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SECOND AMENDED AND RESTATED  
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS  
AND RESERVATION OF EASEMENTS FOR  
CAMPUS VIEW CONDOMINIUMS

Accommodation only

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Exhibits:

Exhibit "A" Maintenance Assessment Percentages

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**SECOND AMENDED AND RESTATED  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR "CAMPUS VIEW CONDOMINIUMS"  
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA**

THIS SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR "CAMPUS VIEW CONDOMINIUMS" COUNTY OF LOS ANGELES, STATE OF CALIFORNIA is made by PEPPERDINE UNIVERSITY, a California nonprofit public benefit corporation ("Declarant"), and CAMPUS VIEW CONDOMINIUMS HOMEOWNERS ASSOCIATION, a California nonprofit corporation ("Association"), on behalf of its Members.

W I T N E S S E T H

A. Declarant owned and still owns a portion of the following described real property (which real property exclusive of any buildings or other Improvements thereon is sometimes referred to herein as the "Land" and which together with all buildings and other Improvements presently or hereafter constructed thereon is hereinafter referred to for convenience as the "Property" or "Project") located generally in the vicinity of the intersection of Pacific Coast Highway and Malibu Canyon Road in the Malibu District of the unincorporated area of Los Angeles County, State of California, more particularly described as:

Lot 1 of Tract 37842 as per map recorded in Book 947, pages 21 to 23, inclusive, of Maps in the Office of the Recorder of said County, which map was also recorded as Tract 40497 in Book 948, Pages 28 to 30, inclusive of Maps in the Office of the Recorder of said County, and related easements, if any;

Lot 1 of Tract 37843 as per map recorded in Book 950, Pages 22 to 24, inclusive, of Maps in the Office of the Recorder of said County, which map was also recorded as Tract 40498 in Book 950, Pages 71 to 73, inclusive of Maps in the Office of the Recorder of said County, and related easements, if any;

Lot 1 of Tract 50810, as per map recorded in Book 1187, Pages 93 to 95, inclusive, of Maps in the Office of the Recorder of said County, which map was also recorded as Tract 39936 in Book 1001, Pages 72 to 73, inclusive, of Maps in the Office of the Recorder of said County, and related easements, if any.

B. Declarant has sold, leased and conveyed interests in the Property to various individuals subject to basic protective restrictions, conditions, covenants, reservations, liens and charges between it and the acquirers and the users of the Property.

C. Campus View Condominiums Homeowners Association, a California nonprofit  
CVI CCRs (04.03.06)

corporation ("Association"), has been incorporated under the laws of the State of California for the purpose of managing and maintaining the Property in accordance with the Declaration of Covenants, Conditions and Restrictions, recorded on December 23, 1981, as Instrument No. 81-1256903 of Official Records of Los Angeles County, California ("Official Records"), as amended by the First Amendment to Declaration of Covenants, Conditions and Restrictions recorded on February 1, 1982, as Instrument No. 82-910300 of Official Records, as amended by the Second Amendment to Declaration of Covenants, Conditions and Restrictions, recorded on January 25, 1983, as Instrument No. 83-109295 of Official Records, as amended by the Third Amendment to Declaration of Covenants, Conditions and Restrictions, recorded on January 15, 1988, as Instrument No. 88-059819 of Official Records, as amended by the Fourth Amendment to Declaration of Covenants, Conditions and Restrictions, recorded on May 29, 1992, as Instrument No. 92-976983 of Official Records, as amended by Technical Correction to Fourth Amendment to Declaration of Covenants, Conditions and Restrictions, recorded on June 10, 1992, as Instrument No. 92-1056120 of Official Records, as amended by Amended and Restated Declaration of Covenants, Conditions and Restrictions, recorded on February 1, 2004, as Instrument No. 05-0233456 of Official Records (collectively the "Declaration").

D. Article XVII of the Declaration provides in part that the Declaration may be amended in a writing executed and acknowledged by the Declarant, president and secretary of the Association upon a vote or written assent of the Declarant, and Members representing no less than two-thirds (2/3) of the votes residing in Members of the Association.

E. Declarant and Association, with the approval of at least two thirds percent (2/3) of voting power of the Association, desire to amend and restate the Declaration to update the Declaration to conform with existing statutory law and to align the provisions of the Declaration in some respects with those contained in the Declaration of Covenants, Conditions and Restrictions for Campus View II Condominiums, a Pepperdine University faculty and staff housing project also located on the Malibu Campus of Pepperdine University (hereinafter referred to as "Campus View II Condominiums").

**NOW THEREFORE**, the Declaration is amended and restated in its entirety as follows:

The Property is a common interest development as defined in Sections 1351(f) and (1)(2) of the Civil Code, as more particularly described below, composed of, among other things, "condominiums," as defined in Section 783 of the Civil Code, and is to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the limitations, restrictions, reservations, rights, easements, conditions and covenants contained in this Declaration, all of which are declared and agreed to be in furtherance of a plan for the subdivision, maintenance, improvement and sale of the Property for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property and for the purpose of restricting the use, occupancy and transfer thereof, all as more fully provided herein. All provisions of this Declaration, including without limitation, the easements, uses, obligations, covenants, conditions and restrictions hereof, are hereby imposed as equitable servitudes upon the Property, enforceable by Declarant and by any of the Owners of any of said individual

Condominiums or any interest in the Property and such other parties and agencies as are specifically designated herein as being entitled to enforce certain of such limitations and restrictions against any Owner or Owners of any such Condominiums. All of the limitations, restrictions, reservations, rights, easements, conditions and covenants herein shall run with and burden the Property and shall be binding on and for the benefit of all of the Property and all persons having or acquiring any interest in the Property or any part thereof, and their successive owners and assigns.

Each membership in the Association, all easements conveyed therewith and fee title to the respective Unit conveyed therewith shall not be separated or separately conveyed, and each such membership and easement shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit; provided, however, that this restriction upon the severability of the component interests of the Condominiums shall not extend beyond the period for which the right to partition the Property is suspended in accordance with Section 1359 of the Civil Code and the provisions herein. Any conveyance by an Owner of a Condominium, or any portion thereof, shall be presumed to convey the entire Condominium, together with the easements and membership in the Association.

## ARTICLE I

### DEFINITIONS

Whenever used in this Declaration, the following terms shall have the following meanings:

Section 1. "Architectural Review Committee" shall mean and refer to the committee created, if any, pursuant to this Declaration and/or the Bylaws in a manner approved by the Board.

Section 2. "Architectural Guidelines" shall, if used herein, mean and refer to those certain architectural standards, landscape standards and other general policies, procedures and criteria which may be adopted by the Board pursuant to this Declaration for use by the Architectural Review Committee, if any, in reviewing plans and specifications for proposed Improvements to an Owner's Condominium (e.g., Exclusive Use Area - Owners may not modify the exterior portions of the condominium buildings). The Architectural Guidelines are general guidelines and may be amended from time to time by a majority vote of the Board.

Section 3. "Articles" shall mean and refer to the Articles of Incorporation of Campus View Condominiums Homeowners Association, as filed in the Office of the Secretary of State of the State of California, as such Articles may be amended, from time to time.

Section 4. "Assessments" shall be used as a generic term, which shall mean and refer to the following:

(a) "Regular Assessment" shall mean and refer to the annual charge against each Owner and his respective Condominium representing a portion of the Common Expenses of the Association.

(b) "Compliance Assessment" shall mean and refer to the personal charge against an Owner representing the costs incurred by the Association to repair any damage to the Common Area (as defined below) for which such Owner (or any member of his family, or his guests, invitees, tenants or lessees) was responsible, the costs incurred by the Association to bring such Owner and his Condominium into compliance with this Declaration (including, but not limited to Rules and Regulations adopted by the Board), and/or any amount due the Association based upon disciplinary proceedings against an Owner in accordance with this Declaration, the Rules and Regulations, and/or the Bylaws of the Association, or any amount due the Association to reimburse the Association for administrative costs attributable to an Owner as provided herein.

(c) "Special Assessment" shall mean and refer to the charge against an Owner and his respective Condominium representing a portion of the cost of reconstructing any damaged or destroyed portion or portions of the Common Area, of constructing or installing any capital improvements to the Common Area, or of taking any

extraordinary action for the benefit of the Common Area or the membership of the Association or any Owner, pursuant to the provisions of this Declaration and/or as authorized by Civil Code Section 1366, as same may be amended from time to time. In addition, Special Assessment shall mean and refer to a reasonable fine or penalty assessed by the Board, plus interest, and other charges on such Special Assessment as provided for herein.

(d) "Ground Rent Assessment" shall mean and refer to the rent levied against the individual Owners under the Ground Lease associated with each Condominium Unit.

(e) "Special Benefit Assessment" shall mean and refer to a charge levied by the Association against an Owner and his respective Condominium to cover the expenses incurred by the Association in the operation, maintenance, repair and/or funding of reserves for a portion of the Project designated by Declarant or the Board as a "Special Benefit Area," which expenses are allocable only to the Owners and their Condominium within such Special Benefit Area. **Currently, no Special Benefit Areas are contemplated by the Declarant or the Board.**

Section 5. "Association" shall mean and refer to "Campus View Condominiums Homeowners Association," a California non-profit corporation, its successors and assigns.

Section 6. "Association Property" shall mean and refer to all personal property now or hereafter owned by the Association.

Section 7. "Baxter Units" shall mean and refer to Units 1 to 44 and 51 to 63, inclusive, within the Project.

Section 8. "Beneficiary" shall mean with respect to an intervivos gift or testamentary succession, the donee of an Owner's gift or an Owner's devisee or heir; or, with respect to any marital settlement proceeding, agreement or decree, the spouse or former spouse of any Owner.

Section 9. "Board" shall mean and refer to the Board of Directors of the Association.

Section 10. "Building Pad Areas" shall mean and refer to that portion of the Land underlying and within three (3) feet of the exterior boundary outline of the buildings as shown on Sheets 2, 3, 4 and 18 of the Condominium Plan referred to below.

Section 11. "Bylaws" shall mean and refer to the duly adopted Bylaws of the Association as the same may be amended, changed, modified or restated from time to time.

Section 12. "Campus View II Condominiums" shall mean and refer to any Condominium located in the Pepperdine University faculty and staff housing subdivision located on Via de Casa, Mariposa Circle, and Chaparral Circle of the Malibu campus, and managed by Campus View II Maintenance Corporation.

Section 13. "Common Area" shall mean the entire Project, excepting those portions which are within the boundaries of any Unit as defined below. The term "Common Area" as used herein shall mean and refer collectively to all Common Area and all Association Property in the Project. The Common Area shall include, without limitation, the Condominium Buildings together with all Improvements including metal awnings, bearing walls, columns, beams, floors, roofs, slabs, foundations, chimneys, fences, exterior stairs and landings, reservoirs, tanks, pumps, private on-site main sewer lines, if any, common mailbox structures, irrigation equipment, fire sprinklers, including sprinkler heads which protrude into the airspace of the Condominium Unit, if any, fire standpipes, fire alarm systems, fire extinguishers, and other fire prevention equipment and/or facilities servicing the Project, if any, and other central services, pipes, ducts, flues, chutes, conduits, wires, exterior lighting and other utility installations wherever located (except all utility lines, installations and/or outlets thereof when located within or exclusively serving one Condominium Unit, including the internal and external telephone wiring designed to exclusively serve a Condominium Unit), retaining walls, perimeter walls, private streets, poles, signs, Project monument signs, pools, spas, arbors, benches, and landscaping located on the Common Area, excepting therefrom landscaping and improvements located in the Exclusive Use Areas.

Section 14. "Common Expenses" shall mean and refer to the actual and estimated costs to be paid by the Association for the common benefit of all Owners of Condominiums in the Project. Except as otherwise provided in this Declaration, the Common Expenses shall include, but not be limited to, all costs and expenses incurred by the Association in connection with the following: (a) owning, leasing, maintaining, managing, operating, repairing and replacing the Common Area and Association Property; (b) managing and administering the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys, budget preparers, and any Association employees; (c) providing utilities and other services to the Common Area, and, if not separately metered, to the Condominium Units; (d) providing insurance (and paying deductibles) as provided for herein; (e) paying that portion of any Assessment attributable to Common Expenses not paid by the Owner responsible for payment; (f) paying taxes for the Association; and (g) paying for all other goods and services as reasonably required by the Association to perform its powers and duties as set forth herein. Additionally, the Common Expenses shall include adequate reserves, as the Board shall reasonably determine to be appropriate, for the repair and replacement of those elements of the Common Area and Association Property which must be repaired or replaced on a periodic basis, rather than on a regular annual basis.

Section 15. "Condominium" shall mean and refer to a Condominium as defined in Sections 783 and 1351(f) and (l)(2) of the Civil Code, as the same may be amended from time to time, and shall be an estate in real property consisting of (i) an exclusive fee



interest (subject to defeasance and reversion to Declarant upon termination of the Lease pertaining thereto) in the Condominium Unit; (ii) an undivided percentage fee interest as a tenant in common in the buildings and other improvements located on the Land, exclusive of any portion thereof located within any Unit (also subject to defeasance and reversion to Declarant upon termination of the Lease pertaining thereto); (iii) an undivided percentage leasehold interest (the "Lessee's Percentage Interest") as a tenant in common in the Building Pad Areas; (iv) an undivided percentage leasehold interest in a 1% interest in the Reserved Use Area; (v) all exclusive and nonexclusive easements appurtenant thereto (easements over the Common Area (except for those portions appurtenant to another Unit as an Exclusive Use Area) as noted in this Declaration). Additionally, each Owner of a Condominium shall receive a membership in the Association.

Section 16. "Condominium Plan" shall mean and refer to each of those instruments entitled "Condominium Plan," prepared in accordance with Section 1351(e) of the Civil Code, as the same may be amended, from time to time, and recorded in the Office of the County Recorder, for Tract 37842, which map was also recorded as Tract 40497, and Tract 37843, which map was also recorded as Tract 40498, and Tract 50810, which map was also recorded as Tract 39936, respectively.

Section 17. "Declarant" shall mean and refer to Pepperdine University, a California nonprofit public benefit corporation, its successors and assigns.

Section 18. "Declaration" shall mean and refer to this Declaration, as the same may be amended, changed, modified or restated from time to time.

Section 19. "DRE" shall mean and refer to the Department of Real Estate of the State of California, which administers the sale of subdivided lands pursuant to Section 11000, et seq., of the Business and Professions Code, or any similar California statute hereinafter enacted.

Section 20. "Exclusive Use Area" shall mean and refer to a portion of the Property designated by the Declarant for the exclusive use of one or more, but fewer than all, of the Owners of the Condominiums in the Project and which is or will be appurtenant to the separate interest or interests of specific Condominiums and described and/or depicted on the Condominium Plan (whether or not defined as "Exclusive Use Area" in said Condominium Plan(s)).

Section 21. "Governing Documents" shall mean and refer to the Declaration, the Bylaws, the Rules and Regulations, Articles of Incorporation, and Ground Lease for each Unit, as each may be amended from time to time, which govern the operation of the Association.

Section 22. "Grant Deed" shall mean and refer to the instrument of conveyance under which an exclusive ownership interest in a Unit (during the term of the corresponding Lease) and those portions of any building located within and comprising such Unit, together with an undivided percentage ownership interest as tenant in common (during the term of the corresponding Lease), in the buildings and improvements located on the Property not within any Unit, and certain easements are conveyed to each Owner.

Section 23. "Ground Rent" shall mean and refer to the amount of Ground Rent due from an Owner to the Ground Lessor under the Owner's Ground Lease.

Section 24. "Ground Lessor" shall mean and refer to Pepperdine University, in its capacity as Ground Lessor.

Section 25. "Improvements" shall mean and refer to all structures and appurtenances thereto of every kind on or at the Project, including, but not limited to, Condominium Units, the pool, spas, restrooms, private streets, street lights, pavement, sidewalks, driveways, walls, fences, ironworks, decorative or informative signs, retaining walls, mail kiosks, playground equipment, trellises, television and radio cabling, common trash receptacles, screens, private utility line connections, poles, and all Common Area landscaping and irrigation systems. Improvements shall also mean and refer to all additions and/or modifications to the exterior of any Condominium building, including, but not limited to (a) painting the exterior of any Condominium building or other structure, (b) changing the roofing material on any Condominium building, and/or (c) building, constructing, installing, altering or planting, as the case may be, any spas, patio covers, patio slabs, balcony covers, decks, gazebos, stairs, fences, shades, awnings, screen doors, exterior doors, skylights, solar heating panels, air conditioning, and all landscaping which left in its natural condition will grow to a height in excess of twenty feet (20').

Section 26. "Institutional Holder" shall mean and refer to a Mortgagee or deed of trust beneficiary which is a bank or savings and loan association or established mortgage company or other entity chartered under federal and state laws, any corporation or insurance company, or any federal or state agency.

Section 27. "Lease," "Leases" or "Ground Lease" shall mean the lease by which each Owner and all Owners obtain from Declarant certain undivided leasehold interests in the Land.

Section 28. "Lot" shall mean and refer to a plot of land that is separately described and numbered or lettered on a recorded subdivision or parcel map.

Section 29. "Maintenance Guidelines; Maintenance Manual; Maintenance Recommendations" shall mean and refer to any current written guidelines, setting forth procedures and standards for the maintenance and operation of the Common Area that may be provided to the Association by Declarant or developed by the Association for its own use (with the prior review and approval of Declarant) for the maintenance thereof and to an Owner for the maintenance of a Condominium which Declarant has constructed or caused to be constructed in the Project. Maintenance Guidelines include any Maintenance Manual prepared at Declarant's direction or at the Association's direction (with the prior review and approval of Declarant), and recommended inspections and maintenance activities for components of the Common Area and any Maintenance Recommendations prepared by Declarant or the Association pertaining to a Condominium.

Section 30. "Manager" shall mean and refer to the managing agent, if any, whether

individual or corporate, retained by Declarant, or by the Board, on contract and charged with the maintenance and upkeep of the Property. Declarant may be retained by the Board as a managing agent for the Association.

Section 31. "Member" shall mean and refer to every person or entity that holds membership in the Association, including without limitation Declarant in its capacity as a Class A Member.

Section 32. "Mortgage;" "Mortgagor;" and "Mortgagee" shall mean and refer to a deed of trust or equivalent security interest. "Mortgagor" shall mean and refer to the trustor of a deed of trust. "Mortgagee" shall mean and refer to a trust deed beneficiary or guarantor of any loan secured by a trust deed on a Condominium in the Project.

Section 33. "Notice and Hearing" shall mean and refer to written notice and the opportunity for a hearing before the Board, Tiner Committee or the Architectural Review Committee of the Association, as applicable, or other tribunal appointed by the Board in the manner provided in the Bylaws and governing law, at which the affected Owner shall have an opportunity to be heard in the manner provided herein and in the Bylaws and governing law.

Section 34. "Organization Meeting" shall mean and refer to the first meeting of the Owners as provided for herein or in the Bylaws.

Section 35. "Owner" shall mean and refer to one or more persons or entities who alone or collectively are the record owner, or owners, of fee simple title to a Condominium, excluding those persons or entities having any such interest merely as security for the performance of an obligation, but including Declarant, so long as any Condominiums remain unsold, reacquired, or owned by Declarant. If a Condominium has been sold under a real property sales contract (as described in Sections 2985 et seq. of the Civil Code, as same may be amended, from time to time), in which the State of California is the vendor, then the vendee shall be deemed to be the Owner of such Condominium.

Section 36. "Property" or "Project" shall mean and refer to the entire parcel of real property divided, or to be divided into Condominiums, including all buildings and other improvements presently or hereafter located thereon, which Property or Project, shall be commonly known as "Campus View Condominiums."

Section 37. "Protective Covenants" shall mean and refer to the limitations, covenants, conditions, restrictions, rights, easements, equitable servitudes, liens and charges that are hereby established, adopted and imposed by Declarant and the Association by the recordation of this Declaration in furtherance of a plan for the subdivision, maintenance, improvement and sale of the Property for the purpose of enforcing, protecting and preserving the value, desirability and attractiveness of the Project and for the purpose of restricting the use, occupancy, and transfer thereof, all as more fully set forth herein.

Section 38. "Rules and Regulations" shall mean and refer to the Rules and Regulations adopted by the Declarant or Board pursuant to the Bylaws or this Declaration, as they may

be amended from time to time.

Section 39. "Reserved Use Areas" shall mean and refer to all those portions of the Project not included within any Unit or Building Pad Area.

Section 40. "Tiner Committee" shall mean and refer to the Committee which is referred to in Article XXIII below, and which has independent jurisdiction over the Tiner Units in accordance with the provisions of said Article XXIII.

Section 41. "Tiner Units" shall mean and refer to Units 45 to 50, inclusive, within the Project.

Section 42. "Total Voting Power" shall mean and refer to the total number of votes residing in all Class A members, subject to the provisions herein and in the Bylaws.

Section 43. "Unit" or "Condominium Unit" shall mean and refer to all elements of a Condominium that are not owned in common with the other Owners of other Condominiums. The boundaries of a Unit shall be as shown and defined on the Condominium Plan for Tract 37842, which map was also recorded as Tract 40497, and Tract 37843, which map was also recorded as Tract 40498, and Tract 50810, which map was also recorded as Tract 39936, respectively. The Unit shall include both the portions of the building so described and the airspace so encompassed. In interpreting this Declaration, the Condominium Plan, all instruments of conveyance, the existing physical boundaries of a Unit or of a Unit reconstructed in substantial accordance with the original Condominium Plan, shall be conclusively presumed to be its boundaries, rather than metes and bounds, or other description, expressed in this Declaration, the Condominium Plan, or instrument of conveyance, regardless of settling or lateral movement of condominium buildings and regardless of minor variance between boundaries shown on the Condominium Plan or in the deed or in this Declaration. For purposes of this Declaration, the term "Unit" or "Condominium Unit" is deemed to be a "separate interest," as defined in Sections 1351(f) and (l)(2) of the Civil Code, as same may be amended from time to time.

Section 44. Application of Definitions. The aforesaid definitions shall be applicable throughout this Declaration, and, unless otherwise stated herein, to any supplements or amendments hereto filed or recorded pursuant to the provisions of this Declaration. All citations to statutory law are citations to California Codes unless specifically stated otherwise.

## ARTICLE II

### INTRODUCTION TO CAMPUS VIEW CONDOMINIUMS

Section 1. General Plan of Development. The Project is a condominium project, as defined in Section 1351(f) of the Civil Code, designed exclusively for ownership by persons determined eligible in accordance with the policy and criteria of Pepperdine University, as such policy and criteria may be amended from time to time, it being understood that the Project is intended and dedicated to provide principal residence housing for certain eligible faculty members, administrators, staff members and employees of Pepperdine University for the purpose of enhancing and encouraging the development of relationships among students, faculty, administrators and other members of the Pepperdine University community which transcend purely academic classroom activities. Pepperdine University, as Declarant, hereby reserves all of its rights now and in the future to: (i) restrict eligibility of ownership of the Condominiums to faculty members, administrators, staff members and employees of Pepperdine University; (ii) establish priorities among those deemed eligible and (iii) reserve and/or restrict certain Units in the Project to certain groups among those deemed eligible, such group determinations to be made on the basis of factors relating to service to Pepperdine University. The Project consists of a total of sixty-three (63) Condominium Units, including fifty-seven (57) Baxter Units and six (6) Tiner Units, and various amenities. Such amenities include pool and spa recreation facilities, passive recreation facilities, and open space landscaping. Except as otherwise set forth herein, the Project has been developed in accordance with Civil Code, Sections 1350 et seq., and in substantial conformance with the development plan and plans submitted to and approved by the County of Los Angeles and/or the DRE. Except as otherwise set forth herein, the Association maintains the Common Area and is the management body for the Project as provided herein.

Section 2. Membership in Association. As more particularly set forth in this Declaration, each Owner of a Condominium in the Project shall automatically become a Member of the Association, and shall be obligated for the payment of Assessments to the Association. In addition, except as otherwise provided herein, each Owner, his family members, lessees, tenants, guests and invitees, shall be entitled to the use and enjoyment of the Common Area within the Project, in accordance with this Declaration and the Bylaws and Rules and Regulations adopted by Declarant and/or the Board.

