

SHARED EQUITY AGREEMENT FOR TENANCY IN COMMON OWNERSHIP OF
RESIDENTIAL REAL PROPERTY

This Agreement ("Agreement") is made by and between OCCUPANTS ("Oliver and Olivia" or "occupant owners") and NON-OCCUPANTS ("Ned and Nelly" or "non-occupant owners") (and each party or married couple may be further referred to herein as "owner" as determined by the context) with regard to the following:

A. On _____, Oliver and Olivia purchased for \$_____ the real property located at _____, California, APN _____ ("Property"), more particularly described as:

Legal Description

The Property consists of a lot improved with a single-family residence, in which Oliver and Olivia had been living as tenants and which they will continue to occupy as their residence, without the payment of rent.

B. On _____, Oliver and Olivia deeded to Ned and Nelly an undivided 20% interest in the Property for \$_____, which shall be the initial capital contribution from Nelly and Ned.

C. The mortgages on the Property consist of the following as of _____: a thirty year fixed mortgage in the amount of \$_____ at an interest rate of ___% payable to _____. The owners intend that Oliver and Olivia shall be solely responsible for the mortgages and that the principal amount of the initial mortgage, \$_____, shall be their initial capital contribution.

D. The owners intend that initial capital contributions shall also include the amount each owner has paid toward the costs of purchase, and for Nelly and Ned, the amount of capital gains tax paid because of the liquidation of assets to obtain Nelly's initial capital contribution, and attorney and accounting fees related to the purchase of the Property and the drafting of this Agreement.

E. The owners intend that the rights and duties set out in this Agreement shall supersede the statutory incidents of ownership to which they are entitled as tenants in common.

F. The owners further intend that this Agreement shall satisfy all requirements and provisions of Internal Revenue Code section 280A(d) (3) (B).

WHEREFORE IT IS AGREED:

1. Effective Date and Term. This Agreement shall become effective as of the date that the Property was deeded to Nelly and Ned. This Agreement shall terminate on _____ but may be extended with the consent of all owners.

2. Ownership. The owners hold the Property as tenants in common in approximately the following percentages, which are based on initial capital contributions:

OLIVER and OLIVIA, husband and wife, as community property	- 80%
NED and NELLY, husband and wife, as community property	- 20%

3. Capital Contributions and Capital Accounts.

3.1 Initial Capital Contributions. The owners' initial capital contributions are shown in Exhibit A, which is attached to and made part of this Agreement.

3.2 Additional Capital Contributions. An owner may contribute additional capital in cash. The owners shall meet annually, no later than April 30, and a detailed accounting of proposed contributions for the preceding year shall be presented to the non-contributing owners. The amount of additional contributions shall be approved by all owners and added to the capital accounts on Exhibit A, and, if the owners further agree, the percentage ownership interests shall be adjusted on Exhibit A. For all purposes in this Agreement, the percentage ownership interests shall be those last agreed on by the owners.

3.3 Capital Accounts. An individual capital account shall be maintained for the occupant owners and for the non-

occupant owners, and their capital contributions shall be credited to that account.

4. Occupancy. Oliver and Olivia shall be entitled to occupy the Property as their residence.

5. Maintenance of Property. Oliver and Olivia, as occupant owners, shall maintain the Property with reasonable care and diligence and shall not permit waste on the Property nor permit any person claiming under them to do so.

6. Mortgage Payments. Encumbering the Property with a mortgage or equity line of credit shall be done only with the consent of all owners, who shall execute all documents reasonably necessary to accomplish such financing. Oliver and Olivia shall be solely responsible for the repayment of all loans secured to the Property by deeds of trust. Such loans shall include the original purchase money mortgage, all refinancing of the original and subsequent mortgages, all second mortgages and the costs of all such borrowing.

7. Payment and Characterization of Expenses. Oliver and Olivia shall pay the property taxes and, at their option, shall be reimbursed by Ned and Nelly for their share of the taxes based on their current percentage ownership interest. Payments of the property taxes shall be considered additional capital contributions. Capital contributions may also include attorney fees incurred for matters related to the Property but excluding any disputes among the owners. Unless otherwise agreed by the owners, Oliver and Olivia shall pay all other Property expenses including without limitation repairs and premiums for homeowners insurance, which must be maintained; such payments shall not be considered additional capital contributions. Oliver and Olivia shall be solely responsible for utility payments and all other payments related to their occupancy of the Property.

8. Capital Improvements. Improvements may be made solely at the discretion of Oliver and Olivia, except that Ned and Nelly shall be consulted for improvements that are to be made to prepare the Property to be sold. The owners shall determine annually whether the costs of improvements paid in the preceding year shall be treated as additional capital contributions.

9. Default in Payment. In the event that Oliver and Olivia fail to make payments required by this Agreement, Ned and Nelly shall make those payments for a period not to exceed six

months; such period may be extended at the option of Ned and Nelly. Such payments shall be considered a loan to Oliver and Olivia and shall be repaid according to terms agreed upon at the time that the first payment is advanced. If the failure to make payments continues beyond the period set forth above, the owners may apply to commercial or private lenders to secure additional financing on the Property or the Property shall be sold. This section shall not be construed to deny a non-breaching owner any other legal remedy available for the breach.

