

TRUST AGREEMENT
BETWEEN SUBURBAN TRUST COMPANY
AND MARYLAND MUTUAL NO. ONE, INC.

Dated March 9, 1966

Recorded Liber 3479

Folio 396

DATES OF AMENDMENTS

1 ST Amendment (Attached as Addendum A)	6/13/1966	Recorded 6/28/1966	Liber 3517 Folio 575
2 nd Amendment	9/26/1966	Recorded 10/24/1966	Liber 3564 Folio 087
3 rd Amendment (Attached as Addendum B)	2/21/1969	Recorded 8/5/1969	Liber 3888 Folio 889
4 th Amendment	6/25/1985	Recorded 4/17/1986	Liber 7085 Folio 462
5 th Amendment	1/31/1989	Recorded 10/20/1989	Liber 028 Folio 085
6 th Amendment	3/1/1994	Recorded 3/21/1996	Liber 14001 Folio 019
7 th Amendment	4/27/2001	Recorded 8/21/2001	Liber 19574 Folio 182
8 th Amendment	9/8/2003	Recorded 5/26/2004	Liber 27505 Folio 617
9 th Amendment	12/9/2003	Recorded 5/26/2004	Liber 27505 Folio 644
10 th Amendment	8/31/2004	Recorded 6/16/2005	Liber 30087 Folio 760
11 th Amendment	8/31/2004	Recorded 6/16/2005	Liber 30094 Folio 031
12 th Amendment	7/26/2005	Recorded 4/14/2008	Liber 35553 Folio 111

This is a Trust Agreement declaring the terms of a trust and providing for the operation of the properties held in trust. The parties to the agreement are Suburban Trust Company, a banking corporation organized under the laws of the State of Maryland, hereinafter referred to as "TRUSTEE," and Maryland Mutual No. One, Inc., a Maryland corporation, hereinafter referred to as "TRUSTOR."

RECITALS

A. TRUSTOR has been formed for the purpose of constructing, owning and operating a cooperative housing project to be located on that certain real property in Montgomery County, Maryland, described in Exhibit I attached hereto and by this reference made a part hereof. The acquisition of such property and the construction of the improvements thereon are to be financed by the sale of memberships in TRUSTOR and by one or more mortgage loans from one or more lenders (which collectively, together with their successors and assigns, are hereinafter referred to as "MORTGAGEE"). It is intended that said loans are to be insured by the Federal Housing Administration (herein-after called "FHA") under Section 213 of the National Housing Act. TRUSTOR is one of several such corporations, hereinafter referred to collectively as "Cooperatives," which are formed or planned to be formed for the purpose of constructing, owning and operating cooperative housing projects on a mutual nonprofit basis to be regulated by FHA. These projects when completed will contain an estimated total of 9,000 dwelling units, all to be located in a new community in Montgomery County, Maryland, to be known as Leisure World of Maryland, hereinafter referred to as "Leisure World."

B. TRUSTEE is a corporation organized and existing under the laws of the State of Maryland.

C. TRUSTOR will transfer to TRUSTEE sums totaling \$687,410.00, and in addition an amount equal to at least \$475.00 times the number of memberships of TRUSTOR, hereinafter called the "Original Trust Fund," to be held IN TRUST on the terms set forth herein.

D. TRUSTEE'S operations under this Trust include (but are not limited to):

(1) Receipt of additional funds (which together with the Original Trust Fund are hereinafter called "Trusteed Sums") from the Cooperatives;

(2) Acquisition, construction or lease of various community facilities, and offsite improvements including but not limited to streets, utilities and drainage structures (all, together with the land underlying them to the extent interests in such land are held by TRUSTEE, are herein referred to as "Improvements") located within Leisure World and designed to meet the needs of the Cooperatives and their members and for such other uses and purposes as are specified in this Trust Agreement, such Improvements being expressly impressed with the trust declared hereunder;

(3) Continued legal ownership, maintenance and operation of all such Improvements during the continuation of this Trust, all such Improvements being nevertheless impressed with and held subject to an express trust for the benefit of the Cooperatives under the terms of this Trust Agreement;

(4) Acquisition, maintenance and operation in trust hereunder for the benefit of the Cooperatives and for such other uses and purposes as are specified in this Trust Agreement of other real and personal property, deemed by the TRUSTEE to be in the best interests of the Cooperatives and their members; and

(5) Payment to the Cooperatives or application for their benefit by TRUSTEE of any Trusteed Sums in excess of TRUSTEE'S costs in performance of TRUSTEE'S duties, such payment or application to be apportioned by TRUSTEE among the Cooperatives in proportion to payments made that year or to an authorized reserve account by a majority vote of the Board of Directors.

(6) Providing recreational, medical, transportation, security and other services relating to the operation of the Improvements and other properties of the Trust, all for the benefit of members of the Cooperatives as described in Exhibit II attached hereto and by this reference made a part hereof.

E. A schedule of the Community Facility Improvements, said Improvements hereinafter being referred to as "community facilities," is attached hereto marked Exhibit III and hereby made a part hereof. The order of conveyance and the facilities described by Exhibit III are subject to change, provided, however, that any such change shall be subject to the prior written approval of the FHA. The costs of the community facilities are estimates only and are not intended to limit the prices to be paid by the TRUSTEE for the acquisition or construction of community facilities, except that such prices are limited by funds available to the TRUSTEE for that purpose. The number of unit sales specified by Exhibit III are approximate only and are subject to increase or decrease depending upon the order in which the community facilities are actually acquired by the TRUSTEE, the actual price paid for each respective community facility and the requirements of FHA. Each Cooperative which may at any time become a TRUSTOR may have, as part of its FHA commitment for insurance of advances, offsite improvements, hereinafter called "offsites," which will, to the extent not publicly owned or part of a public utility system, become a part of the trust estate. The offsites may include, as part of the requirements of the FHA commitment, certain improvements on non-trust estate property and offsite monies will be considered useable for contributions required to be made for the making of such improvements. The terms "Improvement" or "Improvements" as used in this Agreement shall mean the community facilities and the offsites as hereinabove defined.

F. This Trust Agreement is executed at the request of MORTGAGEE, as beneficiary of deeds of trust or mortgages executed by or now planned to be executed by the Cooperatives, and is intended to meet MORTGAGEE'S

demands on TRUSTEE and the Cooperatives for additional security.

G. MORTGAGEE has heretofore filed on behalf of TRUSTOR an application for mortgage insurance covering its individual project, and FHA has issued its mortgage insurance commitments for said project, as identified in Exhibit I. The FHA project number, the mortgage commitment amount and the FHA estimate of replacement cost are also set forth in Exhibit I. Those Improvements (principally community facilities) required to be completed prior to FHA initial endorsement of the mortgage loan note are reflected in the "fair market value of land in fee simple and 'as is', "as set forth in the FHA Project Income Analysis and Appraisal for use in Cost Certification. Those improvements (e.g., utilities, street improvements and drainage structures) not required to be completed prior to initial endorsement, but for which assurance of completion is required prior thereto in the form of an escrow, are reflected in the "Estimated Available Market Price of Site in Fee Simple," as set forth in the FHA Project Income Analysis and Appraisal.

H. With respect to each individual project, it is planned that each Cooperative which becomes an additional TRUSTOR shall transfer in trust to TRUSTEE an amount equal to the Estimated Available Market Price of Site in Fee Simple as set forth in the Project Income Analysis prepared by FHA for the Cooperative and such other amounts as may be available from sources other than mortgage proceeds, to the Cooperative for the acquisition or construction of community facilities less the price paid by the Cooperative for the land covered by the mortgage and the amount to be paid by the Cooperative for offsites. TRUSTEE shall apply such amount or amounts toward payment for the community facilities. It is further planned that the Cooperative's obligation to pay for the community facilities shall be fully discharged by payment to TRUSTEE of such amount or amounts which shall be deposited in the Improvement Fund Account as defined in Section II, Paragraph B of this Agreement.

PROVISIONS OF TRUST AGREEMENT

Section I

NAME OF TRUST

This Trust may be referred to as the LEISURE WORLD OF MARYLAND TRUST.

Section II

THE TRUST ESTATE

A. The Trust Estate hereunder shall include the Original Trust Fund, all Truſteed Sums hereinafter received from Cooperatives, all parcels of land and all Improvements acquired, constructed or leased in trust hereunder, all sums paid to TRUSTEE by the Cooperatives or their members to cover TRUSTEE'S costs of maintenance and operation of the Improvements, and any other money or property hereafter held by or received by TRUSTEE in trust hereunder.

B. Any Cooperative which becomes an additional TRUSTOR and beneficiary hereunder pursuant to paragraph A (1) of Section III hereof, at the time of making such written election, shall deposit with TRUSTEE a statement of its contribution to the hereinafter defined Improvement Fund Account hereinafter referred to as "the statement." The statement shall set forth, as a total amount, an amount equal to Estimated Available Market Price of Site in Fee simple as set forth in the Project Income and Analysis prepared by FHA for the Cooperative, and such other amounts as may be available from sources other than mortgage proceeds, to the Cooperative for the acquisition or construction of community facilities ("the total amount"). From the total amount shall be deducted the price paid by the Cooperative for the land covered by the Mortgage and the amount to be paid by the Cooperative for offsites. The difference shall be the amount which the Cooperative is to contribute to the Improvement Fund Account; said contribution is hereinafter called the "Improvement Fund Contribution."

With respect to any mortgage executed by any Cooperative and insured by FHA, such Cooperative, upon initial endorsement of the mortgage loan note by FHA, shall transfer in trust to TRUSTEE its Improvement Fund Contribution for the construction or acquisition of the community facilities. Immediately upon the receipt of any contribution to the Improvement Fund from any Cooperative, the TRUSTEE shall deposit the same in a separate account to be called the Improvement Fund Account. Except as otherwise herein provided, the TRUSTEE shall pay out of the Improvement Fund Account only the cost of community facilities acquired or constructed by TRUSTEE as well as maintenance or renovation of existing facilities. In the case of the offsites with respect to which FHA may require an escrow to assure their completion, the Cooperative (or General contractor at the request of the Cooperative, with funds provided by the Cooperative), shall deposit an amount equal to FHA's estimate of the cost thereof in an escrow with an FHA approved depository and such funds shall be held and disbursed pursuant to an escrow agreement approved by FHA.

C.(1) In the case of a resale of a unit in a condominium, of shares of

stock in a cooperative, the purchaser(s) thereof shall transfer to the Trustees as part of the Trusteed sum, an amount equal to two percent (2%) of the gross sales price or \$500.00, whichever is greater. Each such amount shall be deposited in a Resales Improvement Fund. Funds in that Account are available for expanding, altering, or improving existing improvements or other properties of the Trust and to establish Reserve Funds and a Capital and Operating Fund.

(2) In the case of such a resale, the purchaser(s) shall also transfer to the Trustee as part of the Trusteed sum each additional amount as is determined by the Trustee for its administrative expenses (a) in preparing for the resale, (b) in providing the orientation and other services involved in effecting the transfer of ownership, and in establishing the new owner(s) as part of the Leisure World community and the condominium or cooperative of which the owner(s) is a member. That amount shall be deposited into the appropriate account or accounts maintained by the Trusts and shall be available for the same purpose as that account or accounts.

Section III

BENEFICIARIES

A. The original beneficiary of this Trust is Maryland Mutual No. One, Inc. The original beneficiary acknowledges receipt of and hereby approves the Management and Operating Agreement and the Agreements between Trustee and Rossmoor Corporation dated the 9th day of March, 1966. Any other Cooperative may at any time become an additional trustor and beneficiary hereunder by:

(1) Manifesting its election to do so through deposit with TRUSTEE of a written instrument in form satisfactory to TRUSTEE and FHA adopting and agreeing to the terms of this instrument. Each such Cooperative will in writing also approve said Management and Operating Agreement, as well as any addenda to said Agreement, or other agreements, in effect at the time such Cooperative becomes an additional trustor and beneficiary hereunder. Each such Cooperative shall thereby become obligated to perform all duties, shall be subject to all conditions and restrictions and shall be entitled to performance by all other present and future parties hereto as if such Cooperative had been an original party to this Trust Agreement;

(2) Obtaining TRUSTEE'S acceptance of such Cooperative as an additional beneficiary, which acceptance TRUSTEE agrees to give; and

(3) Depositing in escrow, or delivering to TRUSTEE in trust hereunder, its Trusteed Sums as soon as the same become available to such Cooperative.

B. No beneficiary may assign its beneficial interest hereunder except in conjunction with a conveyance under deed of trust or mortgage by such beneficiary.

C. Notwithstanding the foregoing paragraphs of this Section III,

the beneficial interest of each Cooperative under this Trust Agreement shall be assigned to its Mortgagee immediately following the creation of such interest, on condition that such Mortgagee agrees that it will assign to FHA such beneficial interest or successor interest under this Trust Agreement as relates to any individual project with Mortgagee assigns or conveys to the FHA pursuant to a claim for mortgage insurance benefits.

Section IV

RIGHTS OF THIRD PARTIES

TRUSTEE is hereby expressly granted and reserves the right to deal, for the use and benefit of the Cooperatives and their members, with Mortgagee, FHA, Rossmoor Corporation, Leisure World Foundation and all other third parties, and except to the extent any such third party shall be furnished a copy of this Trust Agreement, no such third party shall be required to examine the terms of this Trust Agreement or to inquire into TRUSTEE'S authority to act hereunder.

Section V

DUTIES, COMPENSATION AND REIMBURSEMENT OF THE TRUSTEE

A. TRUSTEE shall proceed with the acquisition or construction of the Improvements in accordance with Exhibit III. TRUSTEE shall not be obligated to acquire or construct the Improvements to a greater extent than required by Exhibit III, or to expend thereon any more money than it receives from time to time in the Improvement Fund Account as provided under paragraph B of Section II hereof; and except for funds borrowed for the purchase or construction of community facilities (which borrowings are to be repaid from the Improvement Fund Account). Upon acquisition or completion of construction (where TRUSTEE contracts for construction) of Improvements TRUSTEE shall hold the same free and clear of any liens, encumbrances or claims arising out of such acquisition or construction subject to (1) current taxes assessed by not yet due, and (2) such restrictions, covenants, rights-of-way and/or easements not adversely affecting the value or use of the property as are acceptable to the FHA, and (3) the terms of this Trust Agreement. TRUSTEE shall provide in any contract for the acquisition or construction of Improvements that TRUSTEE shall not be obligated to pay therefor any more money than it receives from time to time in the Improvement Fund Account as provided under paragraph B of Section II hereof, unless approved by FHA, the MORTGAGEE and any Cooperative which may be called upon to contribute to the payment of any such excess amount. TRUSTEE shall not acquire or construct any Improvements other than those described in Exhibit III without the approval of FHA. During the development of Leisure World the order of acquisition or construction of the Improvements will be determined by TRUSTEE subject to approval by FHA. Performance bonds shall be required in connection with all major items of construction.

TRUSTEE shall include in any contract for the acquisition or construction of Improvements a guaranty by the seller or contractor against latent defects for one year from date of completion of construction.

B. No Cooperative shall be obligated to pay for community facilities more than its respective contribution to the Improvement Fund Account. Such obligation shall be discharged by payment to TRUSTEE as provided in paragraph B of Section II hereof.

C. In the event all or any part of the Improvements or other properties of the Trust shall be damaged by fire or other casualty, the money derived from any insurance thereon shall be held in trust or used for repair or otherwise for the benefit of the Cooperatives in such manner as may be determined in the discretion of TRUSTEE, provided that any such insurance proceeds in excess of \$5,000 shall only be applied in a manner approved by FHA.

D. TRUSTEE shall acquire, construct, own, operate, manage and maintain in good condition and repair the Improvements and other properties of the Trust, and provide administrative, recreational, medical, transportation, security and other services, relating to the operation of the Improvements, and other properties of the Trust, all for the benefit of the members of the Cooperatives and their successors in interest at cost. The Trustee shall be entitled to reimbursement for all its reasonable expenses in connection with matters pertaining to the negotiation and preparation, prior to the execution of this Agreement, the Regulatory Agreement, the Management and Operating Agreement, the Agreements with Rossmoor Corporation and all other documents relating thereto, and for all its reasonable expenses directly attributable to the performance of its duties hereunder, including, without limiting the generality of the foregoing, (a) the salaries of TRUSTEE'S officers and employees (not including TRUSTEE'S Executive and Trust Committees), (b) other office and general overhead expenses reasonably attributable to the performance of the TRUSTEE'S duties hereunder, and (c) the reasonable compensation, expense and disbursements of such agents, experts and counsel as the TRUSTEE may employ in connection with the exercise and performance of the powers and duties hereunder. Nothing in this Trust Agreement shall require TRUSTEE to expend for maintenance or repair, or on account of any services, or otherwise, any amounts in excess of those received by TRUSTEE for such purposes from the Cooperative and their members. TRUSTEE shall maintain and have available for inspection by the FHA or its designee, complete and accurate books, records, and accounts of all expenses attributable to the performance of its duties hereunder.

E. TRUSTEE shall prepare and, not less than ninety (90) days prior to the beginning of each fiscal year, submit to FHA an operating budget, including a plan of operation, setting forth its estimate of the cost of operating, managing and maintaining the Improvements and other properties of the Trust, providing and making available the aforesaid services for such year and of establishing and maintaining Reserve Funds for property maintenance, property replacement, equipment replacement, snow removal and a Capital and Operating Fund. The TRUSTEE shall not submit a plan of

operation which includes any substantial change in the medical, recreational, transportation, security or other community services from those services described in Exhibit II unless such change is approved prior to submission of the plan of operation by at least two-thirds of the Cooperatives acting through their respective Boards of Directors. The TRUSTEE shall include in the plan of operation any change in the medical, recreational, transportation, security or other community services which is requested by not less than two-thirds of the Cooperatives acting through their respective Boards of Directors. The estimate of cost set forth in the budget, excluding any costs to be recovered by direct charges to members of the Cooperatives, or by other payments from the Cooperatives, shall be charged on a membership pro rata basis (except for medical services which shall be charged as set forth in Exhibit II hereof) to the Cooperatives, and each Cooperative's share of such estimate shall be paid by the respective Cooperatives to TRUSTEE at times set forth in and otherwise in accordance with the operating budget. The Trust Operations portion of the budget for any fiscal year may not provide for a percentage increase over the Trust Operations portion thereof for the preceding fiscal year, which is in excess of the percentage increase in

- (i) the Consumer Price Index (CPI) effective for May 31 of the year in which the budget is proposed,

over

- (ii) the CPI that was effective for the preceding May 31

unless the proposed increase in the Trust Operations portion is approved

- (iii) by at least 66 2/3 per cent of the councilors on the Community Council, and

- (iv) by the councilors on the council representing at least 66 2/3 per cent of the residential units of Leisure World of Maryland;

but in no case may such percentage increase in that Trust Operations portion exceed such percentage increase in that CPI by more than three (3) percentage points. As used in the preceding sentence:

- (v) the Trust Operations portion of the budget is the portion thereof which is charged to the Trustors on a membership pro rata basis; and

- (vi) the Consumer Price Index (CPI) is the Metropolitan Washington (D.C.)-Baltimore area Consumer Price Index (all items) for all urban consumers published by the United States Department of Labor for that area.

There shall be added to any increase, determined under the preceding two sentences, in the budget for any fiscal year, the amount (determined on a membership pro rata basis) of any increase, over the preceding fiscal year, in any property taxes and utility cost estimated to become due and payable during the fiscal year for which the budget is being proposed. The budget and the plan of operation shall conform to the provisions of this Trust

Agreement, and shall not be effective without the approval of FHA. Following such approval, copies thereof shall be furnished by TRUSTEE to each Cooperative and the Mortgagee.

F. In its sole discretion TRUSTEE, in accordance with its current and projected operating budget, may after the end of its fiscal years, either refund or credit to the Trustors their respective proportional shares of such sums collected that year to pay the cost of the aforesaid services that are in excess of the amounts expended, obligated, or budgeted for; or, place those excess funds in an authorized reserve account by the majority vote of the Board of Directors.

G. The extent of the services to be provided in connection with all community facilities and the rules and regulations with respect to the use of said facilities, except as otherwise provided in this Trust Agreement, shall be determined and established by TRUSTEE in its sole discretion. In the event that any Cooperative shall fail to pay its share of the costs of operating, managing, maintaining and repairing said Improvements, properties and facilities, and of providing and causing to be made available said services, determined as set forth in paragraph E of this Section V, then TRUSTEE may in addition to other available remedies, withhold the use and benefit of such Improvements, properties, facilities and services from such Cooperative and the members thereof.

H. Within 90 days following the end of each fiscal year, TRUSTEE shall furnish the cooperatives, FHA and MORTGAGEE with a complete annual financial report, together with the opinion of a Certified Public Accountant or a Certified Public Accounting firm, based upon an examination of the Trust Estate's financial statements. The examination of the financial statements shall be made in accordance with generally accepted auditing standards, and accordingly include such tests of the accounting records and such other auditing procedures as are considered necessary in the circumstances. The books and records of TRUSTEE, including any budget and plan of operation either in effect or proposed, shall at all times be maintained in reasonable condition for examination and inspection at any reasonable time by FHA, MORTGAGEE, or the Cooperatives, or their respective duly authorized agents.

I. Notwithstanding any provision of this Trust Agreement to the contrary, TRUSTEE shall perform at all times in accordance with a Regulatory Agreement executed with FHA, a copy of which is attached hereto and incorporated herein by this reference as Exhibit IV.

J. Without in any manner limiting the above, TRUSTEE'S duties shall include, but not be limited to, the performance of all acts of TRUSTEE contemplated in, or necessary or desirable for the carrying out of, the plan of operations, hereinabove outlined in Recital D hereof.

K. TRUSTEE shall place Trust Funds in FDIC insured institutions or in investment programs collateralized by U.S. Treasury Securities.

L. TRUSTEE and those of its employees who handle or are responsible for monies of the Trust shall be bonded by a fidelity bond in

all respects acceptable to FHA and MORTGAGEE.

M. The Trustor and each Cooperative which becomes an additional Trustor and beneficiary hereunder, will protect, indemnify and save harmless the TRUSTEE from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, attorney fees and expenses) imposed upon or incurred by or asserted against the TRUSTEE by reason of (1) ownership of the Improvements, or any interest therein, (2) any accident, injury to or death of persons or loss of or damage to property occurring on or about the Improvements or the adjoining sidewalks, curbs, streets or ways, (3) any use, non-use or condition of the Improvements or the adjoining sidewalks, curbs, streets or ways, (4) any failure on the part of the Cooperatives or any of them to perform or comply with any of the terms of this Agreement, (5) any failure on the part of the Management Company to perform or comply with any of the terms of the hereinabove mentioned Management and Operating Agreement between TRUSTEE and Leisure World Foundation, or (6) performance of any labor or services or the furnishing of any material or other property in respect of the Improvements or any part thereof. In case any action, suit or proceeding is brought against the TRUSTEE by reason of any such occurrence, the Cooperatives, upon TRUSTEE'S request, will at the Cooperatives' expense resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel designated by the Cooperatives and approved by the TRUSTEE. Such obligations of the Cooperatives under this Section as shall have accrued at the time of any termination of this Agreement shall survive any such termination.

N. Acceptance of the trust hereunder and performance of the same by the TRUSTEE shall be only upon the terms hereof, including those following, to all of which the Trustor and the additional trustors and beneficiaries hereunder by their acceptance hereunder agree.

O. The TRUSTEE undertakes to exercise such duties and only such duties as are specifically set forth in this Agreement, and to exercise such of the rights and powers as are vested in it by this Agreement, and to use the same degree of care and skill in their exercise, as an ordinarily prudent man having the skills and facilities of the TRUSTEE would exercise or use under the circumstances in the conduct of his own affairs.

P. No term of this Agreement shall be construed to relieve the TRUSTEE from liability from its own negligent action, negligent failure to act, or willful misconduct. Notwithstanding the foregoing,

(1) The TRUSTEE shall not be liable except for the performance of such duties as are specifically set forth in this Agreement and no implied covenants or obligations shall be implied in this Agreement against the TRUSTEE, but the duties and obligations of the Trustee shall be determined solely by the express terms of this Agreement;

(2) In the absence of bad faith on the part of the TRUSTEE, the TRUSTEE may rely conclusively, as to the truth of the statements and

the correctness of the opinions expressed therein, upon opinions of counsel or statements conforming to the requirements of this Agreement;

(3) The TRUSTEE shall not be liable for any error of judgment made in good faith by an officer of the TRUSTEE unless it shall be proved that the TRUSTEE was negligent in ascertaining the pertinent facts; and

(4) The taking of any action or omission of any action by the TRUSTEE in accordance with any direction or request of the Trustor or of an additional trustor and beneficiary or of the FHA or the administrator thereof, with which the TRUSTEE is required to comply by the terms hereof or by the terms of said Regulatory Agreement, if taken or omitted in good faith, shall not be deemed by reason of such taking or omission to be negligent action, negligent failure to act or willful misconduct.

Q. Except with respect to the duties specifically provided for in this Agreement:

(1) The TRUSTEE shall not be under any obligation to take any action in respect of the subject matter of this Agreement unless requested in writing to do so by FHA or by the majority in number of the Cooperatives who are trustors (including the Trustor) and beneficiaries hereunder; and

(2) The TRUSTEE shall not be under any obligation to take any action under this Agreement which may tend to involve it in any expense or liability, the payment of which within a reasonable time is not, in its reasonable opinion, assured to it by the security afforded to it by the terms of this Agreement unless and until requested in writing so to do by FHA or by the MORTGAGEE or by one or more Cooperatives and furnished, from time to time as it may require, with reasonable security and indemnity; provided that no security or indemnity furnished shall be applicable to any liability,

(a) which is incurred by the TRUSTEE as a result of any action taken by it not reasonably in accordance with such a request or requests delivered to it, or

(b) which is finally determined by a court of competent jurisdiction to be a liability imposed upon the TRUSTEE as a result of its default or negligence in the performance of the duties imposed upon or undertaken by it by the terms of this Agreement.

Notwithstanding the foregoing, the TRUSTEE reserves, and is expressly granted the right and power to borrow money for any purpose associated with the protection, preservation, expansion of new or existing improvement. It is understood and agreed that at such time as any Improvement is conveyed to TRUSTEE, the TRUSTEE shall obtain an owner's policy of title insurance, in an amount equal to the total purchase price of the Improvement, which

policy shall recite, in a manner satisfactory to the FHA, that the TRUSTEE holds a fee simple interest in the Improvement, free and clear of any and all liens, encumbrances or claims, except (1) current taxes assessed but not due, (2) such restrictions, covenants, rights-of-way, and/or easements not adversely affecting the value or use of the property as are acceptable to the FHA, and (3) the terms of this Agreement.

R. Subject to the terms of paragraphs O and P of this Section, the TRUSTEE shall not be liable for debts contracted or liability or damages incurred in the management or operation by the Management Company of any properties held in trust hereunder.

S. To the extent permitted by paragraphs O and P of this Section:

(1) The TRUSTEE may rely and shall be protected in acting upon any written notice, request, consent, statement, opinion of counsel, instrument, resolution, appraisal, report or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties; and

(2) The TRUSTEE may consult with counsel (which may be counsel to the Trustor or to the FHA or to the MORTGAGEE) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered hereunder by the TRUSTEE in good faith and in accordance with the opinion of such counsel.

T. The recitals and statements contained herein shall be taken as the recitals and statements of the Trustor, and the TRUSTEE assumes no responsibility for the correctness of the same.

The TRUSTEE makes no representation as to the title of the TRUSTEE to any properties held in trust hereunder or as to the descriptions thereof. Prior to acquiring title to such properties, TRUSTEE will obtain, at expense of Trustor and the Cooperatives, such certificates or abstracts of title and/or title insurance as may be requested by FHA.

U. If at any time the TRUSTEE shall consider it necessary or desirable that any matter be proved or established prior to its taking or permitting or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed), may, subject to the terms of paragraphs O and P of this Section, be deemed to be conclusively proved and established by a statement signed by the FHA and delivered to the TRUSTEE, and, subject as aforesaid, such statement shall be full warrant and authority to the TRUSTEE for any action taken, permitted or omitted by it under the terms of this Agreement in reliance thereon. The agents and representatives of the TRUSTEE and any experts or counsel whose opinions are required by the TRUSTEE for any purpose hereunder or are deliverable to the TRUSTEE under any provision hereof shall likewise be fully warranted in relying and acting upon the existence of any matters proved or established by any such statement, unless other evidence proving or establishing such matters be specifically required by this Agreement.

V. The TRUSTEE may at any time and from time to time, with the written approval of FHA, enter into a Management and Operating Agreement with Leisure World Foundation, or other person or persons, to perform certain duties of the TRUSTEE hereunder. The entering by TRUSTEE into such a Management and Operating Agreement shall thereupon relieve the TRUSTEE of all obligations hereunder with respect to such duties and shall vest Leisure World Foundation, or such other person or persons, with all the duties and obligations of the TRUSTEE with respect to such duties. Upon termination of any such Management and Operating Agreement under the terms thereof, Leisure World Foundation, or such other person or persons, shall be discharged from such duties, whereupon the TRUSTEE shall resume the same.

W. The declaration of a default by the Federal Housing Commissioner under the provisions of said Regulatory Agreement shall thereupon relieve the TRUSTEE of all obligations with respect to all TRUSTEE'S duties hereunder to the extent such duties are expressly assumed by said Commissioner, and shall vest said Commissioner with all the rights, powers, trusts, duties and obligations of the TRUSTEE with respect to such duties. Upon notice in writing to TRUSTEE from said Commissioner that TRUSTEE should resume its duties hereunder, the TRUSTEE shall thereupon resume the same.

Section VI

REVOCATION, ALTERATION, AMENDMENT AND TERMINATION

This Trust is and shall be irrevocable by and shall not be subject to alteration, modification or amendment by TRUSTEE, except as provided in paragraph E, Section V, and in paragraph C, Section VII hereof. The Trust may at any time or from time to time be altered, modified, amended or terminated by written instrument executed by seventy-five percent of the Cooperatives (as that term has been amended as defined herein) acting through their respective boards of directors who represent seventy-five percent of the residential units. This trust shall terminate ninety-nine years after the date on which the Eighth Amendment to Trust No. One is recorded among the land records of Montgomery County, Maryland. Promptly following termination of this Trust, the TRUSTEE shall render an accounting to each of the Beneficiaries and shall distribute, transfer and convey all of the property then remaining in the Trust Estate, after payment of or subject to any and all debts of or charges against the Trust Estate (including but not limited to obligations, if any, of the Trust Estate to the TRUSTEE), to those Cooperatives which are then beneficiaries hereunder; the proportionate share of each of such Cooperatives in the Trust Estate to be equal to a fraction, the numerator of which shall be the total amount of such Cooperative's contribution to the Improvement Fund and the denominator of which shall be the aggregate amount of all contributions to the Improvement Fund by all such Cooperatives. All property in the Trust Estate shall be transferred and conveyed to such Cooperatives in the form of undivided interests.

Section VII

RIGHTS AND POWERS OF THE TRUSTEE

A. TRUSTEE shall have, in addition to all powers, rights and privileges provided by law for trustees, and all powers necessary to carry out the duties herein imposed on TRUSTEE, the further powers to grant, bargain, sell for cash or credit, convey, exchange, convert; give options; lease for terms, either within or beyond the end of the trust, for any purpose; assign, partition, divide, subdivide, improve, insure, loan, reloan, invest and reinvest the Trust Estate or any part thereof in such manner and on such terms and conditions; as TRUSTEE deems advisable. In all such cases TRUSTEE shall have sole discretion respecting such transactions.

B. TRUSTEE reserves and is expressly granted the right and power in its sole discretion to acquire land, interests in land, improvements and personal property and to sell, transfer or dedicate the same either outright to the beneficiaries, or for public use, or to religious organizations for church use, or otherwise as TRUSTEE reasonably deems for the general welfare of the Cooperatives and their members, with, or without adequate consideration, or to itself but only for a fair and adequate consideration.

C. TRUSTEE reserves and is expressly granted the right and power to amend this instrument unilaterally if any such amendment is expressly required or requested by any federal, state or local governmental agency, in order to avoid or cure any violation of law or of any applicable governmental regulation, or in order to make possible or more convenient the securing of any governmental authorization or permit necessary to the TRUSTEE or any Cooperative for any phase of the operations contemplated by the parties hereunder.

D. TRUSTEE may accept additional funds or property from Trustor or any other beneficiary to be held subject to this Trust.

E. Subject to the approval of FHA, TRUSTEE may delegate performance of any of its duties under this Trust Agreement to any person or organization, qualified in the TRUSTEE'S judgment to perform such duties in accordance with the terms of this Trust Agreement.

F. TRUSTEE may litigate, compromise, release, settle, pay or otherwise contest or dispose of any claims or demands, including claims for taxes and interest and penalties thereon, against the Trust or TRUSTEE, any Cooperative or beneficiary with the consent of same, or any claims or demands of the Trust or TRUSTEE against any person or organization.

G. TRUSTEE may vote stock in person or by proxy and shall have and may exercise all of the rights, and may assume any or all of the obligations of a security owner in any reorganization or other adjustment or proceeding affecting any asset of the Trust.

H. Title to trust assets may be held in the name of a nominee selected by TRUSTEE, where such is to the benefit of the Trust and has the approval of FHA.

I. TRUSTEE is expressly prohibited from exercising any power vested in it under this Trust Agreement for the primary benefit of TRUSTEE, or for the benefit of any person other than the Trustors and their members.

J. TRUSTEE may not, without the consent of MORTGAGEE and FHA, encumber, lease, sell, assign, transfer, or dispose of any Improvements conveyed in fee to TRUSTEE pursuant to this Agreement.

K. Upon execution of this Agreement (which may be in counterparts, each of which shall be deemed an original), counterparts will be furnished to TRUSTEE, FHA, MORTGAGEE, Leisure World Foundation, Rossmoor Corporation and to Trustor (and to each of the Cooperatives upon becoming a trustor and additional beneficiary hereunder) so that each may be advised of the rights, privileges and benefits which this Agreement confers.

Section VIII REGULATION OF

TRUSTEE

A. TRUSTEE may resign. Such resignation shall become effective upon the appointment of a successor. Upon the occurrence of any vacancy in the trusteeship for any reason, the then beneficiaries, acting unanimously and with the approval of FHA, shall appoint a successor trustee. If the beneficiaries do not appoint a successor within thirty (30) days of the date of notice by TRUSTEE to the beneficiaries of such resignation or within thirty (30) days of the date of any other vacancy, then TRUSTEE or any beneficiary may petition a court of competent jurisdiction, at the expense of the Trust, to appoint a successor trustee.

B. TRUSTEE may disclose the provisions of this Trust whenever it deems such disclosure is advisable.

C. Except as otherwise provided in this Trust Agreement, no bond or other security shall be required of Trustee or any successor trustee hereunder, unless required and specified by FHA or a majority of the beneficiaries hereunder.

D. All successor trustees upon succeeding as trustee, as herein provided, shall thereupon, without any further deed, act or conveyance, become vested with all the rights, titles, powers, obligations, and trusts, including all discretionary powers, with like effect as if originally named as TRUSTEE herein.

E. TRUSTEE shall not commingle any assets held in trust hereunder with any other assets owned or held by TRUSTEE, subject to the right of TRUSTEE to deposit funds in its own banking department as herein elsewhere provided.

Section IX

RULES OF INTERPRETATION

A. If any provision or provisions of this Trust are determined to be void or unenforceable, the remaining valid and enforceable provisions shall nevertheless be and remain operative.

B. The singular number shall include the plural and the plural, the singular, and the masculine, feminine and neuter genders shall each include the other unless the context clearly requires a different construction.

C. Whenever any action by MORTGAGEE is permitted or required under this Trust Agreement, the written consent to such action given by the persons holding a majority of the total then outstanding principal amount of the loans made by MORTGAGEE and referred to in Recital A of this Trust Agreement shall be deemed to be the action of MORTGAGEE.

D. The Trust shall be interpreted under the laws of the State of Maryland.

E. This Trust Agreement is not intended to, and is not to be interpreted as, in any way diminishing or abrogating any of the duties or obligations imposed on TRUSTEE under the Regulatory Agreement attached hereto as Exhibit IV, but is intended as a supplement to such agreement for the purpose of further clarifying and defining the fiduciary responsibilities of TRUSTEE. In the event of conflict between this agreement and Regulatory Agreement the terms of said Regulatory Agreement shall prevail.

F. Whenever the approval, acceptance or consent of FHA or any other party is required herein, unless otherwise indicated, such approval or consent shall mean prior written approval, acceptance or consent and shall not be unreasonably withheld.

G. The provisions hereof are not intended in any way to limit, bind or restrict the FHA in any way in respect to its functions and determinations in connection with Leisure World of Maryland.

H. No liability is assumed by, nor shall at any time be asserted or enforceable against, the FHA or any of its agents under this Trust Agreement on account of any express or implied representation, covenant, undertaking or agreement contained in this Agreement.

Section X

RIGHTS OF ASSIGNEES

All fiduciary responsibilities undertaken by TRUSTEE for the benefit of the Cooperatives are hereby undertaken for the benefit of any assignees or successors in interest of the Cooperatives.

Section XI

RECORDATION

This Agreement may be recorded by Trustor or TRUSTEE, and any assignment of any beneficial interest herein or part thereof by any beneficiary may be recorded.

IN WITNESS WHEREOF, the said Maryland Mutual No. One, Inc., a Maryland corporation, Trustor, hath on this 9th day of March A.D., 1966 caused this Agreement to be signed by Angus T. Johnson, its President, attested by Edward L. Olsen, its Secretary-Treasurer, and its corporate seal to be hereunto affixed, and does appoint Angus T. Johnson as its true and lawful attorney in fact to acknowledge and deliver this Agreement as its act and deed.

MARYLAND MUTUAL NO. ONE, INC.
s/ Angus T. Johnson, President

Attest:

s/ Edward L. Olsen, Secretary-Treasurer

Signed, Sealed and Delivered in the
presence of:

CORPORATE SEAL

s/ Barry M. Fitzpatrick

LEISURE WORLD OF MARYLAND TRUST

Maryland Mutual No. One, Inc.

FHA Project No. 000-30228-MAN

(now FHA Project No. 000-23228-MAN)

FHA Mortgage Commitment Amount: \$8,107,800.00

FHA Total Estimate of Replacement Cost: 8,380,007.00

Description of Real Property:

Parcel No. 7, Plat 4, "ROSSMOOR LEISURE WORLD" on a plat recorded in Plat Book 78 at plat 7834, among the Land Records for Montgomery County, Maryland.

LEISURE WORLD OF MARYLAND TRUST

SCHEDULE OF
SERVICES TO BE
PROVIDED BY TRUSTEE

Clubhouse Recreation Program

A clubhouse program of activities encompassing arts and crafts, dancing, indoor games, outdoor court games, swimming, parties and special events. Sponsorship and provision of clubhouse space for the accommodation of clubs and groups organized by Leisure World residents.

Travel Program

Sponsorship and coordination of a travel program for Leisure World residents, including both local trips to cultural, athletic and other public events and group tours to domestic and foreign points. All travel undertaken at residents' expense.

Religious Activities

Provision of space as available for religious services in the clubhouses and community chapel for groups which do not have or are unable to provide sanctuaries of their own. TRUSTEE reserves the right to charge congregations for facilities, maintenance and special services on a cost recoverable basis.

Adult Education

Sponsorship of an adult education program in conjunction with local educational districts or entities. Provision of classroom space and program coordination. Direct cost of instruction, books and supplies to be borne by local government and persons enrolling.

Golf

Use of golf course, driving range and club facilities by Leisure World residents. Sponsorship and coordination of golfing activities. Instruction provided at golfers' expense.

Horseback Riding

Use of animals, riding stables and trails by Leisure World residents under supervision of Leisure World administration. Boarding of private animals on a space available basis at individual's expense.

Television

Master TV antennae system connected to all dwelling units. One channel reserved for closed circuit for Leisure World oriented programs. Sponsorship and coordination of programs. Cost of entertainment and other program production expense not required to be borne by TRUSTEE.

Auditorium

Use by Leisure World residents for large gatherings. Coordination and scheduling of entertainment events and convocations. Charges for use to be determined by and optional with TRUSTEE in case of all commercial events.

Community Gardening

Use by Leisure World residents of special gardening areas and facilities for purpose of hobby gardening. Plants, seeds and special materials at users' expense.

Intra-Community Bus Service

Use by Leisure World residents of intra-community bus system. Scheduling and routing to be determined by TRUSTEE.

Security Service

Entrance gates to be manned by guard attendants at all hours. Security force to provide community-wide control of traffic, nuisances, crime (auxiliary to public law enforcement) and public safety.

As provided in the Trust Agreement, the extent of the services to be provided by the TRUSTEE and the amounts to be expended therefor shall be determined by the TRUSTEE in its sole discretion. The TRUSTEE is not required to expend for community facilities or services any amounts in excess of those received by it for such purposes from the Cooperatives. The services in every instance are related to the facilities and will be provided as the requisite facilities are acquired or constructed.

In addition to the above-described services TRUSTEE will provide all maintenance services required in connection with the Improvements, including but not limited to, general servicing, repair, repainting, renovating, janitorial service, gardening and street cleaning. TRUSTEE will also provide all utility services required.

LEISURE WORLD OF MARYLAND TRUSTSCHEDULE OF IMPROVEMENTS

(COMMUNITY FACILITIES)

Order of Conveyance	Facility	Individual Facility Cost	Total Cost	Number of Unit Sales Required
1.	Clubhouse No. One	1,480,425	1,480,425	0
2.	Administration Building Guard House No. Two	535,170 10,950	546,120	1,301
3.	World Theme Area Guard House No. One	241,950 17,100	259,050	1,781
4.	Medical Clinic	1,682,800	1,682,800	2,008
5.	Maintenance Building - Storage	647,100	647,100	3,487
6.	Information Center	32,050	32,050	4,055
7.	Meeting Hall Guard House No. Three	357,600 10,950	368,550	4,085
8.	Clubhouse No. Two	901,750	901,750	4,407
9.	Riding Stables Bus Stops (5)	283,600 12,200	295,800	5,199
10.	Auditorium	853,300	853,300	5,459
11.	Guard House No. Four	10,950	10,950	6,209
12.	Bus Stops (5)	12,200	12,200	6,219
13.	Green House	60,750	60,750	6,230
14.	Parks, Lake, Equestrian Trails	388,630	388,630	6,283
15.	Clubhouse No. Three	798,950	798,950	6,625
16.	Golf Course	1,903,200	1,903,200	7,327
17.	Tennis Courts	60,000	60,000	
			<u>10,301,625</u>	(9,000)

The order of conveyance and the facilities described herein are subject to change, provided however that any such change shall be subject to the prior written approval of the FHA. The costs of the community facilities are estimates only and are not intended to limit the price to be paid by the Trustee for the acquisition or construction of community facilities except that such prices are limited by funds available to Trustee for that purpose. The number of unit sales specified herein is approximate only and is subject to increase or decrease depending upon the order in which the community facilities are actually acquired by the Trustee, the requirements of FHA and the actual price paid for each respective community facility.

SCHEDULE OF IMPROVEMENTS
(OFF-SITE IMPROVEMENTS)

Note: Improvements other than community facilities (off-site improvements) will be scheduled and completed in accordance with the requirements of the applicable FHA Mortgage Insurance Commitments covering the individual housing projects.

1. Public Roads:

Argyle Road, abandon and relocate	\$ 15,000
Georgia Ave. 6150' at \$58.66	360,768
Bel Pre Road 3200' at \$40.00	128,000
Layhill Rd. 700' at \$90.00	63,000
Norbeck Rd. 1100' at \$90.00	99,000
Ramp Rd. 2000' at \$30.00	60,000

\$725,768

2. Private Streets:

Entrance Roads 3950' at \$130.00	\$513,500
Major Roads 19200' at \$50.00	960,000
Stream Crossings 2 each	34,620
Minor Roads 30750' at \$25.00	768,750

\$2,276,870

3. Major Storm Drains, exclusive of on-site collectors:

24" RCP 2150' at \$9.00	\$10,350
27" RCP 3880' at 10.00	38,800
30" RCP 1480' at 11.00	16,280
33" RCP 970' at 13.00	11,740
36" RCP 1920' at 15.00	28,800
42" RCP 3230' at 19.00	61,370
48" RCP 2500' at 24.00	60,000
54" RCP 2030' at 27.00	54,810
60" RCP 1120' at 31.00	37,820
Special Structures	10,000
Stream Channels 11,430 at 20.00	114,000

\$228,540

4. Sanitary Sewer Outfalls, exclusive of on-site collectors:

8" pipe	4880' at \$6.00	\$ 29,280
10" pipe	2900' at \$7.00	20,300
12" pipe	2120' at \$8.00	16,960
Initial Annual Assessment WSSC		
\$130,000 Outfalls 8100' at \$20.00		162,000

\$228,540

5. Water Distribution Mains, exclusive of on-site laterals:

8" C.I. pipe	9010' at \$ 7.00	\$ 63,070
10" C.I. pipe	18270' at \$ 8.00	146,160
12" C.I. pipe	14400' at \$10.00	144,000
16" C.I. pipe	12300' at \$13.00	159,900
Meters, 2 at \$8,000 plus 1 at \$5,300		21,300
Grading preparation for WSSC's		
\$257,000 - 36' Main Installation		15,600

\$550,030

6. Perimeter Wall:

Brick Wall	11700' at \$17.00	\$199,920
Chain Link Fence	22680' at 3.00	68,040
Landscaping	34380' at 1.00	34,380

\$302,340

7. Underground Electric and Telephone by PEPCO & C&P Tel. Co:

Electric Substations & Transmissions	\$6,000,000
Electric Distribution	7,000,000
Telephone Trunk & Service	3,000,000

Charges to Rossmoor Corporation (none)

8. Gate Houses:

Parking and Lighting, incl. in Entrance Roads	
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(none)

9. Relocate and/or Abandon Burial Plots:

Internment, Land and Legal	\$10,000
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\$10,000

10. Gate Houses:

Dwellings	7 at \$1,000	\$7,000
Barns and Out-Buildings	8 at 500	4,000

\$11,000

11. Soils Engineering, Testing and Control:

Preliminary Investigations and Report	\$22,000
Specific Site Investigations and Reports	10,000
Construction Control and Testing	100,000

\$132,000

12. Engineering:

Civil & Surveying(10% of \$4,557,818)	\$455,782
Land Planning & Landscaping (1%)	45,578

\$ 501,360

	Subtotal	5,191,178
10% Contingency		<u>519,118</u>

TOTAL OFF-SITE IMPROVEMENTS \$5,710,296

REGULATORY AGREEMENT

AGREEMENT, dated this 9th day of March, 1966, by and between SUBURBAN TRUST COMPANY, a banking corporation organized under the Laws of the State of Maryland, as Trustee under that Trust Agreement described below, hereinafter referred to as "Trustee," maintaining a principal office at 2601 University Boulevard West, Wheaton, Maryland, and PHILIP N. BROWNSTEIN, Federal Housing Commissioner, hereinafter referred to as "Commissioner," acting pursuant to authority granted him by the National Housing Act, as amended, hereinafter referred to as "Act."

WHEREAS, various cooperative housing corporations, hereinafter referred to as "Cooperatives," will be mortgagors of mortgages insured by the Commissioner, pursuant to Section 213 of the Act, and

WHEREAS, SUBURBAN TRUST COMPANY has entered a Trust Agreement as Trustee with MARYLAND MUTUAL NO. ONE, INC., as Trustor and beneficiary, which is dated March 9, 1966, and known as the Leisure World of Maryland Trust, and

WHEREAS, the Trustee as Trustee pursuant to said Trust Agreement holds or will hold title to properties and certain community facilities erected thereon for the use and benefit of the cooperatives (the properties and community facilities located thereon are hereinafter collectively referred to as "community facility property,") and

WHEREAS, the Trustee, as Trustee pursuant to said Trust Agreement, has entered into a Management and Operating Agreement with Leisure World Foundation, as Management Company, which is dated March 9, 1966, and known as "Management and Operating Agreement," under the terms of which the Management Company will perform certain of the duties imposed upon the Trustee under said Trust Agreement; and

WHEREAS, the Commissioner in valuing the land upon which the cooperative housing projects will be erected will give effect to the availability of the community facility property to the cooperatives, and

WHEREAS, such land valuation will be one of the factors in determining the amount of the insured mortgages covering the housing projects owned by the cooperatives, and

WHEREAS, the Commissioner is unwilling to insure the mortgages on the housing projects unless and until the Trustee holding the community facility property as Trustee for the cooperatives, by entering into the agreements set forth below, consents to be regulated

and restricted by the Commissioner,

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00) in hand paid, and other good and valuable considerations by each party to the other, the receipt of which is hereby acknowledged, and in order to induce the Commissioner to endorse for mortgage insurance notes secured by mortgages, the mortgagors of which will be the cooperatives for which the Trustee is holding title to the community facility property as Trustee, the parties hereto agree as follows: That as long as any Contract of Mortgage Insurance is in effect with respect to any mortgage covering a housing project owned by a cooperative, and during such further period of time as the Commissioner shall be the owner, holder or reinsurer of any such mortgage or during any time the Commissioner is obligated to insure such mortgage:

1. The Trustee shall not, without the prior written approval of the Commissioner:
 - a. Sell, assign, transfer, dispose of or encumber any real or personal property which the Trustee holds as Trustee.
 - b. Expend any funds or incur any debt in excess of the Trustee's then current budget for the Trust.
 - c. Amend or deviate from the terms of said Trust Agreement.

2. In the event that the Commissioner becomes a mortgagee in possession or acquires title to the property of a cooperative, the Trustee shall make the facilities available to the Commissioner and to his successors and assigns at the same rates other users of the community facility property are charged.

3. When the Trustee acquires title to the community facility property or any part thereof, the Trustee shall furnish title evidence satisfactory to the Commissioner.

4. The Trustee shall provide management of the community facility property in a manner satisfactory to the Commissioner.

5. The Trustee shall maintain the community facility property, the grounds, buildings and equipment appurtenant thereto, in good repair and in such condition as will preserve the health and safety of the users of the property.

6. The property, equipment, buildings, plans, office, apparatus, devices, books, contracts, records, documents and papers of the Trust or related thereto shall be subject to inspection and examination by the Commissioner or his duly authorized agent at all reasonable times.

7. The Trustee shall file such reports as the Commissioner may request.

8. The Trustee (in only its capacity as Trustee, as aforesaid, and not otherwise) shall not file any petition in bankruptcy, or for a receiver, or in insolvency, or for reorganization or composition, or make any assignment for the benefit of creditors, or permit an adjudication in bankruptcy, or the taking possession of the community facility property or any part thereof by a receiver, or the seizure and sale of the community facility property or any part thereof under judicial process or pursuant to any power of sale.

9. Notwithstanding any provision of this Regulatory Agreement to the contrary, this Regulatory Agreement shall be subject to paragraphs M through W of Section V of said Trust Agreement.

10. Upon violation of any of the above provisions of this Agreement by the Trustee, the Commissioner may give written notice thereof to the Trustee by registered or certified mail, addressed to the addresses stated in this Agreement. If such violation is not corrected to the satisfaction of the Commissioner within fifteen (15) days after the date such notice is mailed, or within such additional period of time as is set forth in the notice, or where the Trustee proceeds immediately and diligently, within such further times as the Commissioner determines is necessary to correct the violation, without further notice the Commissioner may declare a default under this Agreement and upon such default the Commissioner may:

- a. Collect all rents, dues, and charges in connection with the operation of the community facility property and use such collections to pay the Trustee's obligations under this Agreement and the necessary expenses of preserving the property and operating the community facility property;
- b. Take possession of the community facility property, bring any action necessary to enforce any rights of the Trustee, and any rights of the Commissioner arising by reason of the Agreement, and operate the community facility property in accordance with the terms of this Agreement until such time as the Commissioner in his discretion determines that the Trustee is again in a position to operate the community facility property in accordance with the terms of this Agreement.
- c. Apply to any court, State or Federal, for specific performance of this Agreement for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the community facility property in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Commissioner arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

11. To secure the Commissioner because of his liability under the endorsement of the Notes of the cooperative corporations for

insurance, and as security for the other obligations under this Agreement, the Trustee assigns, pledges and mortgages to the Commissioner its rights to the rents, dues, profits, income and charges of whatever sort which it may receive or be entitled to receive from the operation of the community facility property: Provided, however, that permission is granted to the Trustee to collect and retain under the provisions of this Agreement the rent, dues, profits, income, and charges, during any such period or periods of time for which the Commissioner has not declared a default. Upon declaration by the Commissioner of a default, the said permission is terminated and shall not be deemed to be reinstated until the Commissioner has declared the default to be cured.

12. Trustee agrees that there shall be full compliance with the provisions of (1) any state or local laws prohibiting discrimination in housing on the basis of race, color, creed or national origin, and (2) with the Regulations of the Federal Housing Administration providing for nondiscrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with any such provisions shall be a proper basis for the Commissioner take any corrective action he may deem necessary.

13. This instrument shall bind, and the benefits shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors in office or interest, and assigns.

14. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

15. The Trustee agrees and assumes the obligation to have this Agreement recorded in the appropriate land records in the jurisdiction in which the community facility property is situated; and in the event of failure to do so, it is agreed that the Commissioner may have the same recorded at the expense of the Trustee.

16. It is specifically agreed between the parties hereto that the breach of any of the terms of this Agreement by the Trustee will substantially damage and injure the Commissioner in the proper performance of his duties under the provisions of the Act, and will impede and injure the proper operations intended under such Act; that, except for the agreements herein contained, the Commissioner would not issue and would not be authorized to issue his Contracts of Mortgage Insurance, and that the mortgagee of the mortgages covering the cooperative housing projects would not lend on the security of the mortgages executed by the cooperatives unless the same were insured by the Commissioner.

ADDENDUM A

1st Amendment

LIBER 3517 FOLIO 575

Recorded June 28th, 1966-at-10:47 A.M.

AGREEMENT

THIS AGREEMENT, by and between SUBURBAN TRUST COMPANY, a banking corporation organized under the laws of the State of Maryland, as Trustee under that certain Trust Agreement, dated March 9, 1966, known as the Leisure World of Maryland Trust, hereinafter referred to as "TRUSTEE," and MARYLAND MUTUAL NO. ONE, INC., a Maryland corporation, settler of the aforesaid Trust, hereinafter referred to as "TRUSTOR":

WHEREAS, TRUSTOR is the owner of a certain cooperative housing project located in Montgomery County, Maryland, which project is more fully identified in Exhibit I of the aforesaid Trust Agreement as FHA Project No. 000-23228-MAN; and

WHEREAS, the acquisition of said project and the construction of the improvements thereon is being partly financed by a mortgage loan from The Riggs National Bank of Washington, D.C., (hereinafter called "MORTGAGEE") which has been insured by the Federal Housing Administration (hereinafter called "FHA") under Section 213 of the National Housing Act; and

WHEREAS, at initial endorsement of the mortgage loan note for the aforesaid project by the FHA, TRUSTOR transferred to TRUSTEE, in trust, a sum equal to at least the difference between the price paid by TRUSTOR for land and the FHA "Estimated Available Market Price of Site in Fee Simple" as set forth in FHA's Project Income Analysis and Appraisal together with such other sums as were available to TRUSTOR from sources other than mortgage proceeds for the acquisition or construction of Improvements (as defined in the aforesaid Trust Agreement), the aggregate of which has been designated as TRUSTOR's "Improvement Fund Contribution"; and

WHEREAS, pursuant to the terms of the Leisure World of Maryland Trust, it was contemplated that TRUSTOR's Improvement Fund Contribution would be reduced by the amount required to be placed in escrow to assure the completion of certain of the Improvements, hereinafter called "off-site improvements," (e.g., utilities, street improvements, drainage structures and the like) , not required to be in place at the time of initial endorsement; and

WHEREAS, the sum of \$244,233.00 had been designated by TRUSTOR as its contribution toward the cost of construction of the off-site improvements necessary and appropriate to serve the aforesaid project, which improvements are more fully described in "Exhibit A" attached hereto; and

WHEREAS, at no time were any funds required to be placed in escrow to assure the completion of off-site improvements not required to be in place at the time of initial endorsement; and

WHEREAS, the satisfactory completion of such off-site improvements as are necessary and appropriate to serve the aforesaid project is

NOW, THEREFORE, the parties hereto agree as follows:

1. TRUSTOR will supply MORTGAGEE with engineering plans and quantity surveys for the off-site improvements described in "Exhibit A" attached hereto.

2. MORTGAGEE will make or cause to be made such inspection as it deems necessary of such of the aforesaid off-site improvements as are already in place in order to determine their adequacy and conformity with plans and specifications and MORTGAGEE will promptly advise TRUSTEE of its determination and shall authorize TRUSTEE to disburse such portion of the aforesaid \$244,233.00 as MORTGAGEE considers fairly represents the proportion of said sum allocable to the completed off-site improvements, and TRUSTEE may promptly make such disbursements, provided that in the exercise of its capacity as Trustee it deems such disbursements to be in the best interests of its beneficiaries.

3. Thereafter, TRUSTOR may submit to MORTGAGEE and TRUSTEE monthly requests for disbursements for payment for off-site improvements as work thereon progresses during the period of the construction of the project. MORTGAGEE will make or cause to be made such other inspections of the off-site improvements as it deems necessary and shall authorize TRUSTEE to disburse such portion of the funds available for off-site improvements as MORTGAGEE considers fairly represents the proportion of said funds allocable to the then completed off-site improvements, and TRUSTEE may promptly make such disbursements, provided that in the exercise of its capacity as Trustee it deems such disbursements to be in the best interests of its beneficiaries.

4. TRUSTEE shall not be obligated to disburse funds for any off-site improvements not located on land conveyed to it in fee in accordance with the terms and provisions of the Leisure World of Maryland Trust.

IN WITNESS WHEREOF, the said Maryland Mutual No. One, Inc., a Maryland corporation, TRUSTOR, has on this 13th day of June, 1966, caused this Agreement to be signed by Felix L. Vidal, its President, attested by Peggy L. Messick, its Assistant Secretary, and its corporate seal to be hereunto affixed, and does appoint Felix L. Vidal as its true and lawful attorney in fact to acknowledge and deliver this Agreement as its act and deed.

EXHIBIT "A"

Parcel No. 1000, Plat 2, "Rossmoor Leisure World," on a plat recorded in Plat Book 78 at plat 7814 among the Land Records for Montgomery County, Maryland.

Parcel No. 1001, Plat 3, "Rossmoor Leisure World," on a plat recorded in Plat Book 78 at plat 7815 among the Land Records for Montgomery County, Maryland.

Parcel No. 1002, Plat 3, "Rossmoor Leisure World," on a plat recorded in Plat Book 78 at plat 7815 among the Land Records for Montgomery County, Maryland.

Parcel No. 1003, Plat 4, "Rossmoor Leisure World," on plat recorded in Plat Book 78 at plat 7834 among the Land Records for Montgomery County, Maryland.

Parcel No. 1004, Plat 4, "Rossmoor Leisure World," on a plat recorded in Plat Book 78 at plat 7834 among the Land Records for Montgomery County, Maryland.

Parcel No. 1005, Plat 4, "Rossmoor Leisure World," on a plat recorded in Plat Book 78 at plat 7834 among the Land Records for Montgomery County, Maryland.

ADDENDUM B

3rd AMENDMENT

THIS AGREEMENT, made this 21st day of February, 1969, by and between MARYLAND MUTUAL NO. ONE, INC., a Maryland corporation, MARYLAND MUTUAL NO. TWO, INC., a Maryland corporation, MARYLAND MUTUAL NO. THREE, INC., a Maryland corporation, and MARYLAND MUTUAL NO. FOUR, INC., a Maryland corporation, Trustors under that certain Trust Agreement, dated March 9, 1966, as heretofore amended to the date hereof, known as The Leisure World of Maryland Trust, hereinafter sometimes referred to as "TRUSTOR" and SUBURBAN TRUST COMPANY, a banking corporation organized under the laws of the State of Maryland, Trustee under the aforesaid Trust, hereinafter referred to as "TRUSTEE":

RECITALS

A. The parties hereto entered into The Leisure World of Maryland Trust on March 9, 1966, which Agreement was recorded among the Land Records for Montgomery County, Maryland, on March 15, 1966, in Liber 347 9 at folio 396.

B. The Leisure World of Maryland Trust was adopted by Maryland Mutual No. Two, Inc., by an Instrument of Adoption dated August 1, 1966, and recorded among the aforesaid Land Records on August 11, 1966, in Liber 3536 at folio 694; and by Maryland Mutual No. Three, Inc., by an Instrument of Adoption dated November 1, 1966, and recorded among the aforesaid Land Records on January 11, 1967, in Liber 3586 at folio 90; and by Maryland Mutual No. Four, Inc. by an Instrument of Adoption dated October 2, 1967, and recorded among the aforesaid Land Records on October 3, 1967, in Liber 3670 at folio 367.

C. The Leisure World of Maryland Trust was amended by Agreement dated June 13, 1966, and recorded among the aforesaid Land Records on June 28, 1966, in Liber 3517 at folio 575.

D. The Leisure World of Maryland Trust was further amended by

Agreement dated September 26, 1966, and recorded among the aforesaid Land Records on October 24, 1966, in Liber 3564 at folio 87.

E. The parties hereto consider it necessary to enter into this further Amendment to the aforesaid Trust Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and the further consideration of Ten Dollars (\$10.00), in hand paid, by each party to the other, receipt of which is hereby acknowledged, the parties hereto agree as follows:

PROVISIONS

1. Wherever the word "Cooperatives" is used in said Agreement as so amended, it shall be deemed to include the Council of Co-Owners of any Condominium Project (as both terms are defined in Article 21, §117A, Annotated Code of Maryland (1957) and the Homeowners' Association of any Planned Unit Development at Leisure-World, whether or not such Condominium Projects or Planned Unit Developments are developed pursuant to programs of the Federal Housing Administration.

2. Wherever there is reference in said Agreement as so amended to the members of Cooperatives, it shall be deemed to include the members of the Council of Co-Owners of any Condominium Projects and the members of the Homeowners' Association of any Planned Unit Developments at Leisure World.

3. In the event of the development of a Cooperative (as redefined by this Amendment) not financed with a mortgage loan insured by the Federal Housing Administration, the amount to be transferred in trust by the Cooperative to the TRUSTEE as its Improvement Trust Contribution shall be set forth in the written instrument by which the Cooperative manifests its election to become an additional TRUSTOR and beneficiary of The Leisure World of Maryland Trust (as required by Article III A. (1) thereof) which instrument shall be subject to approval by the TRUSTEE, the Federal Housing Administration and all of the then TRUSTORS.

IN WITNESS WHEREOF, the said Maryland Mutual No. One, Inc., a Maryland corporation, TRUSTOR, has on this 21st day of February, 1969, caused this Agreement to be signed by Clarence N. Malone, its President, attested by Mary Louise Daley, its Assistant Secretary, and its corporate seal to be hereunto affixed, and does appoint Clarence N. Malone as its true and lawful attorney in fact to acknowledge and deliver this Agreement as its act and deed.