

NONMARITAL COHABITATION AGREEMENT

1. IDENTIFICATION OF PARTIES.

This Agreement is made between MARK SMITH, hereafter referred to as "Mark," and AUDREY JONES, hereafter referred to as "Audrey."

2. PARTIES' CIRCUMSTANCES.

The parties intend to begin residing together effective May 15, 2012, together with Audrey's daughter, Sally Strong. They have never previously resided together, and have never previously accumulated any assets or shared any income together. They do not presently contemplate marriage.

a) Mark is 56 years of age and Audrey is 37 years of age. Mark is a retired executive formerly employed by Hilton Corporation in New York, New York, and is currently unemployed. He is presently married to Kelly Smith but a dissolution is pending between he and Kelly in the State of Florida with the expectation it will be finalized in June, 2012. Pursuant to that proceeding, certain assets will be awarded to him by settlement or otherwise. Mark has no children by any prior relation. Upon the finalization of his divorce, he will own no real property. His net worth is in excess of \$500,000, and his income is derived from managing his investment portfolio. He has no present plan to recommence employment. He is in excellent health, except for injuries sustained in a surfing accident.

b) Audrey is a mother and homemaker. She is not presently employed and has no present intention to become employed outside the home. She has a nominal net worth. She was formerly married and is now divorced. A court order provides she is to receive \$300/monthly as and for child support from Sally's father. She is in excellent health.

c) Both parties are presently capable of self-support.

3. PURPOSES OF AGREEMENT.

a) The parties do not intend any of the marital status provisions of the California Family Code to be applicable to any of their legal rights. As between the parties, their rights of support and property ownership - including interests in real or personal property that may be acquired by either of them whether individually or jointly, and the right to share in any earnings or accumulations of the other party - shall be governed exclusively by this Agreement.

b) The parties do not intend by this Agreement or by their cohabitation arrangement to create a form of marriage recognized by this or any other state.

c) The parties intend that this Agreement shall remain binding and in full force and effect regardless of any future change in their residence or domicile, and that it shall be terminated only as provided in this Agreement.

d) The purposes of this Agreement are to define the property rights, to create no liability between them for debts of the other - whether as necessities of life or otherwise, and to provide for the financial arrangements, of the parties while they continue to reside together and in the event either of them wishes to terminate their cohabitation. Additionally, the parties wish to supercede and waive any claims or defenses either of them might otherwise assert if their relationship was to end, except as may be set forth herein or in a subsequent written Agreement between them. Such claims without limitation include verbal or implied Agreements (and whether or not the parties hold themselves out to third parties as a married couple or otherwise engage in 'married-like' behavior or conduct).

e) No joint venture, partnership, express or implied joint pooling Agreement or arrangement relating to assets or liabilities, or support rights and obligations shall result from the fact of their cohabitation, or from any of the parties' activities, conduct, or verbal or written representations (except subsequently executed modifications to this Agreement) between them or to third parties during the period they continue to reside together or thereafter. In addition, no de facto parent relationship will arise, or be deemed to arise, between Mark and Maria. All future agreements between the parties must be memorialized in a writing signed by them both.

4. DISCLOSURE OF ASSETS.

Mark has disclosed to Audrey that he has investment cash assets worth in excess of \$500,000. Mark owes no consumer or other debt. Audrey has disclosed to Mark that she has minimal assets, and owes money on a student loan. Neither party requires any further disclosure of assets and liabilities from the other and each is entirely comfortable with the information set forth herein. This Agreement shall be fully enforceable between the parties despite their decision to not list assets and debts according to Exhibits that would otherwise be attached hereto.

5. NO CHANGE IN PROPERTY RIGHTS.

Except as otherwise stated in a subsequently executed Agreement, all assets of either party acquired before the effective date of this Agreement are and shall remain the property of that party. All assets acquired by either party on or after the effective date of this Agreement shall likewise be the property of that party.

6. SEPARATE AND JOINT ACQUISITIONS.

If the parties decide to acquire a particular asset together, they shall contribute funds to

that acquisition in accordance with the proportionate interests they are to hold and shall take title to reflect those proportionate interests. If title is taken in the name of one party alone it shall be conclusively presumed that it was the parties' intention that only the party in whose name title is or was taken or held has, had, or shall have an interest in the property. For each joint acquisition of property, the parties shall execute a written addendum or modification to this Agreement, specifying the property that is co-owned by them and the terms of co-acquisition and co-ownership.

7. UNSECURED DEBT.

All joint debt shall be paid in the normal course with joint funds, and neither party shall incur any debt beyond such sums as are then held in the Household Account described below. The parties shall not obtain credit cards in their joint names. It is anticipated that a Debit Card will be issued on the Household Account described below for either party's use and each party will have complete discretion as to how those monies are expended except that neither party will cause said account to be overdrawn.

Neither party is or shall be authorized to incur any debt in the name of the other party, or on behalf of the other party, except as the parties may from time to time expressly agree in a writing separate from any debt instrument which is signed by both of them.

8. SEPARATE BANK ACCOUNTS/EARNINGS.

Hereafter either party may retain his or her own bank accounts, or open new accounts in their name alone, but the parties agree that all such accounts shall be considered separately owned by the party whose name appears on the account. If the parties jointly open accounts in the names of both of them, all monies held in said accounts shall be jointly owned between them provided that if either party utilizes said monies neither will owe any reimbursements to the other.

Each party shall retain his or her own earnings and other funds in his or her own individual savings, checking, or other account, for disposition at will, except for funds needed for household expenses, as provided in the immediately succeeding paragraph.

9. HOUSEHOLD ACCOUNT.

The parties shall maintain a joint checking account as joint tenants for household expenses such as rent, food, household supplies, utilities, and Audrey's reasonable personal expenses. Audrey will have no obligation to contribute to said account, and all funds which Mark contributes to said account shall become the joint property of the parties provided, however, that if said account is subsequently used to make mortgage payments on any property, notwithstanding any other provision of this Agreement,

Audrey will not acquire any interest in the ownership of said property by reason of said payments thereon whether for interest or principal. Further, neither party shall cause said account to become overdrawn or otherwise issue drafts or charges in excess of the balance of said account at any particular point in time.

10. NO OBLIGATION OF SUPPORT.

Neither party shall have any obligation to support the other party, either during the relationship or in the event that the relationship terminates, for any period after termination of the Agreement or the cohabitation, regardless of the reasons for the termination. In no event shall any obligation for palimony or support arise between the parties at any time.

11. GIFTS AND INHERITANCES.

a) Neither party has any right to succeed to or inherit from the estate of the other after the death of the other except by a valid will or trust drawn by the respective party after the date of this Agreement. Naming the other party as beneficiary in a will or trust executed after the date of this Agreement shall not imply or include any agreement that the other party has a vest property interest in and to the will or trust or property referenced therein; such a right may only arise by joint, or joint and mutual, or mutual wills. The fact that one party might execute a will or trust and the other party might not is agreed to be within the parties' contemplation at this time.

b) If either party makes a gift of real or personal property to the other, in the event their cohabitation terminates then that gift shall remain the sole and separate property of the party to whom the gift is made; provided, however, that any gift made between the parties valued in excess of \$5,000 at the time of the gift shall be identified as a gift in a writing signed by the party to be charged.

c) If either party receives a gift or inheritance from relatives or third parties, those funds or property shall be and shall remain the sole property of the person receiving said gift or inheritance unless and until the parties jointly execute a separate addendum or writing which clearly sets forth that the receiving party intends to make a gift of some interest in said funds or property to the other party.

12. NO FIDUCIARY DUTIES.

No confidential or fiduciary relationship shall arise, or be deemed to arise, by reason of this Agreement or the fact of cohabitation and to the greatest extent possibly under the law, the parties waive the creation of fiduciary duties as between them provided, however, that if the parties acquire real or personal property together in joint names, then such fiduciary obligations as arise by operation of law as a consequence thereof shall remain in effect.

13. SUBSEQUENT MARRIAGE.

This Agreement shall terminate upon the marriage of the parties to each other, or upon either party's marriage or domestic partnership to any other person, and any property then held jointly or separately by them shall continue to be held as a separate property interest of each for purposes of the property laws of the State of California.

In addition, if the parties subsequently have children together that fact will not expand the obligations and limitations of this Agreement except as otherwise provided by California law relating to child custody and child support.

14. CONSIDERATION FOR AGREEMENT.

The consideration for this Agreement is the mutual promises of the parties. Audrey agrees to provide services for Mark as a companion, cook, housekeeper, and homemaker. In addition, on or before July 1, 2012, Mark shall gift the sum of \$5,000 which she may deposit into her own account as she pleases. If Mark makes future gifts to Audrey of cash or property, such gifts will not create an ongoing right in Audrey to receive further such gifts. Neither party is being asked or required to abandon any education, employment, or career to enter into this cohabitation. The furnishing of sexual services forms no part of the consideration for the Agreement.

In addition to the foregoing consideration for this agreement, including the provision for a waiver of any legal or equitable claims for support that might otherwise accrue to Audrey, the parties agree that if either party hereafter terminates this agreement for any reason other than a marriage between them, and within fifteen days after Audrey moves from any residence where the parties are then residing, Mark will pay to her a sum equal to \$1,000/month multiplied by the number of months that the parties have resided together from and after May 15, 2012, to the date of termination hereof, in a single lump sum, provided that concurrent with said payment Audrey may first be required by Mark to execute a further Mutual Release Agreement including waivers of any and all claims hereafter arising between the parties, and a waiver of California Civil Code section 1542, which provides as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him must have materially affected his settlement with the debtor.

The Mutual Release Agreement shall also provide for the division of any personal or other property jointly owned by the parties. If for any reason the parties are in disagreement about this division, they agree to undertake a mediation or arbitration process as they then decide solely related to the issue of property division, and the

payment provided for hereunder shall not be due until all issues between the parties have been settled or resolved between them.

In the event this Agreement is terminated because of a marriage, there shall be no requirement for Mark to pay any sums hereunder, although Audrey will retain all monies which she has actually received to that point, and there will be no requirement for the execution of a Mutual Release Agreement except as may be set forth in a new or supplementary written Agreement between the parties.

15. EXECUTION OF DOCUMENTS.

Each party shall execute, acknowledge, and deliver whatever additional documents or instruments may be necessary or appropriate to accomplish the purposes of this Agreement, including, but not limited to, title papers, deeds, or other documents usually executed in connection with real property transactions or to evidence the separate or jointly-owned nature of real property.

16. TERMINATION OF COHABITATION.

The parties may separate at any time by mutual understanding or by the election of either party acting alone. If the decision to separate is made by Mark's election, or by the parties jointly, Audrey will vacate the premises at 54950 Avenida Anywhere, La Quinta, California, or any other residence then jointly occupied by the parties and owned by Mark as his sole and separate property or rented by him in his name alone, within 30 days after the parties' separation. If the then-jointly occupied residence is owned by Audrey as her sole and separate property or rented by her in her name alone, Mark shall vacate within 30 days after the parties' separation.

Upon the parties' separation, all rights under this Agreement shall terminate, except as to rights of ownership in specific items of real or personal property previously acquired. The parties may then agree to continue their ownership of any jointly-held real or personal property, or either may elect to have the property partitioned. The property to be partitioned shall be divided in kind where feasible and not an economic hardship to either party. In the event the property cannot be divided in kind, it shall be divided by mutual agreement assigning assets of equal or nearly equal value to each party, with an agreed cash payment as necessary to equalize the division. If the parties cannot mutually agree, the property shall be sold and the proceeds divided equally after deduction for all costs of sale. In any such division, no account shall be taken of the income tax liability of either party under federal, state or foreign law.

In the event the parties separate, or if this Agreement is terminated in any other manner, both parties waive any right to recover pendente lite attorney fees, court costs, or support in any action to enforce this Agreement. In the event of litigation to enforce the rights under this Agreement, the prevailing party shall be entitled to recover

reasonable attorney fees as costs of suit.

17. EFFECTIVE DATE.

This Agreement shall be effective as of the date of its execution by the second of the parties to do so.

18. BINDING EFFECT.

This Agreement shall be binding on and inure to the benefit of the respective heirs, assigns, administrators, executors, personal representatives, and successors in interest of the parties.

19. ENTIRETY.

This Agreement contains the entire Agreement of the parties and supersedes all other Agreements, whether written, oral, or implied, with regard to its subject matter. This Agreement may be amended or modified only by another instrument in writing hereafter signed by both parties.

20. GOVERNING LAW.

This Agreement has been drafted in the State of California and shall be governed by, and construed and enforced in accordance with, California law.

21. SEVERABILITY.

If any provision of this Agreement is deemed invalid or unenforceable, it shall be deemed severable from the remainder of the Agreement and shall not cause the invalidity or unenforceability of the remainder of the Agreement. If such a provision is deemed invalid because of its scope or breadth, the provision shall be deemed valid to the extent of the scope or breadth permitted by law.

22. TITLES.

Paragraph titles in this Agreement are inserted as a matter of convenience and for reference and in no way define, limit, extend, or describe the scope of this Agreement or any of its provisions.

23. EFFECT OF DRAFTING PROVISIONS.

No provision of this Agreement may be interpreted for or against either party because that party or that party's legal representative drafted the provision.

24. EXPENSES OF ENFORCEMENT.

In the event of any breach of this Agreement or any action contesting the validity or seeking the enforcement of this Agreement, the prevailing party shall be entitled, in addition to any other remedy provided by law, to receive from the other party his or her reasonable attorney fees and costs resulting from the breach or incurred in connection with the action.

25. INDEPENDENT REPRESENTATION.

Each party acknowledges that he or she has had independent representation by counsel of his or her own choice in the negotiation and drafting of this Agreement, or has elected not to do so, and each fully understands the provisions and purposes of the Agreement, and enters into and signs the Agreement freely and voluntarily. Other than as set forth herein, no promises or inducements have been made by and between the parties.

26. OPPORTUNITY TO SEEK COUNSEL.

Mark specifically agrees to pay such attorney’s fees as Audrey incurs relative to her seeking and obtaining all legal advice which she wishes prior to the execution of this Agreement, and Audrey may and is urged to seek advice from any attorney of her sole choosing before executing this Agreement. Except as stated herein, Mark shall have no obligation to contribute to any attorney fees hereafter incurred by Audrey.

The foregoing is agreed to by:

Date:

MARK SMITH

Date:

AUDREY JONES

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Riverside

On May ____, 2012, before me, _____, Notary Public, personally appeared Mark Smith and Audrey Jones who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public