10. Divorce. If Oliver and Olivia are proceeding with a divorce, Ned and Nelly shall not enforce their rights under section 11 for a buy-out of their interest or under section 13 for the sale of the Property during an 18-month period beginning with notice of the divorce proceeding unless extraordinary circumstances, as reasonably agreed by the owners, require the enforcement of such rights.

11. Restrictions on Transfer of Interest

11.1 An owner shall give written notice to the other owner of their intention to sell or otherwise transfer their interest in the Property or of receipt of any offer for their interest, before sale or transfer of the interest.

11.2 Such notice shall specify the price, terms and conditions sought by the seller or contained in any offer already received and shall name any proposed transferee.

11.3 If the non-selling owners wish to purchase the interest, an appraisal of the Property interest shall be obtained in accordance with section 15. The price shall be determined by multiplying the appraised value of the Property by the selling owner's percentage interest. The sale shall be completed no later than six months from the giving of notice unless changed by agreement of the owners.

11.4 If the non-selling owner is not willing or able to purchase the interest, the offering owner may sell or transfer their interest to any buyer, subject to approval of the buyer by the non-selling owner.

11.5 If the non-selling owner is not willing or able to purchase the interest or no buyer has been found or approved after six months from notice of intent to sell, the

Property shall be sold and the proceeds of sale divided in accordance with section 13.

11.6 Before any sale or transfer of interest in the Property may be completed, the prospective buyer and the non-selling owner shall enter into an agreement regarding their ownership of the Property with terms substantially similar to those contained in this Agreement.

12. Terms of Purchase. If an owner chooses to purchase the other owner's interest, he or she shall pay for that interest in cash or by promissory note, as the owners then agree.

13. Sale. If the Property is sold, the costs of sale shall be shared equally by the owners. The total of all capital contributions shall be reimbursed to each owner. The balance of the net proceeds of sale shall be divided between the owners according to each owner's percentage interest as of the date of sale. The payoff of all mortgages and other indebtedness on the Property shall be made from Oliver and Olivia's share of the proceeds of sale. In the event that the proceeds of sale do not exceed the total capital contributions, the reimbursement amounts shall be reduced proportionately. In the event that the proceeds of sale do not exceed the balance of the mortgages owed and Nelly is required to contribute to the payoff of the mortgages, the amount of any such payoff shall be a loan from Nelly to Oliver and Olivia, with the terms to be agreed on among them at the time of the loan.

14. Death of an Owner. Upon the death of an owner, his or her personal representative shall make all payments and fulfill all obligations under this Agreement and shall be bound by all provisions in this Agreement.

15. Appraisals. To determine the appraised value of the Property or an owner's interest in the Property for purposes of this Agreement, the owners shall jointly appoint an appraiser, who may be a local realtor, or, failing this joint action, shall each separately designate an appraiser. If the appraisers concur on the value of the Property and of the owner's interest that is subject to appraisal, such appraisal shall be binding and conclusive. If the appraisers do not concur within that period, the determination of value shall be based on the median of all appraisals and shall be binding and conclusive. The owners shall share appraisal expenses equally.

16. Mediation and Arbitration. Any unresolved dispute relating to this Agreement or to the ownership, management or control of the Property shall be submitted to mediation. The owners shall share equally the costs of mediation. If mediation is not successful, the owners shall submit the dispute to arbitration in accordance with the rules of the American Arbitration Association, and any award rendered by the arbitrator shall be binding. The prevailing owner shall have legal costs and attorney fees paid by the other owner.

17. General Provisions

17.1 Each owner shall indemnify and hold harmless the other owner from any and all expense and liability resulting from or arising out of any negligence or misconduct on his or her part or on the part of his or her agent, representative or tenant to the extent that such expense and costs of liability exceed the applicable insurance carried on the Property.

17.2 Each owner shall perform any further acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Agreement.

17.3 All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the owner to whom notice is to be given or within 72 hours after mailing if mailed to the owner at his or her address set forth on the signature page of this Agreement or any other address that an owner may designate by written notice to the others.

17.4 This Agreement contains all representations and the entire understanding and agreement between the owners. Correspondence, memoranda or agreements, whether written or oral, originating before the date of this Agreement are replaced in total by this Agreement unless otherwise specifically stated. The provisions of this Agreement may be amended only upon the written consent of both owners.

17.5 This Agreement shall be binding on and shall inure to the benefit of the owners' heirs, legal representatives, successors and assigns.

17.6 If any part of this Agreement is determined to be illegal or unenforceable, all other parts shall be given

effect separately and shall not be affected. This Agreement shall be governed by the laws of California.

17.7 This Agreement may be executed in counterparts, and signatures may be delivered by facsimile transmission followed by mail; all of the counterparts and facsimile signatures shall constitute one and the same instrument for all purposes.

IN WITNESS WHEREOF, the owners have executed this Agreement as of the date first shown above.

OLIVIA

OLIVER

NED

NELLY

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT