of GHI in that person's own right before continuing occupancy of the Premises or before obtaining the newly constituted rights in the Perpetual Use. GHI may require the person who intends to continue as a member to execute a new mutual ownership contract.

d. Option of GHI to Repurchase Perpetual Use.

i. Subject to the two-year limitation on profits and the transfer between joint members discussed above, if Member wishes to sell or otherwise transfer Member's equity in the Perpetual Use, GHI shall have the first option, but not the obligation, to purchase it. GHI's option to purchase is for an amount equal to the "reasonable market value" of Member's equity in the Perpetual Use

based on a "bona fide offer." A "bona fide offer" is an enforceable written offer to purchase Member's equity in the Perpetual Use executed by a financially responsible person of good character who is acceptable to GHI as a member. Any indebtedness of Member to GHI shall be deducted from the bona fide offer amount to determine "reasonable market value." GHI shall have this purchase option for a period of thirty (30) days following its receipt of written notice that Member desires to sell Member's equity in the Perpetual Use and a copy of the "bona fide offer."

ii. If, because of fire, natural disaster, or other casualty or event, the Board determines, as provided in this Contract, not to repair, restore, replace, or reconstruct the Premises, Member agrees that GHI has the right to purchase Member's equity in the Perpetual Use. In such circumstances, GHI agrees to purchase Member's equity in the Perpetual Use for an amount equal to its then "reasonable market value." The then "reasonable market value" will be determined based on an appraisal of that equity performed by an appraiser agreed upon by both GHI and Member. Any indebtedness of Member to GHI shall be deducted from the appraised market value to determine "reasonable market value."

e. Sale to Others. Subject to GHI's option to purchase and to the two-year limitation on profits discussed above, and subject to Member's paying to GHI all indebtedness of Member to GHI, including but not limited to all Rent due and payable and any other costs and expenses then due, Member may sell Member's equity in the Perpetual Use to any person who: (i) is approved in writing by the Board as a member; (ii) assumes all of the obligations of Member as to the Perpetual Use and the Premises (except, as applicable, any garage); and (iii) enters into a new mutual ownership contract with GHI as to the Perpetual Use and Premises (except, as applicable, any garage).

f. Qualified Transfer by Gift or Inheritance. Member may transfer Member's equity in the Perpetual Use by gift or bequest to any person; provided, however, that such person shall not be permitted to occupy the Premises without the prior approval of GHI, and such person is required to be or become a member of GHI before occupying the Premises or before obtaining full rights in the Perpetual Use.

9. TERMINATION; EFFECT OF TERMINATION.

a. In General. This contract will terminate according and subject to the terms in this contract and, as applicable, the Bylaws. All of Member's right, title, and interest in the Perpetual Use and the Premises shall terminate immediately when this Contract terminates.

b. Option of Member to Terminate Contract.

i. Termination upon Voluntary Transfer. Upon consummation of a transfer to GHI all pursuant to GHI's option or a sale to another person as provided in this Contract and after full payment of all unpaid Rent and any other amounts then due to GHI by the Member as of the time of any such transfer, this Contract will terminate. Upon transfer between joint members or by gift or bequest and after the transferee becomes a member in GHI in that person's own right, this Contract will terminate.

ii. Termination upon Abandonment of Premises. Upon Member's abandonment of the Premises, this Contract will terminate. Member shall be deemed to have abandoned the Premises when either: (i) Member notifies GHI in writing that the Premises has been abandoned; or (ii) Member, within thirty (30) days after an abandonment notice is given by GHI to Member, fails to respond in writing explaining with sufficient detail and clarity, as determined in the sole discretion of the Board, why the Premises should not be deemed abandoned.

c. Termination of Contract by GHI for Default or For Cause.

i. Failure to Make Payments. If Member fails to pay on time any payments or charges required under this Contract or under an indebtedness for which the Perpetual Use or this Contract has been assigned as Security, GHI may terminate this Contract immediately and without prior notice to Member.

ii. Failure to Comply with Contract Rules, or Bylaws. GHI may terminate this Contract upon thirty (30) days' written notice, subject to and in accordance with the Bylaws and Rules, if the Board determines that Member, for sufficient cause, is undesirable as a resident of GHI because of objectionable conduct on the part of Member or of any person occupying or visiting in the Premises. Notwithstanding other conduct that may be determined by the Board to be objectionable conduct, TO VIOLATE OR TO FAIL TO COMPLY WITH ANY PROVISION OF THIS CONTRACT, OR ANY

RULE, AFTER WRITTEN NOTICE OF SUCH VIOLATION OR FAILURE HAS BEEN GIVEN BY GHI TO MEMBER, SHALL BE DEEMED OBJECTIONABLE CONDUCT PER SE AND MAY BE THE BASIS FOR TERMINATION OF THIS CONTRACT FOR CAUSE.

d. Effect of Termination of Contract.

i. Surrender of Premises. Upon the termination of this Contract for any reason, Member shall quit and surrender the Premises to GHI in good repair, order, and condition, and in a condition that complies with all Rules and any governmental regulations, laws, and ordinances. Member waives any and all notice and demand for possession, except for any notice as provided in this Contract or in the Bylaws in connection with termination, and agrees that upon termination of the Contract, GHI may immediately re-enter and fully recover the Premises and dispossess Member. If necessary, GHI may proceed at its option to dispossess Member through a proceeding in an appropriate court and Member agrees to pay GHI's expenses, including but not limited to court costs, attorney fees, and administrative expenses, in connection with such a proceeding.

ii. Disposition of Perpetual Use. Upon termination of this Contract for any reason, GHI may exercise all of its rights under this Contract and all rights granted by law to secured parties after default. Such rights shall include but not be limited to: (1) the right to sell, transfer, or otherwise dispose of the Perpetual Use for any amount and to any person as determined appropriate in GHI's sole discretion; (2) the right to rent the Premises pending a resale for any amount, for any length of time, and to any person as determined appropriate in GHI's sole discretion; and (3) the right to protect, repair, improve, or otherwise take action in connection with the Premises as determined appropriate in GHI's sole discretion for the sale of the Perpetual use or rental of the Premises.

iii. Proceeds of Disposition. The proceeds of disposing of the Perpetual Use shall be applied in the order following to pay: (1) all expenses of whatsoever nature, including but not limited to administrative expenses, legal expenses, and attorney fees, of retaking, holding, preparing for sale or lease, selling, leasing, and the like in connection with the termination of this Contract, the disposition of the Perpetual Use, and the vacancy or rental of the Premises; (2) the satisfaction of all Rent due and all other indebtedness of Member to GHI under this Contract, the Rules, the Bylaws or any other agreement; and (3) the satisfaction of any other indebtedness of Member secured by the Perpetual Use or this Contract.

iv. Surplus or Deficiency. After disposition of the Perpetual Use in accordance with this Contract and applicable law, and application of the proceeds of the sale as permitted by this Contract and applicable law, any surplus proceeds will be paid to Member. Member shall be liable for any deficiency after the sale, which liability shall survive termination of this Contract.

10. EXCHANGE OF DWELLING. Member may move into another dwelling in GHI upon application, payment of a transfer fee, and approval by GHI of the transfer, including but not limited to a transfer of the Perpetual Use as to the Premises. GHI may require Member to execute a new mutual ownership contract with respect to the new dwelling.

11. REMEDIES; WAIVERS.

a. Remedies. Failure of GHI to avail itself of any of the options or remedies provided in this Contract, the Rules, or the Bylaws shall not affect its right to do so later for similar or other breach on the part of Member. The rights, remedies, and options provided in this Contract are cumulative and concurrent, and the use of one right, remedy, or option shall not be construed to exclude or waive the right to use any other by either party to this Contract.

b. Waivers. The failure of GHI to insist in any one or more instances upon strict performance of any of the covenants, conditions, or provisions contained in this Contract, or observance of the Rules or Bylaws, or to exercise any option contained in this Contract, or to serve notice or to institute any action or proceeding, or to terminate this Contract, shall not be construed as a waiver or relinquishment for the future of such covenant, condition, provisions, option, or right thereafter to serve notice, terminate this Contract, or enforce the same, but such covenant, condition, provision, option, or right shall continue and remain in full force and effect. Receipt by GHI of any payment or payments under the provisions of this Contract with knowledge of the breach of any covenant, condition, or provision hereof, or of any Rule or Bylaw, shall not be deemed to be a waiver of such breach and no waiver by GHI of any covenant, condition, or provision hereof, or of any Rule or Bylaw, shall be deemed to have been made unless expressed in writing and signed by an officer of GHI pursuant to authority

contained in a resolution of the Board. Even though GHI may consent to a subletting, no further subletting shall be had without the express consent in writing by GHI as provided in this Contract.

12. SUBORDINATION. This Contract is subject and subordinate to any lien of any mortgage, deed of trust, chattel mortgage, note, or other instrument made by GHI or on the property of GHI in existence at the time of this Contract or hereafter created. Member hereby covenants and agrees to execute any instrument or further assurances that GHI or any lender or secured creditor may deem necessary or desirable to effect this subordination; provided that the cost, if any, of such action shall be at the expense of GHI Member hereby appoints GHI and each and every officer of GHI, present or future, as attorney in fact for the term of this Contract to execute any instrument on behalf of Member for the purposes of this subordination provision.

13. PERSONAL LIABILITY OF MEMBER FOR DEBTS OF GHI. Member shall not be personally liable for any debt or other obligation of GHI. In the event GHI becomes insolvent or a receiver is appointed to take possession of GHI property, or GHI makes an assignment for the benefit of creditors, or is granted relief under any bankruptcy statute, then at any time within a period of one (1) year thereafter, Member shall have the right and option to terminate this Contract by serving notice of such liabilities as have accrued and are due and payable on the date of the exercise of this right and option, all liabilities Member has assumed hereunder shall cease and terminate upon serving notice of such termination.

14. CONDEMNATION PROCEEDINGS. Whenever the State, a political subdivision, or any other corporation, agency, or authority (collectively "Condemning Authority") having the power of eminent domain shall seek to acquire any property of GHI, including the Premises, Member agrees that the Board shall have the authority to negotiate with the Condemning Authority as Member's representative, and the Board may execute and deliver the appropriate conveyance for all agreed consideration, except as may otherwise be provided in any mortgage or deed of trust affecting the property. The Board shall allocate such consideration, whether received through negotiation or condemnation, as may be required by any holder of a lien on the property or, in the sole discretion of the Board, to the repair, replacement, or restoration of the property, or to Members holding mutual ownership contracts for the premises that were the subject of such negotiations or condemnation. Subject to the foregoing provisions, in any condemnation proceeding, Member and Member's authorized assignees shall be entitled to seek just damages for the taking of the Premises as allowed by law, including severance damages, if any.

15. MISCELLANEOUS.

a. Notices and Demands.

i. On Member. Any notice by GHI to Member shall be deemed to be duly given, and any demand by GHI upon Member shall be deemed to have been duly made, if in writing and delivered to Member personally or if mailed, certified mail, postage prepaid, addressed to Member at the Premises.

ii. On GHI. Any notice by Member to GHI shall be deemed to be duly given, and any demand by Member upon GHI shall be deemed to have been duly made, if in writing and delivered personally to an officer of GHI at GHI's office or if mailed, certified mail, postage prepaid, addressed to General Manager, GHI, Hamilton Place, Greenbelt, Maryland 20770.

iii. Change of Address. Either party may give the other party hereto from time-to-time, in writing, a notice pursuant to this paragraph of change of address for purposes of notice or demand, and in that event such new address shall be used for all notices and demands.

b. Modification of This Contract. This Contract may be changed or modified by an amendment to the Bylaws approved by the GHI membership as provided in the Bylaws. Except as provided in the preceding sentence, no change or modification of this Contract shall be valid unless the same shall be in writing and signed by the parties to this Contract.

c. Representations. No representations other than those in this Contract, the Bylaws, and the Rules shall be legal or binding on GHI.

d. Severability. The provisions of this Contract are severable and in the event any provision of this Contract conflicts with applicable law or is found to be invalid, such conflict or invalidity shall not affect the other provisions of this Contract.

e. Recitals and Headings. The recitals in this Contract are a part of this Contract. The headings to the sections and paragraphs in this Contract are for informational purposes and are not a part of this Contract.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be signed and sealed on the date first written above.

Attest: GREENBELT HOMES, INC.

Ed James, Secretary By: _____ (SEAL)
Steve Skolnik, President

Witness Member _____ (SEAL)

Witness Member _____ (SEAL)

ACKNOWLEDGEMENTS

State of Maryland)
)SS
County of Prince George's)

I hereby certify that in Greenbelt, Maryland, on this ___ day of _____, before me, the Subscriber, a Notary Public in and for the State and County set forth above, personally appeared Steve Skolnik, President of Greenbelt Homes, Inc., and on behalf of Greenbelt Homes, Inc. did acknowledge the foregoing instrument to be the duly authorized act of Greenbelt Homes, Inc.

Witness my hand and official seal.

(Seal) _____ NOTARY PUBLIC
Prince George's County
State of Maryland
My commission expires on _____

State of Maryland)
)SS
County of Prince George's)

I hereby certify that in Greenbelt, Maryland, on this ___ day of _____, before me, the Subscriber, a Notary Public in and for the State and County set forth above, personally appeared _____ and declared that he/she/they read and understood the contents of the foregoing instrument and did acknowledge the same to be his/her/their act.

Witness my hand and official seal.

(Seal) _____ NOTARY PUBLIC

Prince George's County
State of Maryland
My commission expires on _____