Section 3. Annexation of Campus View II Condominiums. At such time as deemed appropriate, if at all, by the Declarant, but in no case earlier than ten (10) years from the date this Declaration is recorded in the Official Records of the Los Angeles County Records Office, Declarant may, with the prior written approval of sixty-six and two thirds percent (66-2/3%) of the Total Voting Power of the Association, annex the faculty staff housing tract commonly known as Campus View II Condominiums into the Project pursuant to the terms and conditions set forth herein, including but not limited to the Article herein entitled "Annexation of Additional Property." In addition to the approval of sixty-six and two thirds percent (66-2/3%) of the Total Voting Power of the Association, the Annexation of Campus View II Condominiums shall also require the approval of a majority of the total voting power residing in the owners of Campus View II Condominiums. If

Declarant elects to annex Campus View II Condominiums, and the required number of votes for approval of such annexation are obtained from the Members of the Association and the members of the Campus View II Condominiums, a Notice of Annexation shall be recorded, which shall serve to impose Protective Covenants substantially similar to those set forth herein upon both Campus View II Condominiums and Campus View Condominiums and to subject Campus View II Condominiums and Campus View Condominiums to the jurisdiction of the same Association. Upon any such annexation, the voting rights in the Association and the Assessments levied by the Association shall be adjusted as set forth in such Notice of Annexation.

Section 4. Post Tension Slabs. Each Owner hereby acknowledges that the concrete slab for Owner's Condominium Unit may be reinforced with a grid of steel cables that were installed in the concrete and then tightened to create very high tension. This type of slab is commonly known as a "Post Tension Slab." Each Owner further acknowledges cutting into a Post Tension Slab for any reason (e.g., to install a floor safe, to remodel plumbing, etc.) is very hazardous and may result in serious damage to the Condominium Unit and/or personal injury. By accepting a Grant Deed to the Condominium, each Owner hereby specifically covenants and agrees that:

- (a) He shall not cut into or otherwise tamper with the Post Tension Slab.
- (b) He shall not knowingly permit any other person to cut into or tamper with the Post Tension Slab so long as Owner owns any interest in the Condominium.
- (c) He shall disclose the existence of the Post Tension Slab to any tenant, lessee, purchaser, or grantee of the Condominium.
- (d) He shall indemnify and hold Declarant and the Association, and their respective officers, trustees, employees, attorneys, contractors, insurers and agents, free and harmless from and against any claims, damages, losses, or other liability (including attorney's fees) arising from any breach of this Section.

## ARTICLE III

### MEMBERSHIP

Section 1. Membership. By acquiring a Condominium in the Project, an Owner shall automatically become a member in the Association, irrespective of the number of persons or entities that comprise the ownership of said Condominium and shall be obligated for the payment of Assessments to the Association. The foregoing is not intended to include persons or entities that hold an interest merely as a security for the performance of an obligation. Membership shall be appurtenant to, and may not be separated from, the ownership of any Condominium that is subject to assessment by the Association. Ownership of such Condominium shall be the sole qualification for membership; provided, however, that membership shall be limited to persons acquiring title in accordance with the provisions of this Declaration. In addition, except as otherwise provided herein or in the Leases, each Owner, his family members, guests, and invitees, will be entitled to the use and enjoyment of the Common Area within the Project, in accordance with this Declaration, the Bylaws, and Rules and Regulations adopted by the Board.

Section 2. Transfer. The membership held by an Owner of a Condominium shall not be transferred, pledged or alienated in any way, except upon the sale, transfer or encumbrance of such Condominium, and then only to the purchaser, grantee or Mortgagee of such Condominium. Any attempt to make a prohibited transfer shall be null and void and shall not be reflected upon the books and records of the Association. If the Owner of any Condominium should fail or refuse to transfer the membership registered in his name to the purchaser of such Condominium, the Association shall have the right at its option upon the basis of evidence satisfactory to the Association that such membership has been so transferred to record the transfer upon the books of the Association and if the Association shall so record such transfer and if a Certificate of Membership shall then be outstanding, the Association shall issue a new Certificate to the purchaser, and thereupon the old certificate, if any, outstanding in the name of the transferor shall be null and void as though the same had been surrendered.

## ARTICLE IV

### VOTING RIGHTS

Section 1. Voting Class. The Association shall have one class of voting membership, as follows:

Class A. Class A Members shall be all Owners who shall be entitled to one (1) vote for each Condominium owned. When more than one (1) person holds an interest in any Condominium, all such persons shall be Members, subject to the provisions of Article V, Section 2(e) hereof. The vote for such Condominiums shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Condominium.

Section 2. Voting Rights. Each Condominium owned regardless of the number of Owners thereof, shall be represented in the Association by only one (1) vote which may be cast only as a unit by the Owner or Owners thereof. Each Condominium owned by the Declarant shall be represented in the Association by one (1) vote and except as otherwise specifically provided in this Declaration, the Declarant, as a Class A Member, shall have the same right to cast its votes under this Section as other Owners and Members. Except as otherwise provided in this Declaration, whenever this Declaration, the Bylaws or the Articles require the vote, assent or presence of a stated number of Owners or Members entitled to vote on a matter or at a meeting with regard to the taking of any action or any other matter whatsoever, the provisions of this Declaration shall govern as to the total number of available votes, the number of votes an Owner is entitled to cast at the meeting, and the manner in which the vote attributable to a Condominium having more than one Owner shall be cast. Any action by the Association which must have the approval of the membership of the Association before being undertaken shall require the vote or written assent of a majority of Owners, present in person or by proxy and constituting a quorum, casting a majority of votes at a meeting or election of the Association conducted in accordance with governing law, this Declaration and the Bylaws unless a specific provision of the Declaration or Bylaws or Articles of the Association requires the approval of a greater percentage of the voting membership, or a specific approval percentage of all the Members.

Section 3. Special Voting Procedures for Appointment to the Board. Upon recordation of this Declaration, the Declarant may appoint one Board Member for a term of two years. Thereafter, and continuing so long as Declarant is Ground Lessor and/or the Owner of one or more of the Condominiums in the Project, Declarant shall be entitled to solely appoint one Member of the Board (the "University Representative Board Member") who may be an employee or authorized agent of Declarant and who shall have the same authority and voting power of any other Member of the Board. At all times, there shall be a minimum of three (3), but no more than seven (7) Board members, including the University Representative Board Member.



Section 4. Joint Owner Disputes. The Class A vote for each such Condominium may be cast only as a Unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question except as may be provided elsewhere in this Declaration, if at all. If any Owner or Owners cast(s) a vote representing a certain Condominium, it will thereafter be conclusively presumed for all purposes that he, she or they were acting with the authority and consent of all other Owners of the same Condominium. In the event more than one vote is cast for a particular Condominium, none of said votes shall be counted and all of said votes shall be deemed void unless all of such votes cast for a particular Condominium are identical, in which event all of said votes shall constitute one and the same vote.

Section 5. Cumulative Voting Rights. Subject to the provisions of Section 7615(b) of the Corporations Code, in any election in which more than two positions on the Board of Directors are to be filled, every Owner (including Declarant) entitled to vote at such an election shall be entitled to cast a number of votes equal to the number of vacancies being filled on the Board during such election multiplied by the number of Units owned by such Owner (also referred to as "cumulative voting"). Any vacancy in the University Representative Board Member seat shall be filled by appointment solely by Pepperdine University.

Section 6. Vesting of Voting Rights. The voting rights attributable to any given Condominium in the Project, as provided for herein, shall not vest until the Assessments provided for herein have been levied by the Association against said Condominium.

Section 7. Suspension of Voting Rights. As more particularly set forth herein, the Board shall have the authority, among other things, to suspend the voting rights of any Member to vote at any meeting of the Members for any period during which such Owner is delinquent in payment of any Assessment, regardless of type, it being understood that any suspension for nonpayment of any Assessment shall not constitute a waiver or discharge of the Member's obligation to pay the Assessments provided for in this Declaration.

Section 8. Removal of Directors. A member of the Board who has been elected to office solely by the votes of members of the Association may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the Total Voting Power residing in members. Unless the entire Board of Directors (other than the University Representative Board Member) is removed from office by the vote of the Members of the Association, no individual Director shall be removed prior to the expiration of his term of office if the votes cast against removal would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast and the entire number of Directors authorized at the time of the most recent election of the Directors were then being elected. The University Representative Board Member may be removed from office and his vacancy filled prior to the expiration of his term of office only by action of Pepperdine University. No provision in this Declaration or in the Bylaws regarding the University Representative Board Member shall be modified without the prior consent of the Declarant, which consent may be withheld in its sole and absolute discretion.

Section 9. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Board before the appointed time for each meeting. Every proxy shall be revocable and shall automatically terminate upon the earliest of the following: (a) the conveyance by the Owner of his Condominium; (b) the date of automatic termination, if any, specified in the proxy, but not to exceed three (3) years from the date of issuance of the proxy; or (c) eleven (11) months from the date of issuance of the proxy, if no automatic termination date is specified in the proxy. Any form of proxy or written ballot distributed to the membership of the Association shall comply with the provisions of Civil Code Sections 1363.03 through 1363.09, as applicable, and in addition, afford an Owner the opportunity to specify a choice between approval and disapproval of each matter or group of matters to be acted upon at the meeting for which said proxy was distributed, except it shall not be mandatory that a candidate for election to the Board be named in the proxy. A proxy or written ballot shall be cast in accordance with that choice. In addition, the proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it shall be valid.

## ARTICLE V

### RIGHTS IN THE COMMON AREA

Section 1. Percentage of Undivided Interest. The undivided leasehold and fee (during the term of the leasehold) interest in the Building Pad Areas (and all improvements located thereon exclusive of any portion of such improvements located within any Unit) and Reserved Use Areas established herein, shall be conveyed with each respective Unit. The respective undivided interests cannot be changed, and Declarant, its successors and assigns and grantees, covenant and agree that the undivided leasehold and fee interests in the Common Area and the exclusive rights to the respective Units conveyed therewith shall not be separated or separately conveyed or encumbered and all such interests, including easements pertaining thereto, which shall comprise a Condominium as described herein shall be deemed to be conveyed or encumbered as an indivisible estate even though the description in the instrument of purported conveyance or encumbrance may not specifically refer to all such interests.

Section 2. Easements of Access and Enjoyment. Declarant expressly excepts and reserves for the benefit of itself and the Property, and grants for the benefit of all of the Unit Owners in the Project, nonexclusive easements of access to, use and enjoyment of, and ingress and egress through and over (i) all of the Common Areas including without limitation, (i) the Reserved Use Area, (ii) the private driveways and fire lanes as shown on the recorded maps Tract 37842 (also recorded as Tract 40497), Tract 37843 (also recorded as Tract 40498), and Tract 50810 (also recorded as Tract 39936), (iii) over the roads, private streets, private driveways and fire lanes on the Malibu Campus of Pepperdine University, as shown on the Map for Tract No. 33464, recorded in Book 882, Pages 42 to 48, inclusive, and designated thereon as President's Drive, Old Reservoir Road (renamed Baxter Drive), John Tyler Drive, Huntsinger Circle and Seaver Drive, but subject to all easements and dedications shown on said Map for Tract No. 33464, and (iv) the roadways, private streets, private driveways and fire lanes on the Malibu Campus of Pepperdine University as shown on the Map for Tract No. 39936, recorded in Book 1001, Pages 72-73, and the Map for Tract No. 50810, recorded in Book 1187, Pages 93 to 95, of Official Records of Los Angeles County, California. Such easements may be used by Declarant, its successors and assigns, and all Unit Owners and the members of their families, their guests, invitees, lessees, and sublessees, for utilities, pedestrian walkways, vehicular access and such other purposes reasonably necessary to the use and enjoyment of the Condominium Units and the Common Area of the Project, including without limitation all recreational facilities in the Common Area and to provide access for Declarant and its successors and assigns to other property presently owned or hereafter acquired by Declarant. Such easements shall be appurtenant to and shall pass with the interest in every Condominium conveyed, subject to the following provisions:

- (a) The right of the Board to establish uniform Rules and Regulations on behalf of the Association pertaining to the use of the Common Area and Units that are consistent with the provisions of this Declaration, and the right of the Board to designate and allocate parking spaces as provided herein.

(b) The right of Declarant to record one (1) or more Notices of Annexation, pursuant to the provisions herein, including but not limited to the Article entitled "Annexation of Additional Property."

(c) The right of the Association to reasonably limit the number of guests of Owners.

(d) The right of the Board in accordance with the Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities thereon, subject to the prior written consent of Declarant.

(e) The right of the Board to suspend the voting rights and use rights and easements of any Owner or Owners to use and enjoy any amenities located on the Common Area (except for reasonable rights of access to such Owner's Condominium) for the period during which any Assessment against such Owner's Condominium remains unpaid and delinquent. The Board shall also have the right, after Notice and Hearing, in accordance with the Bylaws to impose monetary penalties, suspend the voting rights of every Owner of a given Condominium, and/or suspend such use rights and easements for a period not to exceed thirty (30) days for any infraction of this Declaration, the Bylaws or the Rules and Regulations of the Association, committed by any Owner of the particular Condominium as to which such rights are being suspended, his family members, his guests, invitees, lessees, and sublessees, it being understood that any suspension for either nonpayment of any Assessment(s) or breach of such Declaration, Bylaws or Rules and Regulations, shall not constitute a waiver or discharge of the Member's obligation to pay Assessments as provided herein.

(f) The right of Declarant (and its sales agents and representatives), without limiting the rights of Declarant under any other provision hereof, to the reasonable nonexclusive use of the Common Area and the facilities thereof, for display and exhibit purposes in connection with the sale of the Condominiums within the Project or functions and activities associated with or approved by Pepperdine University, which rights Declarant hereby reserves; provided, however, that no such use by Declarant or its sales agents or representatives shall unreasonably interfere with or restrict any Owner's use or enjoyment of the Common Area or the facilities thereon.

(g) The right of the Association to perform or exercise its duties and powers as set forth herein.

(h) The right of the Association, acting through the Board, to reasonably restrict access to roofs, maintenance and landscape areas, and other areas of the Common Area.

- (i) Other rights of the Association, Board, Owners and Declarant with respect to the Common Area as may be provided in this Declaration or the Leases.

Section 3. Waiver of Use. No Owner may waive or otherwise escape or limit liability for the Assessments provided for by this Declaration or otherwise duly and properly levied by the Board in accordance with this Declaration or governing law, nor release the Condominium owned by him from the liens and charges hereof, by non-use of the Common Area and the facilities thereon or any part thereof, or by abandonment of his Condominium.

Section 4. Easements for Installation and Maintenance of the Common Area. There is hereby created, granted, and reserved nonexclusive easements in favor of the Association, Owners, and Declarant for ingress, egress and access on, over and across all portions of the Project (including but not limited to the Condominiums), as reasonably required by the Association, Owner, and/or Declarant to install and maintain irrigation, electric, telephone, water, gas, cable television, telecommunication systems, other utilities as needed, sewer lines and facilities for access to adjoining property, and to perform their maintenance and other obligations set forth in this Declaration, the Leases, or as determined necessary by the Board (Declarant reserves unto itself, without creating any specific obligation, all necessary easements to ensure compliance with the Declaration and Leases affecting the Project, including without limitation public safety services). In the event it becomes necessary for either Declarant or the Association to enter upon any Condominium Unit or Exclusive Use Area for purposes of: (i) performing maintenance obligations set forth in the Declaration and/or Leases; or (ii) bringing an Owner and/or his Condominium into compliance with this Declaration, in accordance with the provisions set forth herein and/or the Owner's respective Lease, the Declarant, Association, and its/their duly authorized agents and employees, shall have the right, after reasonable notice to the Owner and at a reasonable hour of the day, to enter upon or within such Owner's Condominium Unit for the performance of such work. Such entry shall be made with as little inconvenience to the Owner as is reasonably practicable, and in the event that any damage shall be proximately caused by a lack of due care by the Association or Declarant during such entry, the Association and Declarant shall repair the same at its/their own expense. Notwithstanding the foregoing, in the event of an emergency, such right of entry shall be immediate.

Section 5. Easements for Clustered Mailboxes. In order to comply with the various requirements of the County and the United States Postal Service, clustered mailboxes have been installed within the Project. Easements are hereby created on and over the affected portions of the Project and granted in favor of all Owners and the United States Postal Service for delivery, deposit and retrieval of mail. The Association shall maintain mailboxes in the Project not otherwise maintained by the United States Postal Service.

Section 6. Easements Over Sidewalks. There are hereby created and reserved nonexclusive reciprocal appurtenant easements, granted in favor of all Owners, Declarant, the members of their families, their lessees and tenants and/or their respective guests and invitees, for pedestrian access, use and enjoyment on, over and across all sidewalks, if any, located immediately adjacent to private streets within the Project.

Section 7. Easements for Drainage. There are hereby created, granted and reserved over the Common Area and the Condominiums, easements for drainage according to the established patterns for drainage created by the as-built conditions for the Project by Declarant, as well as according to the actual, natural and existing patterns for drainage (including, but not limited to, easements to accommodate any "cross-condominium drainage," whereby water runoff from one (1) or more Condominiums drains across another Owner's Condominium on the surface or in a pipe as originally installed by Declarant). Each Owner shall maintain his respective Condominium in such a manner to ensure that no water collects or ponds in any location adjacent to any walls or fences, if any, of his own Condominium (e.g., patios, porches, balconies) and of any immediately adjacent or nearby Condominium. Without limiting the potential liability as a result of other activities or actions, each Owner shall be liable for any damage that occurs in the Project or to an adjacent or nearby Condominium Unit as a result of such Owner's authorized or unauthorized use of or modification to the Common Area and/or such Owner's Condominium. Each Owner covenants and agrees that he shall not obstruct or otherwise interfere with the drainage patterns of waters over the yard, if any, second story balcony, or first story wood deck/patio area of his Condominium, or in the Common Area, and that in the event it is necessary and essential to alter said drainage patterns, he will make and pay for adequate provisions for proper drainage and must obtain prior written approval for such actions by the Board and Declarant.

Section 8. Easements for Area Drains. Declarant hereby establishes, reserves, and grants to itself, the Association and Owners, nonexclusive reciprocal easements over the Condominiums and Common Area for drainage purposes to accommodate the drainage system, including, but not limited to area drains and pipes, originally installed by Declarant. The Association shall be responsible to maintain and preserve said system in operating condition to ensure proper drainage on, over, under, across and through the Common Area in accordance with the established drainage patterns created by the as-built condition (by Declarant) for the Project, and shall bear the cost of the maintenance, repair or replacement associated with the drainage system. Notwithstanding the foregoing, if any portion of the drainage system is damaged, clogged or destroyed as a proximate result of any act or omission of any Owner, or any member of his family, guests, tenants, lessees and/or invitees (without regard to fault), such Owner shall bear all of the repair and replacement costs thereof, including any cost and/or expense related to personal injury to any person or property damage to any Condominium Unit (including without limitation the Owner's own Condominium Unit) and/or the Common Area in the Project. No Owner shall alter in any manner whatsoever, or remove the drainage system (including, but not limited to, the roof and second story balcony gutters), second story balcony drains, and/or any area drains located in the Common Area (including Exclusive Use Areas) in the Project without the express written consent of Declarant and the Board.

Section 9. Easements for Telephone Systems, Telecommunication Systems and Cable Television. There are hereby reserved for the benefit of Declarant, and its successors and assigns, nonexclusive easements of access, ingress and egress to the Project for purposes of installation, operation, maintenance, repair, inspection, replacement and removal of telephone systems, telecommunication systems, and cable television cabling or wiring and all related facilities and equipment. Such easements shall be freely transferable

to any other person or entity for the purpose of providing such services. All such telephone systems, telecommunication systems, and cable television cabling or wiring service lines shall remain the property of Declarant or its successors or assigns. The exercise of all rights hereunder shall not unreasonably interfere with any Member's reasonable use and enjoyment of the Project. Declarant, or its successors and assigns, shall be responsible for any damage in any way arising out of, or in connection with, the rights and activities reserved hereunder.

Section 10. Easements for Public Services Uses. In addition to the foregoing easements over the Common Area, there are hereby created, established and granted easements for public services, including, but not limited to, the right of police, fire, ambulance, and other public services to enter upon any part of the Common Area for purposes of serving the health and welfare of all Owners in the Project.

Section 11. Additional Provisions Relating to the Common Area. The Declarant, its successors and assigns, and all future Owners of the Condominiums, by acceptance of their respective Grant Deeds and Leases, covenant and agree as follows:

(a) That the Common Area shall remain undivided; and no Owner shall bring any action for partition except as provided in this Declaration, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Project.

(b) In the event the improved part of the Project is partially or totally destroyed, and then rebuilt, the Owners agree that minor encroachments of parts of the Common Area due to construction shall be permitted and that valid easements for said encroachments and the maintenance thereof shall exist.

(c) That a nonexclusive easement for support through the Common Area is appurtenant to each Unit and that the Common Area is subject to such easements.

(d) That Declarant shall have the responsibility to manage and maintain the roadways through the Project shown as Old Reservoir Road on the recorded Map for Tract 40497 (renamed "Baxter Drive") and as President Drive on the recorded Map for Tract 40498, both as referred to in the Recitals to this Declaration, including without limitation street lighting and sidewalks within the right of way for said roadways within the Project; provided that as between the Owners and the Association, the Association shall have the responsibility to manage and maintain said roadways, street lighting and sidewalks.

(e) That as between the individual Owners and the Association, the Association shall have the responsibility to manage and maintain all of the Common Area (with the exception of Exclusive Use Areas as set forth herein), including but not limited to, the common walkways, common driveways, recreational facilities, landscaping, the private driveways, and the exterior of each building located within the Project, and such maintenance shall be of a nature and quality so as to keep the entire Project in good condition and in a good state of repair.

(f) That, in order to adjust for planning, drafting and construction errors and oversights and for earth settlement and lateral movement, each Condominium Unit and the Common Area are subject to an easement for reasonable encroachment of other improvements, as constructed by Declarant, including roofs, eaves, walls and footings, and for the necessary maintenance of such encroachments.



## ARTICLE VI

### DUTIES AND POWERS OF THE ASSOCIATION

Section 1. Management Body. The Association is hereby designated as the management body of the Project. The Members of the Association shall be the Owners in the Project as provided herein, and the affairs of the Association shall be managed by a Board of Directors, as more particularly set forth herein and in the Bylaws.

Section 2. General Authority. In general, the Board, for and on behalf of the Association, shall have authority to conduct all business affairs related to the Project and of common interest to all Owners. The powers of the Board shall include, but shall not be limited to, authority to: prepare budgets and financial statements for the Association, collect Assessments from the Owners; contract for and pay for utilities, repairs, janitor services, gardening, trash and garbage removal, legal and accounting services, and such other services and expenses as shall be reasonably required for the repair, replacement and maintenance of the Common Area; purchase and pay for insurance as hereinafter provided; purchase and pay for fidelity bonds for its officers and employees; purchase and pay for necessary supplies and personal property for the Common Area; pay taxes and special assessments which are or would become a lien upon the entire Project or the Common Area, and to discharge any lien or encumbrance levied against the entire Project or the Common Area (provided, however, that it shall be the obligation of each Owner to pay his respective share of the tax assessment levied on the Project prior to separate assessments by the tax assessor pursuant to Section 2188.6 of the California Revenue and Taxation Code, as same may be amended, from time to time); and establish a reserve for replacements for the various Improvements, components and elements of the Common Area. In addition, the Board, for and on behalf of the Association, shall have the authority to perform the following:

- (a) Employ and retain a professional manager, management company and/or Declarant to perform all or any portion of the duties and responsibilities of the Board and engage such other personnel (including without limitation attorneys, budget preparers and accountants) as necessary for the operation of the Project and administration of the Association;
- (b) Delegate its powers;
- (c) Adopt reasonable Rules and Regulations concerning the maintenance, improvement, use and/or occupancy of the Project which are consistent with the provisions of this Declaration and governing law;
- (d) Enter into any Condominium when necessary in connection with maintenance, repair or construction for which the Association is responsible;
- (e) Levy and collect Assessments on all Condominiums in the Project for which Assessments have commenced, and enforce payment of such Assessments in accordance with governing law and the terms and provisions set forth herein;

(f) Subject to compliance with Civil Code Sections 1363.810 through 1363.850, 1369.510 through 1369.590, and 1375 through 1375.1, and other governing law, as applicable, and as the same may be amended from time to time, to institute, defend, settle or intervene on behalf of the Association in litigation, arbitration, mediation, or administrative proceedings in matters pertaining to (i) enforcement of the governing documents including the Declaration, Rules and Regulations, Architectural Guidelines (if any) and Bylaws; (ii) damage to the Common Area; (iii) damage to the Condominium Units which arises out of, or is integrally related to, damage to the Common Area that the Association is obligated to maintain or repair; or (iv) any claim for defects in the design or construction of the Project;

(g) Without any limitation of the foregoing powers, (1) operate, maintain, and inspect the Common Area and its various components in conformance with any Maintenance Guidelines and Maintenance Manual and commonly accepted maintenance practices, and (2) review any Maintenance Manual for necessary or appropriate revisions as deemed necessary by the Board and in compliance with governing law; and

(h) Perform any and all other acts and things that a nonprofit, mutual benefit corporation organized under the laws of the State of California is empowered to do, which may be necessary, convenient or appropriate in the administration of its affairs for the specific purposes of meeting its duties as set forth in this Declaration.

Section 3. Duties. The Board shall perform and execute the following duties for and on behalf of the Association:

(a) Utilities. Provide water, sewer, gas, electricity, garbage and trash collection, regular periodic drainage device clearing and other necessary utility services for the Common Area and if not separately metered, for the Condominium Units;

(b) Insurance. Provide insurance for the Association and its Members in accordance with the provisions herein, including but not limited to the Article entitled "Insurance" and distribute an annual notice as may be required by law;

(c) Maintenance and Repair. Maintain, repair and replace, on behalf of the Association, all portions of the Common Area (including all Improvements located thereon) other than the applicable Owner's maintenance responsibilities of his Exclusive Use Area (e.g, balconies and wood decks/patios) in a reasonably neat, clean, safe, attractive, sanitary, and orderly condition in order to comply with its obligations set forth in the Declaration. Without limiting the generality, such maintenance shall include, but shall not be limited to, painting, maintaining, repairing, restoring, replacing, and landscaping (as the case may be) the following:

(1) The exterior surfaces of all Condominium buildings in the Project, including the walls and roofs, doors (all repairs to exterior doors and garage doors, including the structural maintenance and replacement of any or all of

the component parts thereof, shall be at the expense of the respective Owner unless otherwise agreed to by the Board), the walls, fences, and/or railings (including those enclosing the second story balcony areas), the exterior stairways, if any, any air conditioner or forced air heating unit pads located outside the Condominium Unit (the equipment shall be maintained and serviced by the Owner of the Condominium Unit).

(2) The fire sprinkler system within the Condominium buildings (including any and all sprinkler heads which protrude into individual Condominium Units), if any.

(3) Retaining walls and Project perimeter fences and walls located outside the Condominium. Project perimeter fences and walls shall mean and refer to those certain walls and fences which were originally constructed by Declarant on the Common Area or other portion of the Project, which are designated by the Board or the Declarant to constitute Project perimeter fences and walls and which will be maintained by the Association as provided herein.

(4) Unless maintained by the University, the private streets or cul de sacs (together with any private common street lights, open and assigned parking areas and sidewalks).

(5) To the extent any of its activities affects the storm drain system, the Association shall comply with all best management practices relating to the storm drains set forth in the Storm Water Pollution Prevention Plan, if any, approved by Pepperdine University for the Project; provided, however, that Pepperdine University shall maintain the storm drain system servicing the Project.

(6) All common landscaped areas.

(7) All common amenities and mailbox structures servicing multiple Condominiums.

(8) All above-ground utilities applicable to the Common Area.

(9) All amenities and all furnishings, equipment and other personal property owned by the Association.

(10) All Common Area lighting facilities (except street lighting which shall be maintained by Pepperdine University).

(11) An inspection and preventive program for the prevention and eradication of infestation by wood destroying pests and organisms in the Common Area pursuant to and in compliance with Civil Code Section 1364, as the same may be amended from time to time. In connection with such

program, the Association, upon reasonable notice (which shall be given no less than fifteen [15] days nor more than thirty [30] days before the date of temporary relocation) to each Owner and the occupants of his Condominium Unit, may require such Owner and occupants to temporarily relocate from such Condominium Unit in order to accommodate efforts by the Association to eradicate such infestation. The notice shall state the reason for the temporary relocation, the date and time of beginning of treatment, the anticipated date and time of termination of treatment, and that the occupants will be responsible for their own accommodations during the temporary relocation. Any damage caused to a Condominium Unit by such entry by the Board or by any person authorized by the Board shall be repaired by the Board as a Common Expense of the Association. All costs involved in maintaining the inspection and preventive program as well as repairing and replacing the Common Area and Improvements thereon when the need for such maintenance, repair or replacement is the result of wood destroying pests or organisms shall be a Common Expense subject to the restrictions applicable to Special Assessments.

(12) Monument signs, if any, located on the Common Area.

(13) All other areas, facilities, furnishings and Improvements of whatever nature as may, from time to time, be requested by the vote or written consent of sixty-six and two thirds percent (66-2/3%) of the Total Voting Power of the Members.

(14) Maintaining everything that the Association is obligated to maintain in a clean, sanitary and attractive condition reasonably consistent with the level of maintenance set forth in this Declaration, the Leases, and in conformance with any Maintenance Guidelines and commonly accepted maintenance practices. Unless specifically provided in any Maintenance Guidelines, or as commonly accepted maintenance practices may govern, or as may be set forth herein, in the Leases, or as may otherwise be agreed among the Ground Lessor, Board and/or Members, the Board shall determine, in its reasonable sole discretion, the levy and frequency of maintenance of the Common Area thereon (each Owner shall maintain everything that the Owner is obligated to maintain at his sole cost and expense in a clean, sanitary and attractive condition and in conformance with any Maintenance Guidelines and Maintenance Recommendations, as well as commonly accepted maintenance practices).

Except as otherwise provided herein, all costs and expenses for such maintenance above shall be a Common Expense, and shall be paid out of the general operating fund of the Association. The Declarant may accept, but is not obligated to accept, a delegation of any of the foregoing duties by written agreement.

(d) Financial and Other Statements. Comply with the provisions of Civil Code Section 1365, as the same may be amended from time to time, by, among other things, causing the following financial and other statements for the Association to be regularly prepared and copies distributed to each Member:

(1) Budget. A pro forma operating statement (budget) for the immediately preceding fiscal year shall be distributed not less than thirty (30) days nor more than ninety (90) days prior to the beginning of the fiscal year, and shall contain the following information:

(A) the Association's estimated revenue and expenses on an accrual basis;

(B) a summary of the Association's reserves based upon the most recent review or study conducted pursuant to Civil Code Section 1365.5 ("Study"), as may be amended from time to time, setting forth the following:

(i) the current estimated replacement costs, estimated remaining life and the estimated useful life of each major component of the Common Area;

(ii) as of the end of the fiscal year for which the Study was prepared, the current estimate of the amount of cash reserves necessary to repair, replace, restore or maintain the major components of the Common Area;

(iii) as of the end of the fiscal year for which the Study was prepared, the current amount of accumulated cash reserves actually set aside to repair, replace, restore or maintain such major components of the Common Area;

(iv) as of the end of the fiscal year for which the Study was prepared, if applicable, the amount of funds received from either a compensatory damage award or settlement to the Association from any person or entity for injuries to property, real or personal, arising out of any construction or design defect, and the expenditure or disposition of funds, including the amounts expended for the direct and indirect costs of repair of construction or design defects. These amounts shall be reported at the end of the fiscal year for which the study is prepared as separate line items under cash reserves pursuant

to clause (iii) above. In lieu of complying with the requirements set forth in this clause, if the Association issues a review of their financial statement pursuant to Section 3(d)(2) below, the Association may include in the review a statement containing all of the information required by this clause;

(v) the percentage that the current amount of accumulated cash reserves as determined for purposes of Section 3(d)(1)(B)(iii) above equals the amount determined for purposes of Section 3(d)(1)(B)(ii).

(C) A general statement setting forth the procedures utilized by the Association to calculate and establish reserves to defray the costs of future repairs, replacements or additions to the major components of the Common Area that the Association is obligated to maintain. The report shall include, but need not be limited to, reserve calculations made using the formula described in paragraph (4) of subdivision (b) of Section 1365.2.5, as may be amended from time to time, and may not assume a rate of return on cash reserves in excess of two percent (2%) above the discount rate published by the Federal Reserve Bank of San Francisco at the time the calculation was made; and

(D) A statement as to both of the following:

(i) Whether the Board has determined or anticipates that the levy of one (1) or more Special Assessments will be required to repair, replace or restore any major component of the Common Area, or to provide adequate reserves therefore. If so, the statement shall also set out the estimated amount, commencement date, and duration of the assessment.

(ii) The mechanism or mechanisms by which the Board will fund reserves to repair or replace major components, including assessments, borrowing, use of other assets, deferral of selected replacement or repairs, or alternative mechanisms.

Notwithstanding the foregoing, in lieu of distributing the pro forma budget required hereinabove, the Board may elect to distribute a summary of the pro forma operating budget to all Members with a written notice, in at least 10-point bold type on the front page, that the pro forma budget is available at the business office of the Association, or at another suitable location within the Project, and that copies will be provided upon request and at the expense of the Association. If any Member requests that a copy of the pro forma budget required herein be mailed to said Member, the Association shall provide the copy to the member by first class United States mail at the expense of the Association and delivered within five (5) days of the receipt of said request;

(2) Financial Statement Review. A review of the financial statement of the Association shall be prepared in accordance with generally accepted accounting principles by a licensee of the California Board of Accountancy for any fiscal year in which the gross income to the Association exceeds seventy-five thousand dollars (\$75,000.00). A copy of the review of the financial statement shall be distributed within 120 days after the close of each fiscal year.

(3) Policy Statement. A statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of Assessments against the Members shall be annually delivered to the Members not less than 30 days nor more than 90 days immediately preceding the beginning of the Association's fiscal year.

(4) Annual Report. An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

(A) A balance sheet as of the last day of the Association's fiscal year;

(B) An operating income statement for the fiscal year;

(C) A statement of changes in the financial position for the fiscal year; and

(D) Any information regarding any "insider transaction" or indemnification required to be reported pursuant to Section 8322 of the Corporations Code, as each may be amended from time to time.

This annual report shall ordinarily be prepared by a licensee of the California Board of Accountancy, in accordance with generally accepted accounting principles, for any fiscal year in which the gross income of the Association exceeds Seventy-Five Thousand Dollars (\$75,000.00). However, if for any reason the report is not prepared by a licensee of the California Board of Accountancy, said report shall be accompanied by a certificate from an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.

(5) Insurance. Not less than thirty (30) days nor more than ninety (90) days preceding the beginning of the Association's fiscal year, a summary of the Association's general liability, and earthquake and flood (if one has been obtained) and fidelity insurance policy shall be distributed to the Members, which includes statements, a summary, and information required under Civil Code Section 1365(e) as same may be amended from time to time. Currently, such items of disclosure include the following:

- (A) the name of the insurer for each policy;
- (B) the type of insurance for each policy;
- (C) the policy limits of each policy of insurance; and
- (D) the insurance deductible(s) applicable, if any, to each policy.

The Association shall, as soon as reasonably practical, notify its Members by first-class mail if any of the policies described above (and which were obtained) have lapsed, been cancelled, and are not immediately renewed, restored or replaced, or if there is a significant change, such as a reduction in coverage or limits, or an increase in the deductible, as to any of those policies. If the Association receives any notice of nonrenewal of a policy described above, the Association shall immediately notify its Members if replacement coverage will not be in effect by the date the existing coverage will lapse. To the extent the information noted above is specified in the insurance policy declarations page, the Association may meet its obligation to disclose that information by making copies of that page and distributing it to all of its Members. Notification regarding cancellation or policy renewals must comply with Civil Code Section 1365(e)(2), as same may be amended from time to time. The summary to be distributed pursuant to Section 3(d)(5) above shall contain in at least 10-point boldface type, the following statement:

"This summary of the Association's policies of insurance provides only certain information, as required by Subdivision (e) of Section 1365 of the Civil Code, and should not be considered a substitute for the complete policy terms and conditions contained in the actual policies of insurance. Any Association Member may, upon request and provision of reasonable notice, review the Association's insurance policies and, upon request and payment of reasonable duplication charges, obtain copies of those policies. Although the Association maintains the policies of insurance specified in this summary, the Association's policies of insurance may not cover your property, including personal property or real property improvements to or around your dwelling, or personal injuries or other losses that occur within or around your dwelling. Even if a loss is covered, you may nevertheless be responsible for paying all or a portion of any deductible that applies. Association Members should consult with their individual insurance broker or agent for appropriate additional coverage."

(6) At least sixty (60) days preceding the beginning of the Association's fiscal year, a Notice entitled "Notice Assessments and Foreclosure" as required by Civil Code Section 1365.1, as may be amended from time to time, printed in at least 12 point type containing all of the information required by Section 1365.1 to be stated in such Notice, including but not limited to information related to the Association's treatment of delinquent assessments,



notification that foreclosure may occur if delinquent assessments are not paid, limitations on the Association's power to foreclose its assessment lien(s), the right of the an Owner to dispute an assessment debt by submitting a request for dispute resolution, and the right of an Owner to request that the Association consider a payment plan to satisfy a delinquent assessment debt.

(7) At the time the pro forma operating budget or summary thereof is delivered pursuant to Section 3(d)(1) hereof, a copy of "Assessment and Reserve Funding Disclosure Summary" in the format and containing the information as set forth in Civil Code Section 1365.2.5, as may be amended from time to time.

(8) At the time the pro forma operating budget or summary thereof is delivered pursuant to Section 3(d)(1) hereof, a notice of any requirements for Association approval of physical changes to property as set forth in Civil Code Section 1378(c), as may be amended from time to time.

(e) Financial Review. The Board shall comply with Civil Code Section 1365.5, as the same may be amended from time to time, by doing all of the following:

(1) Review a current reconciliation of the Association's operating accounts on at least a quarterly basis;

(2) Review a current reconciliation of the Association's reserve accounts on at least a quarterly basis;

(3) Review, on at least a quarterly basis, the current year's actual reserve revenues and expenses compared to the current year's budget;

(4) Review the latest account statements prepared by the financial institutions where the Association has its operating and reserve accounts; and

(5) Review an income and expense statement for the Association's operating and reserve accounts on at least a quarterly basis.

Withdrawal of funds from the Association's reserve account shall require the signature of either: (i) two (2) members of the Board; or (ii) one (1) member of the Board and an officer of the Association who is not also a member of its Board.

As used in this Section, "reserve account" means both of the following: (i) monies that the Board has identified from its annual budget for use to defray the future repair or replacement of, or additions to, those major components of the Common Area that the Association is obligated to maintain; and (ii) the funds received and not yet expended or disposed from either a compensatory damage award or settlement to the Association from any person or entity for injuries to

property, real or personal, arising from any construction or design defects. The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components of the Common Area which the Association is obligated to repair, restore, replace, or maintain and for which the reserve fund was established. Notwithstanding the foregoing, the Board may authorize the temporary transfer of money from a reserve fund in accordance with the provisions of Civil Code Section 1365.5(c) and (d), as the same may be amended from time to time. In the event reserve funds are temporarily transferred to pay for litigation, the Board shall comply with the disclosure and notification requirements set forth herein, if any, and as set forth in Civil Code Section 1365.5(d), as may be amended from time to time.

(f) Reserve Study. At least once every three (3) years, cause to be conducted a reasonably competent and diligent visual inspection of the accessible areas of the major components which the Association is obligated to repair, replace, restore, or maintain as part of a study of the reserve account requirements of the Project if the current replacement value of the major components is equal to or greater than one-half of the gross budget of the Association which excludes the Association's reserve account for that period. The Board shall review this study annually and shall consider and implement necessary adjustments to the Board's analysis of the reserve account requirements as a result of such review. The reserve study shall consider and include, at a minimum, the requirements set forth in Section 1365.5(e) of the Civil Code, as the same may be amended, from time to time;

(g) Association Records. Make available association records and enhanced association records (as those terms are defined in Civil Code Section 1365.2) within the time periods and subject to the terms and conditions for production of such records as fully set forth in Civil Code Section 1365.2, as the same may be amended from time to time.

(h) Payment of Financial Obligations. Pay out of the Assessments provided for herein below all costs and expenses incurred by the Association in connection with the performance and execution of all of the aforesaid powers and duties, and any other powers and duties the Association may assume as provided for herein below;

(i) Rules and Regulations. Formulate, adopt, enforce and repeal such Rules and Regulations as it may deem reasonable and in compliance with Civil Code Section 1357.100-1357.150, as the same may be amended from time to time, concerning the maintenance, improvement, use and/or occupancy of the Project, which may include the establishment of a system of fines and penalties enforceable as Compliance Assessments. The Rules and Regulations shall govern such matters in furtherance of the purposes of the Association, including without limitation, the use and maintenance of the Project, signs, parking restrictions and enforcement, trash collection, minimum standards for maintenance of Condominiums consistent with such standards as may be set forth in this Declaration, the Leases, adopted by the Board, or established by Pepperdine

University and any other matter which is within the jurisdiction of the Association; provided however, that the Rules and Regulations may not discriminate among Owners and shall not be inconsistent with this Declaration, the Leases, the Articles or the Bylaws. Notwithstanding the foregoing, if Pepperdine University establishes minimum standards for maintenance of Condominiums in the Project, the Association shall ensure such standards are properly maintained. A copy of the Rules and Regulations as they may, from time to time, be adopted, amended or repealed, or a notice setting forth the adoption, amendment or repeal of specific portions of the Rules and Regulations, shall be delivered to each Owner in conformance with the provisions of Civil Code Sections 1357.100-1357.150, as applicable and as may be amended from time to time, and may be placed on file in the principal office of the Association. In the event of any conflict between such Rules and Regulations and any provision of this Declaration, or the Articles or Bylaws, the provisions of the Rules and Regulations shall be deemed to be superseded. The Rules and Regulations shall have the same force and effect as if they were set forth in and were a part of this Declaration, and shall be binding on the Owners and their successors in interest, whether or not actually received thereby. Notwithstanding the foregoing, the Board shall provide written notice to all Members in compliance with Civil Code Sections 1350.7 and 1357.130 of a proposed rule change at least thirty (30) days before making any rule that relates to one or more of the subjects listed in Civil Code Section 1357.120 and such notice shall include the text of the proposed rule change and a description of the purpose and effect of the proposed rule change. A decision on a proposed rule change shall be made at a meeting of the Board, after consideration of any comments made by Members. A rule change is commenced when the Board takes its first official action leading to adoption of the rule change. As soon as possible, but no later than fifteen (15) days after making the rule change, the Board shall cause to be delivered notice of the rule change to every Member. Notice of a proposed rule change is not required if the Board determines pursuant to Civil Code Section 1357.130(d), as may be amended from time to time, that an immediate rule change is necessary to address an imminent threat to public health or safety or imminent risk of substantial economic loss to the Association; provided, however, that an emergency rule change is effective for only 120 days unless the rule change provides for a shorter effective period. If the rule change was an emergency rule change, notice of the rule change shall be delivered to all of the Members as soon as possible, but in no case later than fifteen (15) days after making the rule change and shall include the text of the rule change, a description of the purpose and effect of the rule change, and the date that the rule change expires. In accordance with Civil Code Section 1357.130(d) (as may be amended from time to time), an emergency rule change may not be readopted as a rule change on an emergency basis. Members owning five percent (5%) or more of the Condominiums may call a special meeting of the Members to reverse a rule change by following the statutory procedure set forth in Civil Code Section 1357.140, as may be amended from time to time. A rule change reversed under Civil Code Section 1357.140 may not be readopted for one year after the date of the meeting reversing the rule change; provided, however, that nothing precludes the Board from adopting a different rule on the same subject as the rule change that has been reversed.

(j) Minutes. Comply with the provisions of Civil Code Section 1363.05(e), as may be amended from time to time, by notifying all Members in writing of their right to have copies of the minutes of the Board meetings, and how and where those minutes may be obtained. Such notice shall occur at the same time the pro forma budget required by Civil Code Section 1365 and Section 3(d)(1) above is distributed or at the time of any general mailing to all of the Members.

(k) Enforcement. Enforce all applicable provisions of this Declaration, the Articles, Bylaws, Rules and Regulations of the Association, Architectural Guidelines (if any) and of all other documents pertaining to the ownership, use, management and control of the Project. Pursuant to Civil Code Section 1363(g), as the same may be amended from time to time, if the Association adopts a policy imposing any monetary penalty, including any fee, on any Member for a violation of the Governing Documents, including any monetary penalty relating to the activities of a guest or invitee of a Member, the Board shall comply with the provisions of Civil Code Section 1363(g), as may be amended from time to time, by adopting and distributing to each Member, by personal delivery or first-class mail, a schedule of the monetary penalties that may be assessed for those violations, which shall be in accordance with authorization for Member discipline contained in the Governing Documents. The Board shall not be required to distribute any additional schedules of monetary penalties unless there are changes to the schedule that was adopted and distributed to the Members.

(l) Disclosure Documents. Comply with Civil Code Section 1368, as may be amended from time to time, by providing to any Member within ten (10) days of the delivery of the Owner's written request:

- (1) a copy of the Governing Documents;
- (2) a copy of the most recent documents distributed pursuant to Civil Code Section 1365 and Section 3(d) of this Article VI;
- (3) a true statement prepared by an authorized agent of the Association containing the information set forth in Civil Code Section 1365.2, as the same may be amended from time to time, which includes but is not necessarily limited to, information pertaining to the amount of the Association's current Regular and Special Assessments and fees, any unpaid Assessments levied upon the Owner's Condominium, and any unpaid fines or penalties levied against the Owner's Condominium. This statement shall also include information regarding any late charges, interest, and costs of collection which, as of the date of the statement, are or may become a lien upon the Owner's Condominium pursuant to Civil Code Sections 1367 or 1367.1, as each may be amended from time to time;
- (4) a copy or summary of any notice previously sent to an Owner that sets forth any alleged violation of the Governing Documents that remains

unresolved at the time of the request;

(5) a copy of the preliminary list of defects, if any, provided to the Members by the Association pursuant to Civil Code Section 1375, unless the Association and the builder have resolved the claims, and the Association has complied with Civil Code Section 1375.1. The preliminary list of defects shall also include a statement that a final determination as to whether the list of defects is accurate and complete has not been made;

(6) a copy of the latest information provided for in Civil Code Section 1375.1;

(7) any change in the Association's current Regular and Special Assessments and fees that have been approved by the Association or Board but have not yet become due and payable as of the date of the disclosure.

The Owners shall also, as soon as reasonably practicable before transfer of title to his Condominium Unit, provide to the prospective purchaser the items identified in Section (1)-(7) above. The Association may charge a reasonable fee for providing items (1)-(7) to the Owner based upon the Association's actual cost to procure, prepare, and reproduce the requested items. The Association may also impose or collect a reasonable transfer fee from an Owner in an amount not to exceed the Association's actual costs to change its records.

(m) Elections. Elect the officers of the Association and fill any vacancies on the Board (except a University Representative Board Member), unless such vacancy is created by the removal of a Board Member.

(n) Committees. Appoint the Members to the various Committees formed by the Board, if any (e.g., the Nominating Committee, the Architectural Review Committee, the Tiner Committee, etc.), as more particularly set forth herein or in the Bylaws. Such Committee members may also be Board members.

(o) Alternative Dispute Resolution Requirements. Cause a summary of the provisions of Sections 1363.810 through 1363.850, and 1369.510 through 1369.590 of the Civil Code, as same may be amended from time to time, regarding alternative dispute resolution pre-filing requirements and which specifically reference said Sections, to be prepared and annually distributed to each Member of the Association. This summary shall include a description of the Association's internal dispute resolution process, as required by Section 1363.850, as amended from time to time. The summary shall be provided either at the time the pro forma operating budget is distributed herein or in the manner specified in Section 5016 of the Corporations Code, as same may be amended from time to time;

(p) Maintenance Guidelines. Periodically review and revise the Maintenance Guidelines, if any, as the Board may deem reasonable and prudent to adjust to the changing needs of the Project and as may be required pursuant to the Leases or

instructions from Pepperdine University; and

(q) Litigation. Except as otherwise allowed under Sections 895-945.5, 1354 and 1375 of the Civil Code, as applicable, and as same may be amended from time to time, obtain approval from a majority of the Total Voting Power of the Association prior to incurring litigation expenses, including without limitation attorneys' fees, where the Association initiates legal proceedings or is joined as a plaintiff in legal proceedings. Such approval shall not be necessary if the legal proceedings are initiated to: (i) enforce use restrictions contained herein, (ii) enforce architectural control provisions contained herein; or (iii) collect any unpaid Assessments levied pursuant to this Declaration.

Section 4. Discretionary Powers. The Board, at its option, may assume, perform and execute the following powers and duties for and on behalf of the Association:

(a) Management. Retain the services of a manager for the Project and provide such other personnel as the Association deems necessary and proper to assist in the operation of the Association and/or management of the Project, regardless of whether such other personnel are employed directly by the Association, Declarant or otherwise;

(b) Liabilities. Incur any liability or pay any costs or expenses for a single Condominium or Owner thereof; provided, however, that in the event the Association does incur any such liability or pay any such costs or expenses, the amount thereof shall be specially assessed against the Owner of such Condominium as a Compliance Assessment or Special Assessment, as appropriate; provided further, however, that nothing herein shall permit the Association to assess the Owners for any new Improvements to the Common Area except as otherwise provided in this Declaration;

(c) Contract. Subject to the limitations set forth herein, contract for any other material, furniture, labor, services, maintenance, repairs, structural alterations or insurance, or pay any taxes or assessments which, in the opinion of the Board shall be necessary or proper for the operation of the Project and/or Association for the benefit of the Owners or for the enforcement of this Declaration; and

(d) Temporary Subsidy Agreement. Enter into a temporary or permanent maintenance or subsidy agreement with Declarant (in either its capacity as Declarant or Ground Lessor) to reduce the financial obligations of the Owners for Assessments.

Section 5. Delegation of Duties. In the event that the Association shall delegate any or all of its duties, powers or functions to any person, corporation (including Declarant) or firm to act as manager, neither the Association nor the members of its Board shall be liable for any omission or improper exercise by the manager of any such duty, power or function so delegated.

Section 6. Right of Entry for Emergency. Declarant, the Board (or any person authorized by Declarant or the Board) or any Owner may enter any Condominium in the event of an emergency involving illness or potential danger to life or property. Such entry shall be made with as little inconvenience to the Owner of the Condominium entered as is practicable, and in the event that any damage shall be proximately caused by or as a result from said entry, the party making such entry shall repair the same at its expense, unless the emergency requiring such entry occurred by reason of an act or omission on the part of the Owner of the Condominium entered (or his family members, guests, invitees, tenants or lessees), in which case the Owner of such Condominium shall be responsible to pay for such repairs.

Section 7. Right of Entry for Repairs. Declarant, the Board (or any person authorized by Declarant or the Board) shall have the right to enter, upon reasonable notice, any Condominium to effect necessary repairs which the Owner has failed to perform or which are necessary in connection with repairs to the Common Area or an adjoining or nearby Condominium. Such entry shall be made with as little inconvenience to the Owner as is practicable, and in the event that any damage shall be proximately caused by or result from said entry, the party making such entry shall repair the same at its expense unless the entry was required by reason of an act or omission on the part of the Owner of the Condominium entered (or his family members, guests, invitees, tenants or lessees), in which case the Owner of such Condominium shall be responsible to pay for such repairs.

Section 8. Limitation on Board Action. The Board shall be prohibited from taking any of the following actions, except with the vote or written assent of a majority of the Members constituting a quorum consisting of more than fifty percent (50%) of the Total Voting Power of the Association residing in the Members (including Declarant):

(a) Entering into a contract with a third person or entity, wherein the third person/entity will furnish goods or services for the Common Area or the Association for a term longer than one (1) year, with the following exceptions:

(1) A management contract with Declarant which may be for a term longer than one (1) year, the terms of which are consistent with provisions herein;

(2) A contract with a public utility company if the rates charged for the materials or services are regulated by the Public Utilities Commission; provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate and provided further that Declarant's prior written approval of any such contract shall also be required;

(3) Prepaid casualty and/or liability insurance policies which do not exceed three (3) years duration, provided that the policy permits for short-rate cancellation by the insured;

(4) Agreements for cable television services and equipment or satellite dish television services and equipment which do not exceed five (5) years duration; provided, however, that Declarant's prior written approval of any such contract shall also be required;

(5) Agreements for sale or lease of burglar alarm and fire alarm equipment installation and services not to exceed five (5) years duration; and

(6) Any contract with Declarant of a term not to exceed five (5) years for Declarant to provide either directly or through a third party service provider (unless the service provider also provides the applicable service to Pepperdine University, in which case the term may exceed five (5) years if approved by the Board), any of the following services: regular maintenance of some or all of the Common Area and/or Improvements, landscaping maintenance, cable television, computer networking/Internet, telephone, burglar alarm and security patrol.

(b) Incurring aggregate expenditures for capital improvements to the Common Area in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(c) Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year;

(d) Paying compensation to Directors or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a Director or officer to be reimbursed for expenses incurred in carrying on the business of the Association;

(e) Filling a vacancy on the Board created by the removal of a Director (neither the Board nor the Members may remove or replace the University Representative Board Member); or

(f) Incurring litigation expenses, including without limitation attorney's fees, where the Association initiates legal proceedings or is joined as a plaintiff in legal



proceedings. Such approval shall not be necessary if the legal proceedings are initiated to (i) enforce the use restrictions contained herein; (ii) enforce any architectural control provisions implemented by the Board and Declarant pursuant to this Declaration; or (iii) collect any unpaid Assessments levied pursuant to this Declaration.

Section 9. Enforcement. The Association, Declarant or any Owner, and such other parties or agencies as are specifically designated herein as being entitled to enforce certain of such limitations and restrictions, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges (or as to such specifically designated parties or agencies, such certain limitations or restrictions) now or hereafter imposed by the provisions of this Declaration or any amendment thereto; provided, however, that with respect to Assessment liens, the Association shall have the exclusive right to the enforcement thereof. Failure by the Association, Declarant or by any Owner, or such other party or agency, to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 10. Contracts. The Board shall have the authority to contract with qualified persons or corporations for the professional handling of all or any part of the services required for the maintenance of the Project and/or the handling of the financial affairs thereof; provided, however, that the Board shall not, except with the vote or written consent of a majority of the Total Voting Power of the Association, enter into any such contract with a term in excess of one (1) year unless it is terminable by any party thereto without cause or payment of a termination fee upon ninety (90) days written notice thereof except as otherwise provided in the Bylaws and in this Declaration. If the Board enters into a contract with a qualified person or corporation pursuant to the requirements of this Section, said person or corporation may further be authorized to file any notice and to take any legal action on behalf of the Owners, which is within the power and authority of the Board and within the scope of such contract.

Section 11. Quorum. At all meetings of the Members, more than fifty percent (50%) of the Total Voting Power of the Association through presence in person or by proxy shall be necessary to constitute a quorum. If any meeting cannot be held because a quorum is not present, the Owners present, either in person or by proxy, may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which time the quorum requirement shall be reduced to twenty-five percent (25%) of the Total Voting Power of the Association. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings. Except as provided below, if there is a quorum present (by person or proxy), a vote of more than fifty percent (50%) of the Members present either in person or by proxy and entitled to vote shall be sufficient for the passage of any motion or the adoption of any resolution. Where the Owner of any Condominium is a corporation, partnership, trust or other entity, the nominee of such entity shall have the voting rights and the right to be elected to serve on the Board.

(a) Subject to the provisions of this Declaration, the following matters shall require a vote of approval of at least sixty-six and two thirds percent (66-2/3 %) of the quorum of Owners present, either in person or by proxy, and entitled to vote:

(1) The determination not to rebuild improvements or Common Area after partial or total destruction; and

(2) Amendment or repeal of this Declaration or the Bylaws; provided, however, that no purported amendment to or repeal of any provision of this Declaration shall be valid or effective without the prior written consent of Declarant.

Section 12. Special Meetings. Special meetings of the Members of the Association may be called by the President of the Association or by the Board, or by any two or more members of the Board, or by not less than 5% of the Total Voting Power of the Association, by written notice signed by those desiring to meet and sent by them to Declarant and all of the Owners at least ten (10) days and not more than ninety (90) days before the special meeting. Notice of all meetings shall specify the place, date and hour of the meetings and, in the case of a special meeting, the general nature of the business to be transacted. At any meeting whether or not the Owner of any Condominium Unit, Declarant shall be given notice of and shall be entitled to attend all meetings of the Association.

Section 13. Board Meetings. The Board shall conduct its organization meeting immediately upon the adjournment of the organization meeting of the Owners, and shall at such time elect from the members of the Association such officers as shall be designated in the Bylaws. The powers and duties of such officers shall be as set forth in the Bylaws. A meeting of the Board shall be held immediately upon adjournment of the annual meeting of the Owners. Declarant shall be given notice of, and shall be entitled to attend, all regular and special meetings of the Board.

Section 14. Collections. The Board of Directors may, with the approval of more than fifty percent (50%) of the Owners present at any duly constituted meeting, delegate to Declarant, a bank or other qualified individual or financial, accounting or management firm the collection of maintenance charges, the disbursement thereof, and the preparation of said annual financial statements. But in such event, the Board shall be responsible to the Owners for the accurate handling and accounting of such funds.

Section 15. Documentation. Any action to be taken by the Board as required herein that must be evidenced by a written document shall be executed by the president or vice president and one (1) other member of the Board or other duly authorized agent or representative of the Board.

Section 16. Acquisition of Personal Property. The Board may acquire and hold, for the benefit of the Owners, tangible and intangible personal property (e.g., Association Property) and may dispose of the same by sale or otherwise. Title to said personal property shall be taken in the name of the Association.

Section 17. General Maintenance. The Association shall (except as otherwise provided herein) have the duty and power to maintain in a good condition and in a good state of repair, and otherwise manage, all of the Common Area (with the exception of Exclusive Use Area components that are specifically stated herein to be the maintenance obligation of the Owners) and its facilities, including the pool and recreation facilities, exterior walls (but not exterior glass surfaces), exterior door surfaces (but not doorknobs, locks, or latches, or any portion of the sliding glass doors), fencing, railings, roofs, Common Area stairways, walkways, landscaping (but not landscaping installed by any Owner in the Exclusive Use Area), front porch trellises, private underground sewer system (except those portions of the sewer system which only serve one Condominium Unit, which shall be the responsibility of the Owner to maintain, and those portions of the storm drain system maintained by Declarant) and all other property that may be acquired by the Association. The Association shall have the authority to obtain and pay for water, gas and electric service for the entire Project, unless the Condominium Units are separately metered, in which case, such authority shall be limited to the Common Area, and for the Common Area refuse collection, electric service, lighting facilities, fire extinguishers, maintenance and repair of the underground sewer lines in the Project, gardening and janitorial service, and may grant easements where necessary for utilities and sewer facilities over the Common Area to serve the common and open space areas and the Condominiums. Without limiting the generality or effect of the foregoing, at such time or times as repair or maintenance of any part of the private underground sewer system located within the Common Area shall become necessary (including any portion that is the maintenance responsibility of any Owner), the responsibility for securing the repair or maintenance services and paying for such services shall rest with the Association.

Section 18. Owner Maintenance. Except as otherwise provided herein, every Owner shall have the duty to maintain, repair and replace, at his sole cost and expense, all Improvements within such Owner's Condominium or which represent an integral part thereof (including, but not limited to, lines, wires, pipes, utility lines, outlets, sewer laterals and water lines, which provide service to only one Condominium, including the internal and external telephone wiring designed to exclusively serve a Condominium Unit, showers, baths, tiling, plumbing, sinks, toilets, electrical sockets, switches, wiring, air conditioners, heating units [including any solar water heating apparatus installed with the approval of the Board], fans, windows [interior and exterior], sliding glass doors [interior and exterior], window and sliding glass door screens, garage doors, ceiling plaster, interior wall surfaces, interior floor surfaces, lighting installations, electrical appliances, and telephone equipment), in a neat, clean, safe, sanitary, attractive and orderly condition at all times. Owners shall pay for their own water, gas, electricity, telephone and cable service, whether or not such is separately metered. Without limiting the generality of the foregoing, and by way of example only, and except as otherwise provided herein regarding the Association's maintenance obligations, every Owner shall:

(a) Paint, maintain, repair, replace, restore, decorate, tile, finish, plaster, and/or landscape or cause to so maintained, repaired, replaced, restored, decorated, tiled, finished, plastered, and/or landscaped (as the case may be) the following:

(1) The interior surfaces of the walls, ceilings, and floors of his Condominium Unit. However, no bearing walls, ceilings, floors or other structural or utility bearing portions of the buildings housing the Units shall be pierced or otherwise altered or repaired, without the prior written approval of the Board and Declarant;

(2) All window glass, frames, tracks, screens, if any, and all interior and exterior doors and garage doors, and their component parts including locks, latches, weather-stripping, frames, tracks, motors and thresholds; provided, however, that:

(A) The Association may contract for the replacement of windows, in which event the Owner will be required to reimburse the Association for the cost thereof.

(B) The Association may contract for the cleaning of the exterior of some or all windows within the Project. In the event that the Association contracts for the cleaning of the exterior of all windows within the Project, the costs thereof shall be deemed a Common Expense. In the event that the Association contracts for the cleaning of only certain windows within the Project, the costs thereof shall be assessed only against the Owners of the Condominiums whose windows were or are to be cleaned by the Association.

(C) The Association may contract for the painting of the exterior doors and garage doors. The costs thereof shall be deemed a Common Expense unless the Association contracts for less than all of the door or garage doors in which event the costs thereof shall be assessed only against the Owners whose doors or garage doors were painted.

(3) All interior lighting fixtures, all exterior light bulbs controlled by a switch inside the Condominium Unit and all interior plumbing fixtures, including bathtubs, shower stalls, toilets, and sinks, heating, cooling, cable television, and electric equipment/system, and other utilities (e.g., sewer and water lines) which are located within or which exclusively serve said Owner's Condominium Unit;

(4) All internal and external telephone wiring designed to serve his Condominium Unit;

(5) All kitchen and other appliances (whether built-in or freestanding), forced air heating units, the air conditioning unit, the hot water heater, and

the garage door opener which are located within or service his Condominium Unit; and

(6) The Exclusive Use Area as noted below.

(b) In the event any Owner shall fail to perform his maintenance obligations as set forth herein, the Association shall have the right, but not the duty, to cause such maintenance to be performed. If the Board elects to cause such maintenance work to be performed, the cost thereof shall be assessed against said Owner as a Compliance Assessment or Special Assessment, as appropriate.

(c) Each Owner shall maintain everything that the Owner is obligated to maintain in a clean, sanitary and attractive condition and in conformance with a high standard of habitability and maintenance. Any Owner shall not be obligated for maintenance and repair costs for the malfunctioning of any system or component that is part of the Common Area or a Condominium Unit and the problem necessitating work or service is caused by a malfunction or defect originating within the Common Area and under the maintenance responsibility of the Association or another Owner. In such case, the Owner shall immediately, but in no case later than six months from the date the malfunction or defect is discovered or reasonably should have been discovered by the Owner, notify the Board of such malfunction or defect so that the Board may take appropriate steps to correct the malfunction or defect, and to mitigate damages of the Owner and Association. If the Owner unreasonably delays notice of any such malfunction or defect (even though the Owner may notify the Board of such defect or malfunction within the six month period), the Board may, in its reasonable discretion, decline to compensate the Owner for any damage sustained by the Owner or his Condominium that could have been avoided or mitigated had the Owner earlier notified the Board of such defect or malfunction. Unless otherwise determined by Pepperdine University, an Owner shall not be reimbursed for loss or damage to his Condominium Unit that could have been covered by the Association's policy of insurance, if such coverage is no longer available by reason of unreasonable delay on the part of the Owner in submitting his claim to the Board for such damage or loss. With respect to damage occurring to the Common Area as a result of a malfunction or defect in or attributable to a Condominium, an Owner shall reimburse the Association for any expenditures incurred in repairing or replacing any property, including property that is a part of the Common Area or other Condominium(s), that is damaged as a result of a malfunction of any system or component that is part of the Owner's Condominium and subject to the maintenance responsibility of the Owner or that is damaged through the fault of the Owner or through the fault of any of his family, guests, invitees, tenants, subtenants or other occupants of said Owner's Condominium. Nothing contained in this section shall be deemed to permit any external installations, construction or connections by an Owner without the prior approval of the Board and Declarant as otherwise provided herein and to the extent any such external installation, construction or connection is authorized by the Board and Declarant, the Owner shall maintain, repair and keep in good condition such installation, construction or connection and shall immediately repair any damage to

the Common Area or any portion of the Project caused by such installation, construction or connection.

(d) Exclusive Use Area. Each Owner (except as to the Tiner Units as set forth in Article XXIII) shall keep his respective Exclusive Use Area (i.e., second story balconies, first story wood deck and slab areas, private driveways, etc.,) in a neat and clean condition in accordance with the Association Rules and Regulations (e.g., daily routine maintenance, including, but not limited to sweeping). The Association shall be responsible for painting, resealing, resurfacing and performing all routine maintenance and replacement of all structural components of the Exclusive Use Area, including, but not limited to, painting the patio and balcony railings (if any), and for making all structural repairs to the Exclusive Use Area (including the second story balconies and first story wood decks), as required; provided, however, if any maintenance or repairs are required to the Exclusive Use Area due to the willful or negligent acts or omissions (e.g., oil drips on the driveways) of any Owner, his family, lessees, tenants, guests, or invitees, the Association shall levy a Compliance Assessment or Special Assessment, as appropriate, against the Owner for such costs. It shall be the obligation of the Association to provide regular resurfacing (i.e., that particular surface as originally installed by the Declarant) of the second story balcony decks and regular resealing of the ground floor wood decks on a scheduled basis, as deemed appropriate by the Board. If, however, the Board determines that an Owner (or any of his family members, guests, invitees, tenants or lessees) has modified, misused, damaged or failed to adequately maintain his second story balcony or ground floor wood deck in a manner that has caused more than normal wear and tear to the balcony or wood deck, or makes it more expensive to resurface, reseal, repair or replace such balcony or deck, any resurfacing, resealing, repair or replacement required by such misuse, damage or lack of daily maintenance of the balcony or deck shall be at the expense of the Owner. Upon a determination that an Owner (or any of his family members, guests, invitees, tenants, or lessees) has misused, damaged or failed to adequately maintain all or any portion of his second story balcony deck or his ground floor wood deck (e.g., the Owner has allowed a potted plant to drain on the surface of the balcony or deck causing premature rotting of the balcony or deck surface; the Owner has allowed sprinklers to overspray his wood deck resulting in wood rot, etc.), the Board shall have the right (but not the obligation), after not less than thirty (30) days notice to the Owner, to enter the Condominium (if necessary) or any other portion of the Project and provide such maintenance or make such repairs or replacements to the second story balcony or ground floor wood deck, as the Board may deem necessary, to restore the balcony or wood deck to good condition and to prevent further deterioration to the balcony or deck, and/or damage to the Condominium building or other Units. The cost for such repair or replacement shall be assessed as a Compliance Assessment or Special Assessment, as appropriate, chargeable to such Condominium and shall be payable to the Association by the Owner of such Condominium. In order to implement the foregoing procedures, ensure proper maintenance of the Common Area, to monitor the condition of the Exclusive Use Areas (e.g., second story balcony decks and ground floor wood decks), and enforce the provisions of the Declaration, the Board is authorized (but is not under any

obligation) to schedule annual inspections of the Exclusive Use Areas (e.g., second story balcony decks and ground floor wood decks), Common Area, and Condominiums. Upon reasonable notice by the Board of such inspections, each Owner shall fully cooperate with such inspections and provide the Board and/or its authorized representatives reasonable access to his Condominium for purposes of facilitating the scheduled inspections and any repairs, maintenance or replacement work deemed necessary by the Board and/or Declarant.

Section 19. Exterior Maintenance of Condominiums. The Association shall provide exterior maintenance of each Condominium building (except as to the Tiner Units as set forth in Article XXIII) as follows: paint, maintain, repair and replace (if required because of normal wear, tear or deterioration) roofs, skylights, cable TV and telephone systems (except those portions of the lines and/or equipment which serve only individual Units), front porch wood trellises (installed by Declarant, if at all, as part of the original construction of the Project or subsequent to said construction) rain gutters, downspouts, exterior building surfaces (but not garage doors, windows, sliding glass doors, and window and sliding glass door screens), walkways, and exterior staircases and landings, the landscaping (including the trees, shrubs, grass and walks), and all of the Common Area. Such Association maintenance shall not include: the structural integrity of garage doors [or the component parts thereof], windows, sliding glass doors, glass surfaces (other than skylights installed by Declarant as part of the original construction or subsequent to said construction), screens, or entry areas of the Condominiums, patio covers or other additions built or maintained by the Owner (if allowed), external installations or components (including without limitation, telephone, computer/Internet, and television wiring or cable systems, air conditioning and solar heating devices and elements) which serve individual Condominiums exclusively, rather than the Project, or portions thereof; provided, however, that repairs or replacements arising out of or caused by the willful or negligent act of the Owner, his family, guests, invitees, tenants, subtenants or other occupants of said Owner's Condominium shall be the responsibility of the Owner. If an Owner shall fail to maintain or make the repairs or replacements which are the responsibility of such Owner as provided above, then, upon a vote of a majority of the Board, and after not less than thirty (30) days notice to the Owner, the Association shall have the right (but not the obligation) to enter the Condominium (if necessary) or any other portion of the Project and provide such maintenance or make such repairs or replacements, and the cost thereof shall be assessed as a Compliance Assessment or Special Assessment, as appropriate, chargeable to such Condominium and shall be payable to the Association by the Owner of such Condominium.

Section 20. Personal Liability Limitation. The personal liability of volunteer Board members or volunteer Association officers to any person who suffers injury, including, but not limited to, bodily injury, emotional distress, wrongful death, or property damage or loss as a result of the tortious act or omission of such volunteer Board member or volunteer Association officer when such act or omission was performed within the scope of the officer's or director's association duties shall be limited as proscribed in Civil Code Section 1365.7 and other governing law, as same may be amended from time to time. The foregoing limitation of liability is applicable to a volunteer Board member or volunteer Association officer only as explicitly set forth in said Section 1365.7 and does not

necessarily apply to all volunteer Board members or volunteer Association officers.

(a) Indemnification. The Association shall pay all expenses incurred by and satisfy any judgment or fine levied against, any volunteer Board member or volunteer Association officer as a result of any action or threatened action against such person to impose liability on such person for his act(s) or omission(s) performed within the scope of such person's association duties, provided that:

(1) The Board determines that such person acted in good faith and in the manner such person reasonably believed to be in the interests of the Association; and

(2) In the case of an action or threatened action by or in the right of the Association, the Board determines that such person acted with such care, including reasonable inquiry, as an ordinary prudent person in a like position would use under similar circumstances.

Any determination of the Board required under this Section must be approved by a majority vote of a quorum of the Board members who are not parties to the action or threatened action giving rise to the indemnification. If the Board fails or refuses to make any such determination, such determination may be made by the vote or written consent of a majority of a quorum of the Members of the Association, provided that the person to be indemnified shall not be entitled to vote. The entitlement to indemnification hereunder shall inure to the benefit of the estate, executor, administrator, heirs or devisees of any person entitled to such indemnification.

Section 21. Licenses, Easements and Rights-of-Way. The Board, for and on behalf of the Association, is empowered to approve such licenses, easements and rights-of-way proposed by Declarant for, among other items, sewer lines, water lines, underground conduits, storm drains, roadways, and other public utility or Pepperdine University purposes over those portions of the Common Area upon which no building or other structure has been erected as may be necessary and appropriate for the orderly maintenance, preservation and enjoyment of the Common Area or for the preservation of the health, safety, convenience and welfare of the Owners.

Section 22. New Improvements. Except as otherwise provided in this Declaration, the Association may, only with the written approval and authorization of Declarant, construct new Improvements or additions to the Common Area, or demolish existing Improvements, provided that in the case of any Improvement, addition or demolition involving a total expenditure in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, the written consent or vote of a majority of the Total Voting Power of the Owners in the Project as to the maximum total cost therefore shall first be obtained, and provided that no Condominium shall be altered or damaged by any such demolition or construction without the consent of the Owner thereof. The Board shall levy a Special Assessment against all Owners in the Project for the cost of such work.



## ARTICLE VII

### COVENANT FOR MAINTENANCE ASSESSMENTS; REMEDIES OF THE ASSOCIATION

Section 1. Creation of Lien and Personal Obligation of Assessments. Each Owner of any Condominium by acceptance of a Lease, or other conveyance, therefor, whether or not it shall be so expressed in such Lease or other conveyance, is deemed to covenant and agree to pay to the Association: (1) Regular Assessments; (2) Special Assessments or charges; (3) Compliance Assessments; (4) Ground Rent Assessments; (5) property tax and improvement bond assessments; and (6) such other assessments that the Association may periodically establish from time to time as hereinafter provided. The Regular and Special Assessments, together with a reasonable late charges as may, from time to time be established by the Board in accordance with governing law, reasonable costs of collection and interest, assessed in accordance with Civil Code Section 1366, shall be a debt of the Owner of the Condominium at the time the assessment or other sums are levied. Before the Association may place a lien upon the Condominium to collect a debt which is past due, the Association shall notify the Owner in writing by certified mail of the fee and penalty procedures of the Association, provide an itemized statement of the charges owed by the Owner, including items on the statement which indicate the assessments owed, any late charges and the method of calculation, any attorney's fees, and the collection practices used by the Association including the right of the Association to the reasonable costs of collection. In addition, any payments toward that debt shall first be applied to the assessments owed, and only after the principal owed is paid in full shall the payments be applied to interest or collection expenses. When an Owner makes a payment, the Owner may request a receipt and the Association shall provide it. The receipt shall indicate the date of payment and the person who received it. The Association shall provide a mailing address for overnight payment of assessments. Each Compliance Assessment levied against a Condominium, together with interest, costs, reasonable late charges and reasonable attorneys' fees for the collection thereof, shall be the personal obligation of the Owner of the property at the time of the Assessment. The personal obligation for delinquent Assessments shall not pass to the successors in title unless expressly assumed by them.

Section 2. Purpose of Regular Assessments: Levy and Collection. The Regular Assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents in the Project and, except as otherwise provided in this Declaration, to maintain, repair, replace and improve the Common Area, and any other Improvements or areas which the Association is obligated to maintain, as provided herein or in a Notice of Annexation, or as determined by the Board or as set forth in the Leases. The Association, by and through its Board (with respect to the Baxter Units only), and by and through the Tiner Committee (with respect to the Tiner Units only) shall levy and collect Assessments from the Owner of each Condominium in the Project in an amount sufficient to cover all of the Common Expenses incurred by the Association and the Tiner Committee, respectively, in connection with the performance and execution of the powers and duties set forth in this Declaration, the Leases, the Bylaws and the Articles. In connection therewith, the Association shall not impose or collect Assessments, penalties or

fees that exceed the amount reasonably necessary for the purpose or purposes for which they were levied. Nothing in this Declaration shall be construed in such a way as to prohibit the use of Association Assessments or funds to abate any annoyance or nuisance emanating from outside the boundaries of the Project.

(a) Maintenance Fund. Operating, maintenance and repair charges collected by the Board, the Manager, or the Tiner Committee, as the case may be, shall be properly deposited in a commercial bank account in a bank to be selected by the Board. The Tiner Committee shall also establish a separate account for the benefit of the Tiner Units, as further provided in Article XXIII, below. The Board, the Manager, or the Tiner Committee, as the case may be, shall have control of said account, and shall be responsible to the Owners for the maintenance of accurate records thereof at all times. No withdrawal shall be made from said accounts except to pay charges and expenses for the common benefit of all Owners in the Baxter Units and the Tiner Units, respectively, to refund overpayments if any, or to transfer funds to other accounts of the Association, as appropriate.

### Section 3. Regular Assessments - Basis and Calculation.

(a) Baxter Units. Subject to the provisions of Section 2 above, Regular Assessments payable to the Association shall be in proportion to the percentages for each Condominium Unit as set forth in Exhibit A attached hereto. The portion of all property taxes, any governmental improvement bond assessments which are assessed against the Common Area for the Baxter Units and not assessed as part of individual Units, and the premiums on any insurance policies obtained and maintained by the Association as provided herein to be borne by each Baxter Unit shall be allocated in accordance with the percentages for each Condominium Unit as set forth in Exhibit A attached hereto.

(b) Tiner Units. Subject to the provisions of Section 2 above, Regular Assessments payable to the Association to be borne by each Condominium Unit in the Tiner Units shall be allocated on a fixed pro rata basis such that each Tiner Unit shall be assessed a one-sixth (1/6) share of the total assessment to be charged. The portion of all property taxes, any governmental improvement bond assessments which are assessed against the Common Area for the Tiner Units and not assessed as part of individual Units, and the premiums on any insurance policies obtained and maintained by the Association as provided herein to be borne by each Tiner Unit shall be allocated on a fixed pro rata one-sixth (1/6) share basis as among the Tiner Units.

(c) Baxter and Tiner Units Shared Expenses. To the extent that the Association incurs expenses which are to be shared by the Baxter and Tiner Units, Tiner Units shall pay twelve per cent (12%) of such expense which shall be charged to the Tiner Units and assessed against the individual Tiner Units on a fixed prorata basis as set forth in Section 3(b) above. The remaining eighty-eight percent (88%) shall be paid by the Baxter Units and assessed among the individual Baxter Units in percentage proportions as set forth in Section 3(a) above.

### Section 4. Increases in Regular Assessments. In accordance with Civil Code Section

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1366, as same may be amended from time to time, the maximum Regular Assessment may be increased subject to the following limitations:

(a) Baxter Units Regular Assessment Increases of Twenty Percent (20%) or Less. Increases in Regular Assessment for any fiscal year that are less than or equal to twenty percent (20%) above the maximum Regular Assessment for the immediately preceding fiscal year for the Baxter Units may be approved by the Board, provided that the Board: (i) comply with the provisions set forth in Section 1365(a) of the Civil Code, as same may be amended from time to time, with respect to the distribution of the pro forma operating budget of the Association; or (ii) obtain the approval of the Baxter Unit Owners, constituting a quorum, casting a majority of affirmative votes for at a meeting or an election of the Association conducted in accordance with Corporations Code Sections 7510, et seq. and Sections 7613 et seq. For purposes of this entire Section 4, a quorum means more than fifty percent (50%) of the Total Voting Power of the Association;

(b) Tiner Units Regular Assessment Increases of Twenty Percent (20%) or Less. Increases in Regular Assessment for any fiscal year that are less than or equal to twenty percent (20%) above the maximum Regular Assessment for the immediately preceding fiscal year for the Tiner Units may be approved by the Tiner Committee, provided that the Tiner Committee: (i) comply with the provisions set forth in Section 1365(a) of the Civil Code, as same may be amended from time to time, with respect to the distribution of the pro forma operating budget of the Association and the Tiner Units; or (ii) obtain the approval of the Tiner Unit Owners, constituting a quorum, casting a majority of affirmative votes for at a meeting or an election of the Tiner Committee conducted in accordance with Corporations Code Sections 7510, et seq. and Sections 7613 et seq. For purposes of this Section 4, a quorum of Tiner Unit Owners means more than fifty percent (50%) of the Total Voting Power of the Tiner Unit Owners;

(c) Regular Assessment Increases Greater Than Twenty Percent (20%) for the Baxter Units. Increases in Regular Assessments for any fiscal year that are greater than twenty percent (20%) above Regular Assessments for the immediately preceding fiscal year for the Baxter Units may be approved by the Board for the Baxter Units after the Board obtains the approval of the Baxter Unit Owners (including Declarant), constituting a quorum, casting a majority of affirmative votes at a meeting or election of the Association, conducted in accordance with Sections 7510, et seq., and Section 7613, et seq. of the Corporations Code; and

(d) Regular Assessment Increases Greater Than Twenty Percent (20%) for the Tiner Units. Increases in Regular Assessments for any fiscal year that are greater than twenty percent (20%) above Regular Assessments for the immediately preceding fiscal year for the Tiner Units may be approved by the Tiner Committee for the Tiner Units after the Tiner Committee obtains the approval of the Tiner Unit Owners (including Declarant), constituting a quorum, casting a majority of affirmative votes at a meeting or election of the Association, conducted in accordance with Sections 7510, et seq., and Section 7613, et seq. of the

Corporations Code; and

(e) Regular Assessment Increases Due to Emergency. The Assessment increase limitation set forth in Subsections (c) and (d) above does not apply to increases in Assessments related to emergency situations, which shall be deemed to include the following:

- (1) Extraordinary expenses required by an order of a court..
- (2) Extraordinary expenses necessary for the maintenance or repair of the Project or any part of it for which the Association is responsible where a threat to personal safety on the Project is discovered.
- (3) Extraordinary expenses necessary to repair or maintain the Project, or any part of it, for which the Association is responsible that could not have been reasonably foreseen by the Board or the Tiner Committee in preparing and distributing the pro forma operating budget under Civil Code Section 1365, as the same may be amended from time to time. Prior to the imposition or collection of an assessment under this Subparagraph (e), the Board and/or the Tiner Committee, as the case may be, shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process, and the resolution shall be distributed to the Baxter Unit and/or Tiner Unit Owners, respectively, with the notice of increase in assessment.

(f) Reductions in Regular Assessments for the Baxter Units and/or Tiner Units. The Regular Assessment for the Baxter Units and/or the Tiner Units may be decreased only after (1) the Board has obtained the approval of the Baxter Unit Owners (including Declarant as to any Baxter Units then owned by Declarant) with respect to a reduction in Regular Assessments for the Baxter Units, or the Tiner Committee has obtained the approval of the Tiner Unit Owners (including Declarant as to any Tiner Units then owned by Declarant) with respect to a reduction in Regular Assessments for the Tiner Units, constituting a quorum (meaning fifty one percent (51%) of the Total Voting Power of the Baxter Unit Owners or Tiner Unit Owners, as the case may be, must be present to vote and vote in person or by proxy), casting two thirds (2/3) or sixty-six and two thirds percent (66-2/3%) affirmative votes in favor of such decrease at a meeting or an election of the Board or Tiner Committee, as the case may be, conducted in accordance with Corporations Code Sections 7510, et seq. and Sections 7613 et seq.; provided, however, that the notice of the location, date and time of the meeting and the purpose for which it is being held must be given not earlier than ninety (90) days nor later than thirty (30) days prior to the date of the meeting to all persons or entities holding an obligation of the Owner of any Baxter Unit or Tiner Unit, respectively, secured by a mortgage or deed of trust which is a first lien on such Unit or interest of such Owner and which was made in good faith and for value; and (2) the Board or Tiner Committee, as the case may be, has obtained the express written consent of

the Declarant, which said consent shall not be unreasonably withheld. In determining whether to approve the proposed reduction of Regular Assessments, Declarant shall take into consideration whether: (i) the Association or Tiner Committee has sufficiently funded and, following implementation of the proposed reduction, shall be able to continue to sufficiently fund the Association or Tiner Units reserve account for the future periodic maintenance, repair and replacement of all or a portion of the Common Area according to the most recent reserve study completed by the Association or Tiner Committee in compliance with Civil Code Section 1365.5; and (ii) the Association or Tiner Committee has and, following implementation of the proposed reduction, shall continue to be able to meet its respective financial and other obligations, including, but not limited to, payment of current maintenance costs as set forth in this Declaration, in a manner contemplated by the provisions of this Declaration. Declarant shall either approve or disapprove any proposed reduction in Regular Assessments that has been approved by the Baxter Unit Owners or Tiner Unit Owners as set forth herein within thirty (30) days following the submission of a written proposal by the Board, Association or Tiner Committee to reduce Regular Assessments, and supporting documentation showing that the Association's or Tiner Committee's financial position is such that the elements set forth in this subsection (f) hereinabove are satisfied.

Section 5. Special Assessments for Capital Improvements.

(a) In addition to the Regular Assessments authorized above, the Board may not, subject to the limitations of Civil Code Section 1366, without the vote or written approval of Members (including Declarant in its capacity as Owner of any Units) constituting a quorum (which shall mean more than fifty percent (50%)) of the Total Voting Power of the Association) casting a majority of affirmative votes at a meeting or election of the Association, conducted in accordance with Section 7510, et seq. and 7613 of the Corporations Code, levy Special Assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year. The five percent (5%) limitation shall not apply to increases in Special Assessments related to an emergency situation that shall be deemed to include the following:

(1) Extraordinary Expenses Imposed by Court Order. Extraordinary expenses required by an order of a court;

(2) Extraordinary Expenses for Dangerous Condition. Extraordinary expenses necessary for the maintenance or repair of the Common Area or any part of the Project for which the Association is responsible where a threat of damage or injury to any person or property on the Project is discovered; and

(3) Unanticipated Extraordinary Expenses. Extraordinary expenses necessary to repair or maintain the Common Area, or any part of it, for which

the Association is responsible that could not have been reasonably foreseen by the Board or the Tiner Committee in preparing and distributing the pro forma operating budget under Civil Code Section 1365, as the same may be amended from time to time.

Notwithstanding the foregoing, in the event the Board and/or the Tiner Committee levies any Special Assessment that exceeds the five percent (5%) limitation pursuant to this subparagraph (a), the Board and/or the Tiner Committee, as the case may be, shall distribute written notice concerning said Special Assessment to all Owners and a copy of a resolution adopted by the Board and/or Tiner Committee, respectively, setting forth: (i) the necessity of said Special Assessment; and (ii) the justification why said Special Assessment was not reasonably foreseeable at the time the most recent budget was prepared. Except as provided in Subsection (b) below, every Special Assessment shall be levied upon the same basis as that prescribed for the levying of Regular Assessments.

(b) A Special Assessment levied against Baxter Unit and/or Tiner Unit Owners to raise funds for the reconstruction or major repair of the Condominium Units, if applicable, in the Project shall be levied on the same basis of the ratio of the square footage of the floor area of the Condominium Unit to be assessed to the square footage area of all Condominium Units to be assessed.

Section 6. Compliance Assessments. Subject to Civil Code Section 1367(b) and (c), as may be amended from time to time, and other governing law, a Compliance Assessment may not be characterized nor treated as an assessment which may become a lien against the Owner's Condominium enforceable by a sale in accordance with the provisions of Sections 2924 et seq. of the Civil Code unless such Compliance Assessment imposed against an Owner consists of a reasonable late payment penalty for delinquent Assessments and/or charges to reimburse the Association for the loss of interest and for costs reasonably incurred (including attorneys' fees) in its efforts to collect delinquent Assessments or imposed for costs incurred by the Association in the repair of damage to Common Area and facilities for which the Member or Member's family, guest or tenants were responsible.

Section 7. Notice of Increase in Assessments. The Board shall provide to the Baxter Unit Owners, and the Tiner Committee shall provide to the Tiner Unit Owners, by first class mail to the address on file with the Association, notice of any increase in Regular or Special Assessments not less than thirty (30) nor more than sixty (60) days prior to such increase becoming due.

Section 8. Assessment Period/ Due Dates/ Notice. An assessment period shall be deemed to be for the twelve (12) months of each fiscal year beginning on January 1 and ending on December 31 of the same year. Regular Assessments may be collected on a monthly installment basis. The payments shall be due in advance on the first day of each succeeding month. The Board (with respect to the Baxter Units) and the Tiner Committee (with respect to the Tiner Units) shall fix the amount of the Regular Assessment in effect for the following twelve (12) calendar months, which period shall be deemed to be the

assessment period, against each Baxter Unit and Tiner Unit, respectively, at least thirty (30) days in advance of each Regular Assessment period. Written notice of the Regular Assessment shall be sent to every Owner subject to the provisions hereinabove.

Section 9. Collection of Assessments. Except as otherwise provided above or in any subsequent Notice of Annexation, Regular and Special Assessments shall be levied at a the appropriate rate for all Condominiums and may be collected on a monthly basis. If any installment payment of a Regular Assessment is less than the amount assessed and the payment does not specify the Association funds or fund into which it should be deposited, the receipt thereof by the Association or the Tiner Committee from that Member shall be credited in order of priority, first to the operating fund, until that portion of the Regular Assessment has been satisfied, and second to the reserve fund. Compliance Assessments shall be due thirty (30) days after such Compliance Assessments have been levied.

Section 10. Notice of Delinquent Assessment; Dispute Resolution. At least thirty (30) days prior to recording a lien upon the separate interest of the Owner of record to collect a debt that is past due under Civil Code Section 1367.1, as may be amended from time to time, the Association shall notify the Owner of record in writing by certified mail of the following:

(a) a general description of the collection and lien enforcement procedures of the Association and the method of calculation of the amount, a statement that the Owner of the separate interest has the right to inspect the Association records, pursuant to Section 8333 of the Corporations Code, and the following statement in 14-point boldface type, if printed, or in capital letters, if typed:

**“IMPORTANT NOTICE: IF YOUR SEPARATE INTEREST IS PLACED IN FORECLOSURE BECAUSE YOU ARE BEHIND IN YOUR ASSESSMENTS, IT MAY BE SOLD WITHOUT COURT ACTION.”**

(b) An itemized statement of the charges owed by the Owner, including items on the statement which indicate the amount of any delinquent assessments, the fees and reasonable costs of collection, reasonable attorney’s fees, any late charges, and interest, if any.

(c) A statement that the Owner shall not be liable to pay the charges, interest, and costs of collection, if it is determined that the assessment was paid on time to the Association.

(d) The right to request a meeting with the Board as provided by Civil Code Section 1367.1(c)(3), as may be amended, to discuss, among other things, a payment plan for the debt.

(e) The right to dispute the assessment debt by submitting a written request for dispute resolution to the Association pursuant to the Association’s “meet and confer” program required by Civil Code Sections 1363.810 through 1363.850, as may be

amended from time to time.

(f) The right to request alternative dispute resolution with a neutral third party pursuant to Civil Code Sections 1369.510 through 1369.590, as may be amended from time to time, before the Association may initiate foreclosure against the Owner's separate interest, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

Section 11. Assessment Lien. The amount of the unpaid assessment, plus any costs of collection, late charges, and interest assessed in accordance with Civil Code Section 1366 shall be a lien on the Owner's separate interest from and after the time the Association causes to be recorded with the Los Angeles County Recorder a Notice of Delinquent Assessment, which shall state the amount of assessment and other sums imposed in accordance with Section 1366, a legal description of the Owner's separate interest against which the assessment and other sums are levied, and the name of the record Owner of the separate interest. The itemized statement of the charges owed as required above in Section 10(b) of this Article VII (and as required in Civil Code Section 1367.1(a)((2)) shall be recorded together with the Notice of Delinquent Assessment. In order for the lien to be enforced by nonjudicial foreclosure as provided herein and in Civil Code Section 1367.1(g), the Notice of Delinquent Assessment shall state the name and address of the trustee authorized by the Association to enforce the lien by sale. The Notice of Delinquent Assessment shall be signed and acknowledged by the president, or vice president, and the secretary, or assistant secretary, of the Association, or the managing agent of the Board. A copy of the recorded Notice of Delinquent Assessment shall be mailed by certified mail to every person whose name is shown as an Owner of the separate interest in the Association's records, and the Notice shall be mailed no later than ten (10) calendar days after recordation. The lien shall continue until fully paid or otherwise satisfied. Within twenty-one (21) days of the payment of the sums specified in the Notice of Delinquent Assessment, the Association shall record or cause to be recorded with the Los Angeles County Recorder's Office a lien release or notice of rescission and provide the Owner of the separate interest a copy of the lien release or notice that the delinquent assessment has been satisfied.

Section 12. Availability of Dispute Resolution Prior to Recording Lien. Prior to recording a lien for delinquent assessments, an Association shall offer the Owner and, if so requested by the Owner, shall participate in dispute resolution pursuant to the Association's "meet and confer" program required by Civil Code Sections 1363.810 through 1363.850, or alternative dispute resolution with a neutral third party pursuant to Civil Code Sections 1369.510 through 1369.850. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the Association intends to initiate a judicial foreclosure.

Section 13. Board's Decision to Record Lien. For liens recorded on or after January 1, 2006, the decision to record a lien for delinquent assessments shall be made only by the Board of Directors of the Association and may not be delegated to an agent of the Association. The Board shall approve the decision by a majority vote of the Board



members in an open meeting. The Board shall record the vote in the minutes of the meeting.

Section 14. Certification of Payment. The Association and/or Tiner Committee, as applicable, shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer or agent of the Association or Tiner Committee setting forth whether the Assessments on a specified Condominium have been paid. If a certificate states that Assessments have been paid, such certificate shall be conclusive evidence of such payment.

Section 15. Offsets and Waivers Prohibited. No Owner may waive or otherwise avoid liability for the Assessments provided for herein for any reason whatsoever, including, but not limited to, non-use of the Common Area or abandonment of his Condominium, nor shall any Owner be entitled to any offset against any Assessment provided for herein for any reason whatsoever, including, but not limited to, any expenditure made by such Owner for or on behalf of the Association.

Section 16. Ground Rent Assessment. In addition to the Regular Assessments authorized above, and any other assessments provided for in this Declaration, Ground Rent Assessments may be levied as provided in Article XXI below.

Section 17. Effect of Nonpayment of Assessments: Remedies of Association. Any Regular, Special, or Compliance Assessment not paid within fifteen (15) days after the due date shall be deemed delinquent and the Owner shall be required to pay: (a) reasonable costs of collection, including reasonable attorneys' fees; (b) a reasonable late charge not exceeding ten percent (10%) of the delinquent Assessment or Ten Dollars (\$10.00), whichever is greater, or as may, from time to time, be established by the Board or Tiner Committee, as applicable, in accordance with governing law; and (c) interest on all sums imposed under this Section at an annual percentage rate not to exceed twelve percent (12%) commencing thirty (30) days after the Assessment was due. In furtherance thereof, each Owner hereby vests in the Association, its successors or assigns, the right and power to bring all actions at law to pursue lien foreclosure against any Owner for purposes of collecting such delinquent Assessments. The Association need not accept any tender of a partial payment of an installment of an Assessment and all costs and attorney's fees attributable thereto, and any acceptance of any such tender shall not be deemed to be a waiver of the Association's right to demand and receive full payments thereafter. Payments for Assessments shall first be applied to the principal owed for the Assessments and only after such principal amount is paid in full, shall such payments be applied to fees and costs of collection, attorney's fees, late charges, or interest.

Section 18. Foreclosure Sale. Prior to initiating a foreclosure for delinquent assessments, the Association shall offer the Owner and, if so requested by the Owner, shall participate in dispute resolution pursuant to the Association's "meet and confer" program required by Civil Code Sections 1363.810 et seq. or alternative dispute resolution with a neutral third party pursuant to Civil Code Sections 1369.510 through 1369.590. The decision to pursue dispute resolution or a particular type of alternative dispute resolution shall be the choice of the Owner, except that binding arbitration shall not be available if the

Association intends to initiate a judicial foreclosure. Any foreclosure sale provided for above is to be conducted by the Board, its attorney or other persons (e.g., managing agent or trustee) authorized by the Board, in accordance with the provisions of Sections 2924, et seq. of the Civil Code applicable to the exercise of powers of sale in Mortgages and deeds of trust, as same may be amended, from time to time, or in any other manner permitted by law. The Association, after a vote by at least sixty-six and two thirds percent (66-2/3%) of the Total Voting Power, may, through its duly authorized agents, have the power to bid on the Condominium at foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same, subject to all of the restrictions and limitations set forth in Articles XIII and XIV of this Declaration.

Section 19. Curing of Default. Upon the timely curing of any default for which a Notice of Delinquent Assessment or lien was filed by the Association, the officers thereof are hereby authorized to file or record, as the case may be, appropriate release of such Notice upon receipt of payment from the defaulting Owner of a reasonable fee to be determined by the Association to cover the costs of preparing and filing or recording such release.

Section 20. Cumulative Remedies. The Association's remedies for nonpayment of Assessments, including, but not limited to, an action to recover a money judgment, Assessment lien and right of foreclosure and sale, are cumulative and in addition to and not in substitution of any other rights and remedies which the Association and its assigns may have hereunder or at law.

Section 21. Declarant's Maintenance Authority. Declarant has the authority, but not the obligation, to maintain the Common Area, and assess the Members for such cost and expense if the Declarant determines in its sole and absolute discretion that the Association is not properly maintaining the Common Area.

Section 22. Retention of Maintenance Funds. It is understood and agreed that the Association is primarily organized for the convenience of the Owners and as a conduit of the Owners for the payment of each Owner's share of maintenance expenses as set forth above. The Association shall not carry on any business function of any kind or character for profit. Notwithstanding any other provision of this Declaration, the Board and Tiner Committee, as applicable, from time to time may designate and segregate appropriate portions of any Regular or Special Assessments for specific purposes, consistent with the approved maintenance budget and most recent reserve study for the Project, Baxter Units, or Tiner Units, as the case may be, and may hold any funds so allocated to such specific purposes, separate and apart from any other funds then held by the Association, subject to any applicable rules or regulations of the DRE and any other cognizant governmental authority.

Section 23. Treatment of Excess Assessments. It is intended, understood and agreed that the Association, as a California nonprofit corporation, shall be organized and operated in a manner consistent with the minimization of federal and state income taxation.

Section 24. Governmental Assessments. Non-delinquent governmental assessments, which will benefit the obligation of the new Owner upon sale and the Unit, shall be

conveyed subject to the liens of said assessments.

Section 25. Declaration of Homestead. Notwithstanding the recordation by an Owner at any time of a Declaration of Homestead under Civil Code Section 1237 et seq., such declaration shall not operate to defeat or impair any assessment or bona fide lender's lien created under this Article VII.

## ARTICLE VIII

### UTILITIES

Section 1. Owners' Rights and Duties Respecting Utilities. Every Owner shall have a nonexclusive right and easement of access, use and enjoyment in and to the Common Area in the Project. Said right and easement shall be appurtenant to and shall pass with title to every Condominium, subject to the limitations set forth herein. The rights and duties of the Owners of the Condominiums with respect to sewer, water, electricity, gas, television cable and telephone lines and other facilities, shall be governed by the following (the following does not in any manner limit the right of Pepperdine University, Board, Tiner Committee or Declarant to access the Common Area and Condominiums as otherwise provided herein and/or in the Leases):

(a) Each respective utility company shall maintain all utility facilities and connections on the Project owned by such utility company; provided, however, that if any company shall fail to do so, it shall be the obligation of each Owner to maintain those facilities and connections located upon, within or servicing (e.g., sewer/water laterals) such Owner's Condominium, and it shall be the obligation of the Association to maintain those facilities and connections which provide service to more than one (1) Condominium (e.g., trunk/main line utilities). Notwithstanding the foregoing, internal and external telephone wiring designed to serve a single Condominium Unit, but located outside the boundaries of the Condominium Unit, shall be maintained by the Owner of said Condominium Unit.

(b) Wherever sanitary sewer, water or gas connections, television cables, electricity or telephone lines are installed within the Project and it becomes necessary to gain access to said connections, cables and/or lines through a Condominium Unit owned by someone other than the Owner of the Condominium Unit served by said connections, cables and/or lines, the Owner of the Condominium Unit served by said connections, cables and/or lines shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter upon such other Condominium Unit or to have the utility companies enter upon such other Condominium Unit to repair, replace and generally maintain said connections, cables and/or lines.

(c) Whenever sanitary sewer, water or gas connections, television cables, electricity or telephone lines are installed within the Project, and said connections, cables and/or lines serve more than one (1) Condominium Unit, the Owner of each Condominium Unit served by said connections, cables and/or lines shall be entitled to the full use and enjoyment of such portions of same as service his Condominium Unit.

(d) In the event of a dispute between Owners respecting the repair or rebuilding of the aforesaid connections, cables and/or lines, or the sharing of the cost thereof, upon written request of one (1) of such Owners addressed to the Association, the matter shall be submitted to the Board or the Tiner Committee, as the case may be,

who shall decide the dispute, and the decision of the Board or the Tiner Committee shall be final and conclusive on the Owners.

(e) Easements over the Project for the installation and maintenance of electric and telephone lines, water, gas, drainage and sanitary sewer connections and facilities, and television antenna cables and facilities, all as shown on the recorded map of the Project and as may be hereafter required or needed to service the Project, are hereby reserved by Declarant, together with the right to grant and transfer all or a portion of the same.

Section 2. Easements. Easements over the Project for the installation and maintenance of irrigation, electric, telephone, water, gas, cable television, computer/Internet wiring or cabling, and other utilities as needed, and sewer lines and facilities for access to adjoining property and for drainage facilities as shown on the recorded map of the Project and as may be hereafter required or needed to service the Project and/or adjacent property or other property of Declarant are hereby reserved by Declarant, together with the right to grant and transfer the same.

Section 3. Association's Duties and Rights Respecting Utilities. Except as otherwise specifically provided herein, the Association shall not provide or maintain facilities or provide utilities for its members. However, the Association may receive from the sewage district or other agency providing sewage services to the Project, a bill representing the total charges for sewage services for the Project. The Association shall bill the Owner of each Condominium for the Owner's share of the total bill as set forth in Article VII. Each Owner of a Condominium is deemed to covenant and agree to pay such bill and if delinquent as defined in Article VII, is subject to the provisions of Article VII.

## ARTICLE IX

### SUSPENSION OF THE RIGHT OF PARTITION

Section 1. Suspension of the Right of Partition. Except upon the terms and conditions set forth in Section 2 below, the right of partition of the Common Area is hereby suspended, and the Common Area may not be partitioned. The suspension of the right of partition is subject to any applicable rule of law and shall in no event last later than June 30, 2080. Nothing herein shall be deemed to prevent partition of a co-tenancy in a Condominium; provided, however, that notwithstanding anything herein to the contrary, no Condominium in the Project shall be partitioned or subdivided without the prior written approval of the holder of any first mortgage lien on such Condominium.

Section 2. Judicial Partition of the Project. Subject to the provisions of Articles XV and XIX, those portions of the Project not owned by the Declarant may be partitioned and sold in part or as a whole (during or after the term of suspension of the right of partition as set forth in Section 1 above) pursuant to the provisions of Section 1359 of the Civil Code, as the same may be amended from time to time, which currently provides in pertinent part that the court shall order partition under Subdivision (b) of Section 1359 only upon a showing of one of the following:

- (a) More than three years before the filing of the action, the Project was damaged or destroyed, so that a material part was rendered unfit for its prior use, and the Project has not been rebuilt or repaired substantially to its state prior to the damage or destruction.
- (b) Three-fourths or more of the Project is destroyed or substantially damaged and Owners of the Condominiums holding in the aggregate more than a fifty percent (50%) interest in the Common Area oppose repair or restoration of the Project.
- (c) The Project has been in existence more than 50 years, is obsolete and uneconomic, and the Owners of the Condominiums holding in the aggregate more than a fifty percent (50%) interest in the Common Area oppose repair or restoration of the Project.
- (d) The conditions for such a sale as set forth in this Declaration and the Leases, have been met, including Declarant's consent to such partition or sale.

## ARTICLE X

### INSURANCE

Section 1. Required Insurance Coverage. The Association, acting by and through the Board, shall obtain for the Association, and shall maintain and pay the premiums for the following insurance coverage:

(a) Property Insurance (Casualty and Fire Insurance). Unless otherwise maintained by the Declarant (at Declarant's sole discretion), a policy or policies of casualty and fire insurance, in an amount equal to as near as possible one hundred percent (100%) of the current replacement cost (without deduction for depreciation or co-insurance) of the Common Area, including all Improvements located therein (e.g., the condominium buildings, pool, spa, etc., except improvements made by an Owner to the Exclusive Use Areas) and including those portions of the Units consisting of fixtures, built-in or set-in appliances, cabinets and basic floor coverings as initially installed thereof (or, if replaced, comparable thereto) in accordance with the original plans and specifications for the Project (specifically excluding upgrades [including initial upgrades installed by the Declarant at the request of the Owner] to any of the foregoing). Said policy or policies with respect to the Project and all Improvements located thereon and/or comprising a portion thereof, shall be primary and maintained for the benefit of the Declarant, Association, the Owners and the Mortgagees, as their interests shall appear. Such policy or policies shall be written in the name of and with the proceeds thereof payable to the Association and Declarant. If obtainable, the deductible shall be the lesser of Ten Thousand Dollars (\$10,000) or one percent (1%) of the policy face amount. The coverage does not need to include land, foundations, excavations, or other items normally excluded from such coverage. Such policy or policies must contain, if required and if obtainable at a reasonable cost:

- (1) A Replacement Cost and Inflation Guard Endorsement;
- (2) Construction Code Endorsements (such as Demolition Cost Endorsement);
- (3) Contingent Liability From Operation of Building Laws Endorsement;
- (4) Increased Construction Endorsement if there is a construction code provision which would become operative and require changes to undamaged portions of the Common Area; and
- (5) Any other special Condominium Endorsements that may be available or required.

(b) Public Liability Insurance. A policy or policies of comprehensive public liability insurance (with cross-liability endorsement, if obtainable) insuring the Association, the Board, Declarant, and the agents and employees of each of the

foregoing, and the Owners, against any liability to the public or to any Owner, his family, tenants, lessees and their respective guests and invitees, arising from or incident to the ownership, occupation, use, maintenance and/or repair of the Common Area, and, if obtainable, from lawsuits related to employment contracts in which the Association is a party. The limits of liability shall not be less Two Million Dollars (\$2,000,000.00) for bodily injury, including deaths of persons and property damage arising out of a single occurrence; provided further, that at all times the Association shall maintain the limits of liability required under Civil Code Section 1365.9, as the same may be amended from time to time, for the purpose of securing civil liability protection for the Owners and Declarant.

(c) Worker's Compensation Insurance. Worker's compensation insurance to the extent necessary to comply with any applicable laws.

(d) Directors' and Officers' Liability and Fidelity Bonds. Directors' and Officers' errors and omissions insurance, and fidelity bonds naming all persons signing checks or otherwise possessing fiscal responsibilities on behalf of the Association, including but not limited to, officers, directors, the Board, trustees and employees of the Association, and officers, employees and agents of any management company employed by the Association who handle or are responsible for the administration of Association funds, if obtainable. Such coverage shall be in an amount deemed reasonably appropriate by the Association, but shall not be less than the estimated maximum funds in custody of the Association (or its management company), or twenty-five percent (25%) of the estimated annual operating expenses of the Project, plus reserves, whichever is greater. In addition, if the Association enters into an agreement for professional management of the Project, the Association shall require such company to submit evidence of its fidelity bond coverage to the same extent as the Association's coverage. The Association shall be named as an additional obligee in the management agent's bond and such fidelity bond coverage shall be primary and noncontributory with any fidelity bond coverage maintained by the Association.

Section 2. Declarant as Additional Insured. Pepperdine University shall be an additional insured under each of the foregoing insurance policies and any other policy of insurance maintained by the Association, and each such policy shall contain an additional insured endorsement for the benefit of Pepperdine University and shall be primary and noncontributory with any insurance maintained by Pepperdine University. Upon issuance or renewal of each of the foregoing policies, but in no case less than on an annual basis, Pepperdine University shall be provided by the agent or broker procuring such policies (or, if there is no agent or broker, the insurer(s) shall provide to Pepperdine University) an endorsement, certificate or certificates of insurance showing that the Association and Pepperdine University are or are not insured to the levels specified in Section 1 above.



Section 3. Optional Insurance Coverage. The Association, acting at its option and by and through the Board, may purchase such other insurance, indemnity and bond protection as it may deem necessary or appropriate, or as required by any applicable law, including, but not limited to, earthquake insurance and flood insurance. However, the Association shall be required to obtain any other insurance coverage for the Common Area required under the Leases.

Section 4. Waiver of Subrogation. Every policy of insurance obtained by the Association shall expressly waive any and all rights of subrogation by the insurer against Declarant, its representatives and employees, the Association, its officers, directors and employees, if such coverage is obtainable for a reasonable cost as determined by the Board.

Section 5. Notice of Cancellation of Insurance. All policies of insurance (including fidelity bonds) maintained by the Association, pursuant to this Article, shall contain a provision that coverage under said policies may not be cancelled, terminated, allowed to expire by their own terms or be substantially modified by any party without (a) at least thirty (30) days prior written notice to the Board, Declarant, each Owner, and such first Mortgagees (or servicers) who are named in the mortgage clause and/or have filed a written request with the Association for such notice; and (b) reasonable opportunity to cure any breach of the terms of the policy. A list of the Owners shall be made available by the Association to the insurance carrier upon request.

Section 6. Premiums, Proceeds and Settlement. The Association acting by and through the Board, and Declarant, jointly, shall have the exclusive right to adjust any loss under each of the foregoing policies. Insurance premiums for all blanket insurance coverage and any other insurance coverage which the Board has determined is necessary to protect the interests of the Declarant, Association and the Owners and their respective Mortgagees, shall be a Common Expense to be included in Regular Assessments levied by the Association. All insurance proceeds paid to the Association shall be disbursed as follows: (a) in the event of any damage or destruction to the Common Area, such proceeds shall be disbursed in accordance with the provisions of Article XV herein entitled "Destruction of the Property or Its Elements;" and (b) in the event of any other loss, the proceeds shall be disbursed as Declarant and the Board shall deem appropriate, subject to the limitations set forth in Article XIX herein entitled "Lenders' Rights and Requirements." The Declarant and a majority of the Board must sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on the Association and its Members.

Section 7. Owners' Responsibility to Insure Personal Property and Unit Improvements and Fixtures. Each Owner shall obtain insurance coverage as separately agreed in writing between Declarant and Owners and as separately agreed in writing between any first Mortgagee and Owner, and shall be responsible for insurance on his personal property, improvements and fixtures not covered by the Association Master Policy, his personal property stored elsewhere on the Project, any additional living expenses and his personal liability to the extent not covered by the liability insurance for all the Owners obtained by the Association as provided above, in amounts not less than as agreed between Owner and

Declarant, and Owner and any First Mortgagee. Nothing herein shall preclude any Owner from carrying any fire and casualty and public liability insurance as he may deem desirable to cover his individual liability for damage to person or property occurring on or within his individual Condominium Unit or elsewhere upon the Project. Such other policies shall not adversely affect or diminish any liability under insurance obtained by the Association. If any loss intended to be covered by insurance carried by the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association to the extent of such reduction for application by the Board to the same purposes as the reduced proceeds are to be applied.

Section 8. Review of Coverage. The Board shall annually determine whether the amounts and types of insurance coverage that it has obtained pursuant to this Article and the Leases are adequate, and shall provide adequate coverage for the Project, based upon the then current construction costs, insurance practices in the area in which the Project is located, and all other factors which may indicate that either additional insurance coverage or increased coverage under existing policies is necessary or desirable to comply with the Leases and to protect the interests of the Association, Declarant, the Owners and their respective Mortgagees. If the Board determines that increased coverage or additional insurance is appropriate, it shall obtain the same.

Section 9. Waiver by Owners. As to all policies of insurance maintained by the Association which will not be voided or impaired thereby, each Owner hereby waives and releases all claims against the Association, the Board and the Declarant, and the agents and employees of each of the foregoing, and all other Owners with respect to any loss covered by such insurance, whether or not caused by the negligence of, or breach of, any agreement by said persons, but only to the extent of the insurance proceeds received in compensation for such loss.

Section 10. Trustees for Policies. The Association and Declarant are hereby jointly appointed and shall be deemed trustees for the interests of all insureds under the policies of insurance maintained by the Association. All insurance proceeds under such policies shall be paid to the Declarant and Board, as joint trustees, and the Declarant and Board shall have full power to receive such funds on behalf of the Association, the Owners and their respective Mortgagees, and to deal therewith as provided for in this Declaration. The Declarant and the Board are authorized to negotiate and agree on the value and extent of any loss under any policy carried by the Association, including, but not limited to, the right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer. Each Owner, by acceptance of a deed to a Unit irrevocably appoints the Association and Declarant as that Owner's attorney in fact for purposes of procuring, negotiating, accepting, compromising, releasing, settling, distributing, and taking other related actions in connection with any insurance policy maintained by the Association and any losses or claims related thereto and agrees to be bound by the actions so taken as if the Owner had personally taken the action.

Section 11. Mortgage Clause. To the extent available, all Association insurance policies should have the "standard mortgage clause," or equivalent endorsement, providing that

coverage of a Mortgagee under the insurance policy will not be adversely affected or diminished by an act or neglect of the Mortgagor, which is commonly accepted by private institutional mortgage investors in the area in which the Project is located.

Section 12. Required Waiver. All policies of hazard and physical damage insurance obtained by the Association may provide, only if available at a reasonable cost to the Association as determined by the Board, in its sole discretion, for waiver of the following rights to the extent that the respective insurers would have the rights without such waivers:

- (a) Any defense based on co-insurance;
- (b) Any right of set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Association;
- (c) Any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any tenant of any Owner, or arising from any act, neglect or omission of any named insured, or the respective agents, contractors and employees of any insured;
- (d) Any right of the insurer to repair, rebuild or replace, and in the event the Condominium is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the improvements insured or the fair market value thereof;
- (e) Notice of the assignment of any Owner of its interest in the insurance by virtue of a conveyance of any Condominium; and
- (f) Any right to require any assignment of any Mortgage to the insurer.

Section 13. Annual Notification of Insurance. The Association shall, upon issuance or renewal of insurance, but not less than annually, notify its Members and Declarant as to the amount and type of insurance carried by the Association. The Association shall further prepare and distribute to all its Members a summary of the Association's insurance coverage pursuant to Section 1365 of the Civil Code, as same may be amended from time to time.

## ARTICLE XI

### SUSPENSION OF THE RIGHT OF SEVERABILITY OF CONDOMINIUM

Section 1. Suspension. No Owner shall be entitled to sever his Unit from his undivided interest in the Common Area. Neither of such component interest may be severally sold, conveyed, encumbered, hypothecated or otherwise dealt with and any such attempt to do so in violation of this provision shall be void and of no effect. The suspension of this right of severability is subject to any applicable rules of law and shall in no event last beyond June 30, 2080. It is intended hereby to restrict severability in the manner provided in Section 1359 of the Civil Code.

Section 2. Presumption of Entire Condominium Conveyance. Subsequent to the initial sales (grants of the Leases and Grant Deeds) of the Condominiums, any conveyance of a Condominium or any part or portions thereof or interest therein, by its Owner, shall be presumed to convey the entire Condominium, provided, however, that nothing contained in this Section shall be deemed to prohibit or restrict the creation, modification or transfer of leasehold interests permitted hereby or undivided interests in a Condominium, including without limitation, joint tenancies, tenancies in common and community property interests, but the creation, modification or transfer of any such undivided interest shall be and remain subject to the provisions of this Declaration.

## ARTICLE XII

### USE RESTRICTIONS

In addition to all other covenants, restrictions and limitations contained herein, the use of the Property and Condominium Units is subject to the following:

Section 1. Private Dwelling. Each Condominium Unit shall be used for residential purposes; provided, however, that Declarant reserves unto itself, and its successors and assigns, the right to grant and transfer all or a portion of the same, for so long as Declarant owns any interest in the Project.

Section 2. Common Area Use. Use of the Common Area shall be subject to the provisions of this Declaration, the Rules and Regulations and to any additional limitations imposed by any of the other Association management documents, and to any additional limitations imposed by the Association.

Section 3. Conduct Affecting Insurance. Nothing shall be done or kept in any Condominium Unit or in the Common Area that will increase the rate of insurance on the Common Area without the approval of the Association. No Owner shall permit anything to be done or kept in his Condominium Unit or in the Common Area which will result in the cancellation of insurance on the Common Area or which would be in violation of any law. If, by reason of the occupancy or use of said premises by the Owner, the rate of insurance to the Common Area shall be increased, the Owner shall become personally liable for the additional insurance premiums.

Section 4. Accountability and Liability of Owners. Each Owner shall be accountable to the Association, Declarant and all other Owners, their families, visitors, guests, and invitees, for the conduct and behavior of their children, any visiting children, and any invitees residing in or visiting his Unit. Each Owner shall also be liable to the Association, pursuant to the laws of the State of California, for any and all costs and expenses which may be incurred by the Association to repair any damage to the Common Area that may be sustained by reason of the negligent acts or omissions or the willful misconduct of said Owner or any member of his family, his guests, tenants, lessees, or their respective guests or invitees, whether minor or adult. Subject to Notice and Hearing and approval by a majority of the Board, any such costs and expenses shall be levied by the Board as a Compliance Assessment against such Owner.

Section 5. Commercial Activity. No business, commercial, manufacturing, mercantile, storage, vending or industrial operations of any kind shall be conducted in or upon any Condominium Unit or the Common Area. Notwithstanding the foregoing, this Section shall not preclude an Owner from maintaining a home-office and conducting business activities therefrom (excluding activities related to the Owners employment at Pepperdine University, which activities shall not be limited by this Section) so long as such Owner complies with the following conditions: (a) there is no external evidence of such activity; (b) such activities are conducted in conformance with all applicable government ordinances; (c) the patrons or clientele of such activities do not visit the Condominium Unit or park automobiles

or other vehicles within the Project; (d) the existence or operation of such activities is not apparent or detectable by sight, sound or smell from outside of the boundaries of the Condominium Unit; (e) no such activity increases the liability or casualty insurance obligation or premium of the Association; and (f) such activities are consistent with the residential character of the Project and conform with the provisions of this Declaration. No restrictions contained in this Article XII shall be construed in such a manner as to prohibit any Owner from maintaining and using his personal professional library therein, keeping his personal business records or accounts therein, handling his personal or professional telephone calls or correspondence therefrom, and engaging in certain professional activities therein as described in this Section 5 from within his Unit. Such uses are expressly declared to be customarily incident to the principal residential use and not in violation of any provision of this Article XII.

Section 6. Signs. Subject to the provisions of Civil Code Sections 712, 713, 1353.5 and 1353.6, and Government Code Section 434.5, as same may be amended from time to time, and except for the signs approved by the Board for the benefit of the entire Project, no sign of any kind shall be displayed in the public view on or from any Condominium Unit or the Common Area without the approval of the Board.

Section 7. Exterior and Interior Installations and Structural Changes. No exterior installation of any kind, no structural alterations to the interior or exterior of any Unit, and no plumbing or electrical work within any bearing or party walls, shall be made by any Owner or occupant of the Project without the prior written consent of the Board and Declarant, which said consent shall not be unreasonably withheld.

Section 8. Maintenance and Improvements. The Board, or its duly appointed agent, including the Manager, if any, shall have the exclusive right to paint, decorate, repair, maintain, alter or modify the exterior walls, balconies, railings, exterior door surfaces, roof, and all installations and improvements in the Common Area, and no Owner of a Condominium shall be permitted to do, or have done, any such work, except as otherwise specifically provided in this Declaration or allowed by written approval from the Board and Declarant. Notwithstanding the foregoing, neither the Board nor the Association shall have the right to alter or modify any exterior walls, balconies, railings, exterior door surfaces, roof, and all installations and improvements in the Common Area without the prior written consent of Declarant. No Owner shall install any temporary or permanent awnings, sunshades, screen doors, stationary play or gym equipment, antenna, wiring, cable, air conditioning equipment, solar heating apparatus or any other equipment, component, apparatus or structures in the Common Area and/or on the roof, wall, window, or any other external surface or portion of any building or other improvement constituting a portion of the Project, without the prior written approval of the Board and Declarant. Each Owner assumes all risks which may result from improvements he makes to his Condominium Unit, and each Owner indemnifies and holds harmless the Association, Declarant and each other Owner from any claim, demands, liabilities, judgments, attorneys' fees and other obligations which arise out of or are incurred in connection with the installation, existence or removal of such improvements. This Section may not be amended, revoked or modified in any manner without the prior written approval of the Declarant, which approval may be withheld in Declarant's sole and absolute discretion.

Section 9. Windows. No window in any Condominium Unit shall be covered in whole or in part, inside or outside, with aluminum foil, newspaper, paint, tint or any other material reasonably deemed inappropriate for such use by the Board; provided, however, an Owner may use plain white sheets to cover windows for a period not to exceed three (3) months after the close of escrow pending the installation of drapes, curtains, shutters or other appropriate interior window coverings. Subject to review and approval by the Board, an extension of three (3) months may be provided. The use and the covering of the interior surfaces of the glass doors and windows appurtenant to any Unit in the Property, whether by draperies, shades or other items visible from the exterior of the building, shall be subject to the Rules and Regulations of the Association; provided, however, that the exterior lining or surface of the draperies, shades or other covering items visible from the exterior shall be non-metallic and of white or other neutral color approved by the Board.

Section 10. Parking. All vehicles in the Project shall be parked in accordance with the following:

(a) All streets within the Project are private and subject to the Protective Covenants of this Declaration and the Leases, as well as all applicable laws, ordinances and regulations of all governmental agencies having jurisdiction over the Project. Any parking spaces in the Common Area (i.e., that are not included within or otherwise shown as part of a Unit on the Condominium Plan) including without limitation any streets within the Project, shall be used solely for parking of vehicles on a first-come, first-served basis to all guests, visitors and Owners. Notwithstanding the foregoing, no vehicle other than vehicles owned by Owners may be temporarily parked on any street or parking stall for more than seventy two (72) hours. Parking in or obstructing any fire lanes, or along the streets in the Project, other than in designated parking areas, is strictly prohibited. The Board reserves the right to set reasonable rules and guidelines for the parking of vehicles owned by Owners and to assign, designate and allocate said parking spaces for the use of an Owner or Owners upon such terms and conditions and for such duration as the Board shall deem appropriate under the circumstances, but subject in each case to the written consent of Declarant as to the assignment, designation or allocation of such parking spaces.

(b) No garage or driveway may be sold or assigned to, or retained in the ownership of, any person not an Owner, and no garage or driveway may be rented or leased to a non-Owner except in connection with the lease of the Condominium pursuant to this Declaration. Without limiting the generality of the foregoing, no Owner shall park any large commercial type vehicle or any recreational vehicle (including, but not limited to, campers, motor homes, trailers, boat trailers, mobile homes or other similar vehicles) in the Project, (including, but not limited to, driveways), unless wholly enclosed within an Owner's garage, provided, however, camper trucks and similar vehicles, up to and including three quarter (3/4) ton, may be allowed to be parked in a wholly enclosed garage when used for everyday transportation, subject to approval by the Board and the written consent of Declarant.

(c) Garage doors shall remain closed at all times, except as reasonably required for entry to and exit from the garage. Each Owner is responsible for repair and replacement of his garage door, and shall ensure that his garage door opener is in proper working order at all times, in style and color approved by the Board.

(d) No repair, maintenance or restoration of any vehicle may be conducted on the Project except within an enclosed garage when the garage door is closed, provided such activity is not undertaken as a business, and provided that such activity may be prohibited by the Board if the Board determines that it constitutes a nuisance or is or may be unsafe. If any such repair, maintenance or restoration of any vehicle cannot be performed within an enclosed garage or performed safely when the garage door is closed, such repair, maintenance or restoration shall not be performed or permitted by any Owner, or those of his family members, tenants, lessees or any other occupant of the Owner's Condominium.

Section 11. Regulation of Parking. Subject to the rights of the Association, through its officers, committees and agents, the Board is hereby empowered to enforce the parking limitations set forth herein by all means lawful for such enforcement, including, but not limited to, the levying of fines and the citing and towing of vehicles; however, the Board may not approve installation of speed bumps unless written approval is obtained from the Declarant. The Board shall have the authority to tow away and store any vehicle or similar equipment parked in violation of the above limitations whether the same shall belong to any Owner or a member of his family or to any tenant, lessee, guest or invitee of any Owner. Charges for such towing and storing shall be assessed against the Owner of the Condominium who is responsible (the Board may deem an Owner "responsible" for his tenant, lessee, guest or invitee) for the violation of such restrictions, and such assessment may be enforced as a Compliance Assessment.

Section 12. Maintenance of Animals. No animals of any kind shall be raised, bred or kept in any Condominium Unit or in the Common Area, except that common domesticated dogs, cats, birds or other household pets, may be kept in each Condominium Unit in reasonable numbers as may be permitted by the Rules and Regulations adopted by the Board; provided, however, that no animal shall be kept, bred or maintained for any commercial purpose and shall not exceed any weight limitations, if any, established by the Board. As used in this Declaration, "reasonable numbers" shall ordinarily mean two (2) total pets (excluding fish, birds and other similar small household pets) per Condominium; however the Board may determine that a reasonable number in any instance may be more or less than two (2). Each Owner shall be responsible for cleaning up any excrement or other unclean or unsanitary condition caused by said animal in the Project. While walking or exercising an animal in the Project, the owner thereof shall at all times have readily available means to clean up any excrement or other unclean or unsanitary conditions caused by said animal. All permissible pets belonging to Owners, tenants, lessees or guests must be kept in the Condominium Unit, or, if the pet is temporarily in the Common Area, on a leash being held by a person capable of controlling the animal. The Association, upon the approval of a majority of the Board, shall have the right to prohibit maintenance of any animal within the Project that a majority of the Board deems



constitutes a private nuisance to any other person. Every person bringing an animal upon or keeping an animal in the Project shall be liable pursuant to the laws of the State of California to each and all persons for any injury or damage to persons or property caused by such animal.

Section 13. Offensive Activities. Notwithstanding any other provision of this Declaration, no Owner shall permit or suffer anything to be done in the Project or kept upon such Owner's Condominium which will increase the rate of insurance thereon or obstruct or interfere with the rights of quiet enjoyment of the other occupants of the Project, or annoy them by unreasonable noises (e.g., inappropriate use of horns, excessively barking dogs), or otherwise, nor shall any Owner or his family, lessees, guests and/or invitees commit or permit any nuisance, noxious or offensive activity, or any immoral or illegal act to be committed thereon or therein. Each Owner shall comply with all of the requirements of the local or State Board of Health and with all other governmental authorities with respect to the occupancy and use of said premises.

Section 14. Trash. All rubbish, trash, and garbage shall be regularly removed from the Units by the Owners thereof, and shall not be allowed to accumulate thereon. Clotheslines, refuse containers, wood piles, storage areas and machinery and equipment shall be prohibited upon or in the Project, unless obscured from view of adjoining Condominiums and streets, by a fence or appropriate screen approved by the Board and Declarant; provided, however, that Declarant in its sole discretion may determine that no fences or screens shall be permitted to be constructed in the Common Area other than those originally installed by Declarant.

Section 15. Antenna, Radio and Electronic Equipment. No radio station or short wave operators of any kind shall operate from the Project. Except as otherwise provided by law, no Owner shall install or cause to be installed, or maintain any television, radio, or "Citizens Band" (C.B.) antenna, satellite dish or other similar electronic receiving or broadcasting device (including without limitation those devices having a diameter or diagonal measurement of one meter or less) in the Project in such a manner as to be visible from the Common Area, unless (a) approved by the Board (which approval for a video or television antenna, including a satellite dish, shall not be unreasonably withheld or delayed but may include restrictions that do not significantly increase the cost of the installation, maintenance or use of the device or significantly decrease its efficiency or performance or preclude reception of an acceptable quality signal); and (b) in compliance with all applicable California statutes (e.g., Civil Code Section 1376) and Federal Regulations, as each may be amended or revised. No satellite dish with a diameter larger than thirty-nine inches (39") shall be approved by the Board without the prior approval of Declarant. No alteration to or modification of the radio and/or television antenna system, including without limitation, any satellite dish, as installed by the Declarant shall be permitted without the prior written approval of the Board and Declarant.

Section 16. Miscellaneous. No basketball backboard or other fixed sports apparatus may be erected, altered or maintained on any Condominium building or in the Common Area except with the prior written approval of the Board. No fence or wall may be erected, altered or maintained on any Condominium or in the Common Area without the prior

written approval of the Board and Declarant, provided, however that Declarant in its sole discretion may determine that no fences or screens shall be permitted to be constructed in the Common Area other than those originally installed by Declarant. No patio cover, wiring or air conditioning fixture, water softener or other devices may be installed on the exterior of a Unit or be allowed to protrude through the walls or roof of the residential structure without the prior written approval of the Board and Declarant. Except as otherwise allowed by this Declaration or as authorized in writing by the Board, no roof-mounted mechanical equipment shall be permitted in the Project. Except for customary household use of small hand tools, no power equipment, hobby shops or carpenter shops that create a nuisance for the other tenants shall be maintained in the Project, except with the prior approval of the Board. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Common Area or any balconies or porches constituting Exclusive Use Area of any Unit.

Section 17. Common Area Waste or Obstruction. There shall be no obstruction of any portion of the Common Area nor shall anything be stored in the Common Area without the prior consent of the Board, except as otherwise expressly provided for herein. No waste shall be committed in the Common Area.

Section 18. Storage. There shall be no parking or storage of baby carriages, playpens, bicycles, wagons, toys, vehicles, benches, chairs or any other items on any part of the Common Area, except that baby carriages, bicycles and other personal property may be stored in the storage area(s), if any, that may be designated by the Association for that purpose, except that any balcony, patio, and other recreational areas, if any, may be used for their customary purposes subject to the Rules and Regulations of the Association.

Section 19. Exploration for Minerals. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in the Project or any portion thereof, nor shall oil wells, tanks, tunnels, or mineral excavations or shafts be permitted upon the surface of any portion of the Project or within five hundred (500) feet below the surface of the Property, and no derrick or other structure designed for use in boring for water, oil or natural gas shall be erected, maintained or permitted upon any portion of the Project, except that boring for and maintaining one or more water wells may be permitted with the prior approval of the Board and Declarant.

Section 20. Restrictions Applicable to Guests, etc.. The use of any Condominium Unit and/or the Common Area, or any portion thereof, by any guest, invitee, lessee, sublessee, etc., of any Owner shall be subject to all of the provisions of this Declaration, including without limitation all of the use restrictions imposed under this Article XII, the Bylaws, the Leases and the Rules and Regulations of the Association, and the Association may proceed directly against such guest, invitee, lessee, sublessee, etc., in the enforcement of the provisions of this Declaration, the Bylaws, the Leases and/or the Association's Rules and Regulations in the same manner as against an Owner. Owners shall inform all guests, invitees, lessees, sublessees, etc. of all applicable provisions of this Declaration, the Bylaws, the Leases and the Association Rules and Regulations in a timely manner. Furthermore, the Association and Declarant are authorized to inform all guests, invitees, lessees, sublessees, etc. of all such applicable provisions. In any event, all such guests,

invitees, lessees and sublessees shall be deemed to have knowledge of these provisions.

Section 21. Prohibited Restrictions. No Condominium Owner shall execute or file or record any instrument that imposes restrictions upon the sale, leasing or occupancy of his Condominium on the basis of sex, age, handicap, race, color, creed, religion or national origin.

Section 22. No Easements for View Purposes; Disclaimer. Each Owner acknowledges and understands that property surrounding the Project may be developed or redeveloped in accordance with applicable standards of Pepperdine University, the City of Malibu, County of Los Angeles, and/or other governmental entities or agencies having jurisdiction of such property. Notwithstanding the foregoing, no Owner may erect any structure or apparatus or modify any Condominium building or Unit in a manner that results in the unreasonable obstruction of any ocean or hill view of another Condominium, as determined by the Board and Declarant in their sole and absolute discretion.

Section 23. Hazardous or Toxic Waste. Nothing other than natural rainwater may be discharged into the storm drains and storm drainage system located on private or public property. The National Pollutant Discharge Elimination System (NPDES) and Section 5650 of the California Fish and Game Code prohibit, among other things, discharging anything other than natural rainwater into storm drainage systems. Toxic chemicals or hydrocarbon compounds such as gasoline, motor oil, antifreeze, solvents, paints, paint thinners, wood preservative and other such fluids shall not be discharged into any street, public or private, or into storm drains or storm water conveyance systems. The Association's and each Owner's use and disposal of pesticides, fungicides, herbicides, insecticides, fertilizers and other such chemical treatments shall meet Federal, State and County requirements as prescribed on their respective containers. The Association and all Owners within the Project are required to comply with such restrictions.

Section 24. Right of Handicapped. Subject to this Declaration (including, without limitation, Section 7 of Article XII which requires the prior approval of the Board and Declarant, but provided that with respect to such approval of a modification or alteration proposed pursuant to this Section 25 of Article XII the consent of the Board and Declarant shall not be unreasonably withheld), each Owner shall have the right to modify his Condominium Unit and the route over the Common Area leading to the front door of his Condominium Unit, at his sole cost and expense, in order to facilitate access to his Condominium Unit by persons who are blind, visually handicapped, deaf, or physically disabled, or to alter conditions which could be hazardous to such persons; but subject in each case to the written consent of Declarant which said consent shall not be unreasonably withheld.

Section 25. Levy of Compliance Assessments. In the event the Association shall incur any costs or expenses due to the failure of any Owner to perform his maintenance obligations as set forth in this Declaration, or in order to repair any damage to the Common Area, Exclusive Use Areas or property owned or leased by the Association and/or Declarant due to any negligent acts or omissions or willful misconduct on the part of an Owner, or any member of his family, his guests, invitees, tenants or lessees, or their guests

or invitees, the Association shall have the right, but not the duty, to cause such maintenance or repairs to be performed. If the Board or Declarant elects to cause such maintenance or repair work to be performed, after Notice and Hearing as provided in the Bylaws and governing law, the cost thereof shall be assessed against said Owner as a Compliance Assessment.

ARTICLE XIII  
SPECIAL RESTRICTIONS UPON POSSESSION,  
OCCUPANCY AND USE OF UNITS

Section 1. Restrictions. Possession, occupancy and use of a Unit in the Project shall be limited to:

(a) Eligibility Criteria. Persons determined eligible in accordance with the policy and criteria of Pepperdine University (also referred to herein as "Declarant"). Each Owner acknowledges and understands that the Project is intended and dedicated to further the purposes of Pepperdine University by enhancing and encouraging the development of relationships among students, faculty, administrators and other members of the Pepperdine University community which transcend purely academic classroom activities and in furtherance of such purposes Declarant will, in its sole discretion: (i) restrict eligibility to certain faculty members, administrators, staff members and employees of Pepperdine University (ii) establish priorities among those deemed eligible and (iii) reserve and/or restrict certain designated Condominiums in the Project to certain persons or groups among those deemed eligible, such individual and group determinations to be made on the basis of factors relating to service to Pepperdine University. Upon determining or amending the above eligibility criteria, Declarant shall publicize and make such eligibility criteria available to the Association and to all persons deemed eligible under such criteria.

(b) Approved Sublessees. A person who is a sublessee under a sublease which has been approved by Declarant under Section 6 of Article XIV shall be a qualified person until the expiration or termination of the original term of his sublease unless an extension of his sublease has been approved in writing by Declarant, in which case said person shall be a qualified person until the expiration or termination of the approved extension period of the sublease. The term "sublease" is used in this Declaration interchangeably with the term "lease" to mean any leasing arrangement whereby an Owner of a Condominium rents or leases all or a portion of his Condominium to a third party.

(c) Approved Retirees.

(i) As to any person who was a qualified Owner as of May 29, 1992, and remains a qualified Owner as of the date of retirement from his employment with Pepperdine University, such qualified Owner shall continue to be a qualified Owner notwithstanding his retirement only if such Owner satisfies both of the following qualifications at the time of his retirement: 1) such Owner is a retired person over the age of 55 who on the date of retirement is otherwise a qualified Owner; and 2) such Owner has performed not less than ten (10) years of service with Pepperdine University at the time of retirement.

(ii) As to any person who became a qualified Owner between May 29, 1992, through and including January 1, 2006, and who remains a qualified Owner as of the date of retirement from his employment with Pepperdine University, such Owner shall continue to be a qualified Owner notwithstanding his retirement only if such Owner satisfies both of the following qualifications at the time of his retirement: 1) such Owner is a retired person over the age of 62 who on the date of retirement is otherwise a qualified Owner; and 2) such Owner has performed not less than twenty (20) years of service with Pepperdine University at the time of retirement.

(iii) As to any person who became or becomes a qualified Owner following January 1, 2006, such Owner shall continue to be a qualified person notwithstanding his retirement from employment by Pepperdine University only if such qualified Owner meets all of the following qualifications at the time of his retirement: 1) such Owner is a retired person over the age of sixty-two (62) who on the day of retirement is otherwise a qualified Owner; 2) such Owner has performed not less than twenty (20) years of service with Pepperdine University at the time of retirement; 3) such Owner has owned and occupied as his principal residence a Campus View I Condominium and/or Campus View II Condominium for a combined period of at least five (5) years during the seven (7) years immediately preceding his retirement from employment with Pepperdine University; and 4) such Owner's purchase agreement for his Condominium expressly provides that said Owner, at his option, may continue to own and reside in his Condominium as a qualified Owner following said Owner's retirement from employment by Pepperdine University.

(d) Surviving Spouse.

(i) As to any surviving spouse of a qualified Owner who became a qualified Owner of a Condominium prior to January 1, 2006, such spouse shall continue to be eligible to own the same Condominium (or a replacement Condominium if approved by Declarant), but only if the deceased spouse at the time of his death had at least ten (10) years service with Pepperdine University. Such surviving spouse's eligibility to own such Condominium as a surviving spouse shall terminate upon remarriage (unless such marriage is to a qualified person), whereupon such surviving spouse shall be deemed to have made an irrevocable Offer to sell her Condominium to Declarant or Association pursuant to the provisions Section 1(b) of Article XIV.

(ii) As to any surviving spouse of a qualified Owner who became or becomes a qualified Owner of a Condominium on or following January 1, 2006, such spouse shall continue to be eligible to own the same Condominium (or a replacement Condominium if approved by Declarant), but only if such deceased qualified Owner at the time of his death met all of the retirement eligibility requirements set forth in Section 1(c)(iii) above of this Article XIII. Such surviving spouse's eligibility to own such Condominium as a surviving spouse shall terminate upon remarriage (unless such marriage is to a qualified person), whereupon such surviving spouse shall be deemed to have made an irrevocable Offer to sell his

Condominium to Declarant or Association pursuant to the provisions Section 1(b) of Article XIV.

(e) Others for Limited Time Periods. Persons described in Section 3 of this Article XIII, for the limited periods stated in said Section 3.

Section 2. Disqualified and Unqualified Owners. Any person meeting the qualifications set forth in Section 1 of this Article XIII shall be a "qualified" person or a "qualified" Owner, as the case may be; any other person is disqualified or unqualified and is herein referred to as a "disqualified" person or Owner, or an "unqualified" person or Owner, as the case may be. The terms "disqualified" and "unqualified" are used interchangeably in this Declaration.

(a) Event of Disqualification. A qualified person or qualified Owner shall become disqualified if an event occurs which prevents such person or Owner from continuing to meet such qualifications, and such event is hereby defined as an "event of disqualification;" provided, however, that a change in eligibility criteria in Section 1(a) above of this Article XIII during a period of occupancy or use by a person or Owner who is qualified immediately before such change shall not in itself be deemed an event of disqualification; and provided that a change of jobs within the continued employment of Pepperdine University shall not be deemed an event of disqualification even though the new job does not meet the then effective eligibility criteria, unless the employee had actual knowledge at the time he purchased his Condominium that a change of jobs within the continued employment of Pepperdine University could or would constitute a disqualifying event for such Owner.

Section 3. Possession or Occupancy. In order to achieve the intended purpose of the Project as stated in Section 1(a) of this Article XIII, the Condominiums are intended to be owned and occupied as primary residences by qualified persons, except as set forth below.

(a) Possession and Occupancy by Unqualified Persons. Any person who is not a qualified Owner may possess, occupy and use any Condominium, but only if: (1) such Condominium is owned and physically occupied by a qualified Owner as his principal residence, or a qualified person has rightful possession of, and is physically occupying, the Condominium under an unexpired sublease that has been approved by Declarant, and (2) such unqualified person is either: (i) related by blood, marriage, guardianship, or foster care to such qualified Owner or person, (ii) a full-time student at Pepperdine University during at least two trimesters of the academic year, (iii) employed as a domestic or nurse by such qualified Owner or person, or (iv) a full-time employee of Pepperdine University; provided, however, that a qualified Owner may sublease or sublet his Condominium with the prior written approval of Declarant to the persons and pursuant to the procedures set forth herein (e.g., Article XIV).

(b) Subsequent Disqualification.

(1) Owners. Any qualified Owner who, after the date on which he became an Owner, becomes disqualified and/or any unqualified Owner, shall promptly notify the Association and Declarant in writing of such disqualification and shall within four months (defined herein as 120 days) of the event of disqualification either (1) sell and transfer, pursuant to and subject to the requirements of Section 1(a) of Article XIV, such Owner's entire ownership interest in his Condominium, or (2) make an Offer to Declarant and Association, pursuant to Section 1(b) of Article XIV, to sell Owner's Condominium.

(A) Disqualification Upon Death of Qualified Owner. If the disqualification is the result of the death of a qualified Owner, as to the surviving spouse only, the initial four-month period set forth in Sections 1(a) and 1(b) of Article XIV shall in each and every case in this Article XIII be replaced by one year from the date of the death of the qualified Owner; provided, however, that if the surviving spouse meets the eligibility criteria set forth in Section 1(d) of this Article XIII, such surviving spouse shall remain eligible to own a Condominium until remarriage as set forth in Section 1(d) of this Article XIII.

(B) Failure to Comply. The disqualification of any Owner who fails to take one of the foregoing acts within such four-month period, shall not be deemed waived. Association or Declarant may at any time after the event of disqualification, give to the Owner a written notice that such Owner is disqualified and is subject to the provisions of Article XIII and Article XIV. If, within sixty (60) days after the giving of such notice by Declarant or Association or within four months after the event of disqualification, whichever date is later, the Owner does not sell such ownership interest to another qualified person pursuant to the provisions of Section 1(a) of Article XIV, then on such later date such Owner shall be deemed to have made an irrevocable Offer to sell his Condominium to Declarant or Association pursuant to the provisions of Section 1(b) of Article XIV. However, the making of such Offer or the giving of any notice hereinabove described shall not be a prerequisite to the enforcement of the provisions of this Article by Declarant or Association. Declarant, in its discretion reasonably exercised, may determine to extend the four-month period described above for up to an additional 120 days if said extension is requested in writing by the disqualified Owner more than thirty (30) days before the end of the initial four-month term. Such extension shall not be obligatory.

(2) Sublessees or Other Occupants. Any qualified person who is a sublessee, or otherwise is in possession, occupancy or use of, a Condominium under or through an Owner, and who thereafter becomes a disqualified person under the standards set forth in this Article XIII shall



within ninety (90) days after the event of disqualification surrender possession of the Condominium, and, on the earlier of the date of surrender or on the ninetieth (90th) day after the event of disqualification, any such sublease, subletting or right of possession or occupancy shall automatically terminate without act or liability of the Owner, Association or Declarant.

(3) Beneficiaries. If an Owner shall transfer, assign or pass title, ownership, possession, occupancy or use of his Condominium by gift or death to any unqualified person or entity, or to his spouse in any marital settlement, proceeding, agreement or decree, then such beneficiary within four months of any such transfer, assignment or pass of title, shall: (i) provide to Declarant and the Association proof reasonably satisfactory to them that the beneficiary is a qualified person under this Article XIII, or (ii) sell the Condominium by following the procedures and requirements of Section (1)(a) or 1(b) of Article XIV. If a beneficiary shall fail within the time allowed therefore to follow any one of the foregoing procedures, then Association or Declarant shall give to beneficiary notice of such failure to comply, whereupon such beneficiary shall be deemed to have made an irrevocable Offer to sell his Condominium to Declarant or Association pursuant to the provisions Section 1(b) of Article XIV, or if only possession, occupancy or use has been transferred to the beneficiary, the beneficiary shall immediately surrender possession, occupancy and use of the Condominium and any right of possession, occupancy or use shall automatically terminate without further act or liability of the Owner, Association or Declarant. However, the making of such irrevocable Offer or the giving of any notice hereinabove described shall not be a prerequisite to the enforcement of the provisions of this Article by Association, Declarant or any person. If, however, title, possession, occupancy or use is passed to a spouse as a result of the death of a qualified Owner, as to the surviving spouse only, the surviving spouse shall in each and every case be allowed a time period of one (1) year from the date of death of the qualified Owner to complete the sale of the Condominium and/or surrender possession, occupancy and use of such Condominium, unless such surviving spouse meets the retirement eligibility requirements set forth in Section 1(d) of this Article XIII, in which case such surviving spouse shall remain eligible to own a Condominium until remarriage as set forth in Section 1(d) of this Article XIII.

(4) Unqualified Owners. An Owner who is unqualified for any reason at the time he becomes an Owner (including without limitation, any Mortgagee, or Foreclosure Sale Purchaser [as defined herein]), shall within four months of the transfer of title to such unqualified Owner: (i) provide to Declarant and the Association proof reasonably satisfactory to them that the unqualified Owner is or has become a qualified Owner under this Article XIII, or (ii) sell the Condominium pursuant to the procedures and requirements of Section (1)(a) or 1(b) of Article XIV. If an unqualified Owner shall fail within the time allowed to follow any one of the foregoing procedures, then Association or Declarant shall give to such unqualified Owner notice of such failure to

comply, whereupon such unqualified Owner shall be deemed to have made an irrevocable Offer to sell his Condominium to Declarant and/or Association pursuant to the provisions of Section 1(b) of Article XIV. However, the making of such Offer or the giving of any notice hereinabove described shall not be a prerequisite to the enforcement of the provisions of this Article by any person, the Association, or Declarant. Declarant may, in its discretion, temporarily waive the lack of qualified status of any Owner and such unqualified Owner may continue to own, possess, occupy and/or use the Condominium, but only until Declarant notifies such unqualified Owner in writing that Declarant's temporary waiver has been revoked, in which event the preceding provisions of this Section 3 of Article XIII shall immediately apply. It is the intent of this Section 3 of Article XIII to prohibit ownership, possession, or occupancy of any Condominium by an unqualified person or entity and, to the extent an unqualified person or entity becomes an Owner of a Condominium (regardless of the means or procedure by which such unqualified Owner acquired title to the Condominium), to require that such Owner promptly sell the Condominium to a qualified person, Association or Declarant according to the provisions and procedures set forth in Articles XIII and XIV within the time parameters set forth in this Section 3 of Article XIII.

(5) Irrevocable Offers. Anytime an Owner is (i) disqualified upon purchase or acquisition of title to a Condominium, (ii) subsequently becomes disqualified following purchase or acquisition of title to a Condominium, or (iii) ceases to permanently occupy his Condominium as his principal residence, the Owner shall be deemed to have made an irrevocable Offer as of the date of disqualification or cessation of permanent occupancy to sell his Condominium to Declarant or Association pursuant to the provisions of Section 1(b) of Article XIV.

Section 4. Possession, Occupancy and Use. No person shall be deemed to possess, occupy or use a Condominium for purposes of this Article if he does not reside in the Condominium or otherwise physically occupy or use it from time to time. A qualified Owner's failure to occupy his Condominium as a principal residence shall be deemed an event of disqualification, unless he has subleased the Condominium pursuant to a sublease approved in writing by Declarant.

Section 5. Enforcement of Article XIII. Declarant, as well as any Owner, the Association and any governmental agency which has authority with respect thereto under any permit or other authorization pertaining to the Project, may enforce the provisions of this Article by appropriate action, including but not limited to all remedies provided in Articles VI and VII of this Declaration.

**Section 6. Amendment of Article XIII. The provisions of this Article XIII shall not be amended or repealed without both the written consent of Declarant and the vote of at least two-thirds (2/3) of the Total Voting Power of the Owners of all Condominiums in the Project, and, as to any such provisions that are required under or by reason of any governmental permit or other governmental authority, any governmental agency that has authority to enforce such provisions of this Article XIII.**

## ARTICLE XIV

### LIMITATIONS ON TRANSFER

Section 1. Limitations on Transfer. Transfer and/or acquisition of leasehold and fee interests in all of the Condominiums shall be subject to the following limitations, restrictions and obligations:

(a) Transfer Upon Bona Fide Offer from Third Party. In the event an Owner shall wish to sell and assign his interest in a Condominium and shall have received a bona fide offer consistent with the terms of subsection (c) hereof from a prospective qualified purchaser, Owner shall give both Declarant and the Association written notice of such bona fide offer, together with an executed copy of such bona fide offer. Such documents must be accompanied by written documents reasonably satisfactory to Declarant and the Association showing that the prospective purchaser is a qualified person under Article XIII. Any such notice given by the Owner shall constitute an irrevocable Offer to the Declarant and to the Association to sell Owner's Condominium to the accepting party on the terms set forth in subsection (c) hereof.

(1) Acceptance by Declarant or Association. Declarant shall have the right to purchase the Condominium by giving a written acceptance notice to Owner, with a copy to the Association, within ten (10) business days after Declarant's actual receipt of a complete copy of such bona fide offer and documents. If within such ten (10) day period Declarant fails to give such acceptance notice to Owner and the Association, then the Association shall have the right to purchase the Condominium by giving a written acceptance notice to Owner with a copy to Declarant, within fifteen (15) business days after the Association's actual receipt of a complete copy of such bona fide offer and documents. Any such acceptance notice given by Declarant or Association shall constitute a binding acceptance of Owner's irrevocable Offer to sell on the terms set forth in subsection (c) hereof.

(2) Right of First Refusal by Qualified Persons. In the event neither Declarant nor Association accept an irrevocable Offer made by an Owner pursuant to this Section 1 within the time allowed, all qualified persons shall have the right of refusal to purchase a selling Owner's Condominium in the order of their priority as determined in the sole discretion of Declarant on the terms set forth in subsection (c) hereof; provided, however, that such right of refusal shall not preempt or otherwise limit the right of Declarant or Association to purchase as described hereinabove. Declarant shall establish and publish appropriate rules for timely exercise of such rights of refusal.

(3) Purchase by Qualified Person. In the event that neither Declarant nor Association accept an irrevocable Offer made by an Owner pursuant to this Section 1 within the time allowed, and that none of the qualified persons who have priority over the prospective qualified purchaser exercise their right of

refusal to purchase the Condominium, Owner may sell his Condominium to such prospective qualified purchaser upon the terms set forth in subsection (c) hereof. The failure of Declarant and Association to accept such irrevocable Offer and the subsequent sale of such Condominium to such qualified purchaser shall not constitute a waiver of the restrictions set forth in Article XIII, and the use, possession and occupancy of such sold Condominium shall continue to be subject to, among other things, the provisions of said Article XIII, and all other provisions of this Declaration. The failure of or refusal by the Declarant or Association to exercise the rights given by this subsection with respect to one bona fide offer shall not constitute or be deemed to be a waiver of such rights in the event of any subsequent bona fide offer.

(b) Transfer Upon Offer to Declarant or Association. In the event an Owner desires or is required under Article XIII or this Article XIV to sell and assign his Condominium but such Owner does not have a bona fide offer to submit in accordance with the procedures set forth in Section 1(a) above, then such Owner shall make or shall be deemed to have made, as the case may be, an irrevocable Offer to Declarant and to Association to sell Owner's Condominium to the accepting party on the terms set forth in subsection (c) hereof.

(1) Acceptance by Declarant/Association. Declarant shall have the right to purchase the Condominium by giving an acceptance notice to Owner, with a copy to the Association within ten (10) business days after Declarant's receipt of Owner's written irrevocable Offer or within ten (10) business days after the Offer is deemed to have been made, as the case may be. If within such ten (10) business day period the Declarant fails to give such acceptance notice to Owner and the Association, then the Association shall have the right to purchase the Condominium by giving an acceptance notice to Owner within fifteen (15) business days after the Association's receipt of Owner's irrevocable Offer or within fifteen (15) business days after the Offer is deemed to have been made, as the case may be. Any such acceptance notice given by Declarant or Association shall constitute a binding acceptance of Owner's irrevocable Offer on the terms set forth in Section 1(c) hereof. In the event neither Declarant nor the Association timely accept an Offer required or deemed to have been made by an Owner as a result of an event of disqualification, the event of disqualification may be temporarily waived in writing by Declarant, and Owner shall not be required to sell and assign his Condominium until such temporary waiver is revoked in writing by Declarant or a subsequent event of disqualification occurs. Declarant may revoke such temporary waiver of a disqualified Owner at any time whether or not an additional event of disqualification has occurred. Upon a subsequent event of disqualification, or if Declarant revokes such temporary waiver, the disqualified Owner shall be subject to, and must follow the procedures set forth Article XIII and this Article XIV pertaining to the sale of Condominiums by disqualified or unqualified Owners.

The failure of or refusal by the Declarant or Association to exercise the rights given by this Section 1(b) with respect to one such irrevocable Offer shall not constitute or be deemed to be a waiver of such rights under Section 1 of this Article XIV in the event of any subsequent irrevocable Offer.

(c) Terms of Transfer. If an Offer made pursuant to subsection (a) or (b) of this Section 1 is accepted, the terms of purchase and sale to Association or Declarant or any other purchaser permitted herein, as the case may be, shall be as follows: The purchase price shall be the value of the Condominium as determined under Section 3 of this Article XIV (the "Section 3 Price"). If sale is to the Association or Declarant, the closing of any such sale shall occur not less than 30 days nor more than 90 days from date of acceptance of Owner's Offer or as mutually agreed. Proceeds of the purchase price due to Owner shall be applied as follows:

(1) Prorated assessments to date of closing, shall be paid from the Owner and purchaser proceeds. All delinquent assessments, late fees and penalties assessed by the Association against the Owner shall be paid to the Association from the Owner proceeds prior to the closing.

(2) Amounts due to Owner's Mortgagees as their interests may appear, or by assumption of the mortgage(s), as desired and arranged by the Purchaser and as agreed to by the Mortgagee.

(3) Amounts due to Owner's lien holders as their interests may appear.

(4) Closing costs customarily charged to sellers including by way of example but not limitation, title insurance premiums, documentary transfer tax, association transfer fees, and escrow fees unless mutually agreed otherwise in writing.

(5) A reasonable repair and cleaning allowance (the "Repair Allowance") shall be withheld by Declarant in order to ensure that the Unit and its component parts conform to a "high standard of habitability and maintenance" if the repairs and cleaning are to be performed by Declarant after the close of escrow. Declarant is authorized to use any such funds withheld to ensure that the Unit and component parts conform to such standard, and to pay itself a surcharge not to exceed twenty-five percent (25%) of the total costs incurred to bring the Unit to such standard if Declarant arranges, administrates and/or oversees the work ("Repair Surcharge"). Declarant may from time to time publish written procedures and guidelines for implementation and enforcement of the Owner's obligation to maintain the Condominium in a "high standard of habitability and maintenance" throughout his ownership of the Condominium and to deliver the Condominium at the time of sale in a condition that meets such standard.

When applying this standard, the age of the Unit and its component parts shall be taken into consideration. Such written procedures and guidelines shall include the following: (i) an obligation on the part of the Declarant and

Owner to inspect the Unit (such inspection to be conducted jointly, if possible at the expense of the Seller/Owner) prior to closing escrow to determine the need for repairs and cleaning for purposes of giving the seller an opportunity to do any required cleaning or repairs; (ii) a final inspection to determine that the Unit conforms to the "high standard of habitability and maintenance;" (iii) a provision that Declarant return to seller within a reasonable time any portion of the Repair Allowance withheld that exceeds the amount necessary to bring the Unit within conformance with the foregoing standard, plus the Repair Surcharge. The foregoing policy and Repair Allowance provisions shall not preclude the Declarant from pursuing any remedy under law to recover damages that exceed the amount withheld. Any defects documented at or prior to purchase of a Unit will not be required to be repaired by the subsequent Owner, unless the parties to the transaction agree otherwise in writing. All Owners shall have thirty (30) days from the close of escrow for their purchase of a Condominium to submit a list to Declarant of all verifiable defects existing at the time of their purchases, subject to approval of Declarant.

(6) Remainder to Owner.

Real property taxes and assessments are to be prorated to the date of the closing. The purchase, possession, occupancy and use of the Condominium shall be subject to all the terms and conditions herein.

Section 2. Exceptions to Limitations on Transfer. Except as provided below in subparagraphs 2(a) and (b), the provisions of Section 1(a) and (b) of this Article XIV shall not apply to a bank, insurance company, savings and loan association, credit union, pension trust, mortgage banker or other bona fide lender, mortgage insurer, or any guarantor or assignee of any of the foregoing (including Declarant), at the time it acquires its title to a Condominium in the Project as the result of owning a mortgage upon the Condominium Unit concerned, and this shall be so whether the title is acquired by deed from the mortgagor (or by his successor in title) or through foreclosure proceedings. The provisions of Section 1(a) and (b) of this Article XIV above shall also not apply, except as provided below in Section 2(a) and (b), to a purchaser (the "Foreclosure Sale Purchaser") when such purchaser acquires title to a Condominium at a duly advertised public sale with open bidding which is provided by law, such as, but not limited to, execution sale, foreclosure sale, judicial sale or tax sale ("Public Sale"). However, all provisions of the Governing Documents, including but not limited to Section 1(a) and (b) of this Article XIV shall apply to a subsequent sale or transfer by the Foreclosure Sale Purchaser or by a bank, insurance company, savings and loan association, credit union, pension trust, mortgage banker or other lender, or mortgage insurer or any guarantor or assignee of the foregoing, which acquires title as provided above. Any Owner who obtains title to a Condominium, including a Foreclosure Sale Purchaser and/or any of its assignees or transferees, who is not a qualified Owner under Article XIII of this Declaration shall be subject to all of the provisions set forth in the Governing Documents, including, but not limited to, all provisions set forth in Articles XIII and XIV, relating to limitations and restrictions on ownership, transfer, pricing and resale of the Condominiums. Among other

things, such unqualified Owner shall be obligated to sell the Condominium to a qualified Owner, the Declarant or the Association within one hundred and twenty (120) days of taking title to the Condominium pursuant to the provisions of Section 1(a) and (b) above at the Section 3 Price set forth in Section 3 of this Article XIV.

(a) Public Sale. In addition, prior to any Public Sale of a Condominium, Declarant shall provide to the party conducting the Public Sale a written statement, upon which the party conducting the Public Sale shall be entitled to rely without further investigation, containing the value of the Condominium being sold at the Public Sale, as determined pursuant to Section 3 of this Article XIV (defined herein as the "Section 3 Price") and the purchase priority of all qualified persons listed with Declarant pursuant to procedures to be established from time to time by Declarant in its sole discretion.

If, and when, the bidding at the Public Sale reaches the Section 3 Price, the party conducting the Public Sale shall sell the Condominium to the highest priority qualified person shown on the above-described written statement of the Declarant who shall bid the Section 3 Price; provided, however, that if the Section 3 Price is less than the maximum amount which the foreclosing lender would be entitled to bid as a credit bid at the Public Sale ("maximum credit bid"), the bidding shall continue as long as bidding continues up to and until the maximum credit bid is reached, at which point the highest priority qualified bidder, as described above, if any, shall be entitled to purchase the Condominium. If no qualified person bids the Section 3 Price, or the maximum credit bid, as described above, the Condominium shall be sold to the first unqualified person who bids the Section 3 Price, or if greater than the Section 3 Price, the maximum credit bid; provided, however, that such purchaser shall acquire title to said Condominium subject to all of the Protective Covenants contained in this Declaration, including, but not limited to the restrictions and limitations on ownership and transfer of such Condominium set forth in Articles XIII and XIV herein, and shall be required to sell the Condominium to a qualified Owner, Association or Declarant within one hundred and twenty (120) days of obtaining title, pursuant to subparagraphs 1(a) and 1(b) of Article XIV and as provided in Section 3 of Article XIII. In the event the bidding does not reach the Section 3 Price, but one or more qualified persons and an unqualified person bid the same highest amount then the party conducting the Public Sale shall deliver the property to the qualified person having the highest purchase priority.

(b) Certification of Compliance. Upon written request of any prospective transferor, purchaser, tenant or an existing or prospective mortgagee, transferee, or beneficiary of any Condominium, the Association and Declarant shall within fifteen (15) days thereof issue a written and acknowledged certificate in recordable form, evidencing, if such be the case:

(1) With respect to the proposed sale under this Article, that proper Offer was made by the selling Owner and that the Association and Declarant did not elect to exercise their right to purchase;



(2) With respect to a transfer to a beneficiary, that proper notice was given by the beneficiary after his acquisition of title, and that the Association and Declarant did not elect to exercise their right to purchase; or

(3) That a deed in lieu of foreclosure was in fact given in lieu of foreclosure.

Section 3. Indexed Valuation of Condominium. The value of the Condominium shall be limited to the lesser of:

(a) Actual market value; or

(b) The Indexed Value calculated according to the applicable index as follows:

(i) For all Condominiums sold to the current qualified Owner prior to January 26, 1987, according to the then existing Article XIV, Section 1, Subsection (f);

(ii) For all Condominiums sold to the current qualified Owner between January 26, 1987 through and including June 1, 1992, according to the provisions of Article XIV, Section 1, Subsection (f) as they were stated in the Third Amendment to Declaration recorded on January 15, 1988 as Instrument No. 88-059819 in the Office of the County Recorder of Los Angeles County, California (the "Third Amendment"); or

(iii) For all sales following June 1, 1992, according to the following formula:

Base Price x Sales Index/Purchase Index = Adjusted Base Price (provided, however, that the Adjusted Base Price shall not exceed the Base Price by an amount that is more than six percent (6%) per annum, compounded annually, applicable to the period that begins when the Base Price is calculated and ends when the sales agreement is fully executed for the sale of the Condominium Unit from the faculty/staff member, as seller, to Pepperdine University, as buyer. For any period less than a full year, Pepperdine will prorate the rate of return monthly to the nearest full month prior to the date when the sales agreement is fully executed).

Adjusted Base Price + Approved Capital Improvements and Upgrades =  
Sales Price ("value of the Condominium")

(1) Definition of Base Price.

(A) For those who are Owners as of June 1, 1992, the "Base Price" shall be recalculated pursuant to Article XIV, Section 1, Subsection (f) as stated in the Third Amendment and shall be determined for each Unit as of June 1, 1992, in order to set a new Base Price for the purpose of employing the change in Price Adjustment Index (as defined below) implemented by the Fourth Amendment.

(B) For Owners purchasing a Condominium after June 1, 1992, the "Base Price" shall be the purchase price less amounts included in the purchase price that represent Approved Capital Improvements and Upgrades (as defined below).

(2) Definition of Sales Index. The Sales Index shall be the Price Adjustment Index (as defined below) calculated using the price data most recently received by Declarant as of the date the sales agreement is fully executed.

(3) Definition of Purchase Index. The Purchase Index shall be the Price Adjustment Index (as defined below) calculated using the price data most recently received by Declarant as of the date the purchase agreement is fully executed.

(4) Definition of Price Adjustment Index. The Price Adjustment Index shall be equal to the equally weighted (i.e., mean) average of (a) the "Housing Price Index," which, except as provided in clause (ii) below, is defined as the four-year rolling average of the combined mean average of the Median Sales Prices of Existing Homes in both the "Los Angeles Area" and the "Ventura Area" as published monthly by the Planning, Research and Economics Division of the California Association of Realtors (the "Median Sales Prices"); and (b) the four-year rolling average of the Faculty Salary Index for four-year private universities and colleges as published annually in the March edition of the Bulletin of the American Association of University Professors (the "Faculty Salary Index"). The Faculty Salary Index shall be converted by Declarant to a monthly index in order to average it on a comparable basis with the Housing Price Index.

For the period from June 1, 1992, until forty-four (44) months thereafter, the Housing Price Index shall be calculated by phasing in the four-year rolling average as follows: upon June 1, 1992, the Housing Price Index shall be determined based upon the average of the Median Sales Prices for the four (4) months immediately preceding June 1, 1992. For every month following June 1, 1992, the Median Sales Prices for the month immediately

preceding the relevant date shall be added to the Housing Price Index until the Index consists of a rolling average of the Median Sales Prices for the four (4) years immediately preceding the relevant date.

In the event the California Association of Realtors fails to publish the Median Sales Prices for a particular month or consecutive months, the missing price(s) will be determined by prorating on a straight-line basis the difference between the price immediately prior to the missing price(s) and the price immediately following the missing price(s).

In the event that either of the indices used to calculate the Price Adjustment Index is hereafter discontinued, ceases to be published regularly, is materially modified or otherwise in the judgment of Declarant becomes inappropriate for the purpose stated herein, Declarant shall from time to time select another comparable regularly published index or indices or other statistical indicator that will serve to fulfill the below stated intent.

(5) Definition of Approved Capital Improvements and Upgrades.

(A) Approved Capital Improvements and Upgrades made on or before January 25, 1987, shall be any fully substantiated and reasonable costs of substantial capital improvements made by prior or current Owners to the subject Unit with the prior written approval of Declarant and the Board and in accordance with all relevant provisions of this Declaration (in any event, in the aggregate for any Owner, not to exceed 10% of the sales price of the Unit), plus, those expenditures (up to a maximum of \$20,000) made by the initial purchaser or Declarant for upgrading of carpets, cabinets, drapes, wall covering, built in appliances, air conditioning equipment, solar heating equipment and other similar items in connection with decorating, equipping and finishing the Unit.

(B) Approved Capital Improvements and Upgrades made between January 25, 1987, through and including January 1, 2006, shall be the depreciated value of approved capital improvements, in the aggregate for any Owner, not to exceed 10% of the sale price of the Unit. Such improvements and upgrades shall not be considered "approved" unless the Board and Declarant jointly determined that the improvement qualified as a capital improvement and that the improvement enhances the marketability of the Unit. Additionally, the Board and Declarant shall have jointly determined the depreciable life of such improvement, which shall be calculated on a straight line basis. In addition to all other approval requirements, each capital improvement or upgrade made by an Owner between January 25, 1987, through and including January 1, 2006, that costs more \$1,000 must have been approved in writing by the Board and Declarant prior to the commencement of construction or installation upon not less than thirty (30) days advance notice to the Board and Declarant.

(C) Approved Capital Improvements and Upgrades made after January 1, 2006, shall mean and refer to the aggregate of the depreciated value of each capital improvement made by the Owner that Declarant approved in writing as an Approved Capital Improvement or Upgrade, not to exceed ten percent (10%) of the sale price of the Unit when combined with the residual or depreciated value of any previous Approved Capital Improvements and Upgrades made to the Unit prior to January 1, 2006 under Section 3(b)5(A) or (B) above. With respect to all Approved Capital Improvements and Upgrades made after January 1, 2006, Declarant, in its sole discretion, shall determine whether or not an improvement qualifies as a capital improvement and shall also determine its depreciable life. All depreciation shall be calculated on a straight-line basis. Such improvements and upgrades shall not be considered "approved" unless Declarant in its sole discretion determines in writing that the proposed capital improvement or upgrade enhances the marketability of the Unit and qualifies for credit under the Capital Improvement and Upgrade schedule established and maintained by Declarant. The Capital Improvement and Upgrade schedule shall set limits and controls as to the type, timing and availability of Capital Improvements and Upgrades credits available for each Condominium Unit for purposes of maintaining affordability of the Units. Declarant may modify such schedule from time to time in its sole discretion. An Owner or prospective purchaser of a Unit may obtain a copy of the schedule from Declarant upon written request. In addition to all other approval requirements contained in the Declaration, for the purpose of determining whether an improvement or upgrade made after January 1, 2006, shall be an Approved Capital Improvement or Upgrade (for inclusion in the value of the Condominium), each capital improvement or upgrade intended to be made by an Owner must be approved in writing by the Declarant prior to the commencement of construction or installation of such Approved Capital Improvement or Upgrade upon not less than thirty (30) days advance notice to the Declarant.

Section 4. Pricing Adjustments By The Declarant. Declarant shall be permitted to adjust the price of any Unit it owns, to its detriment or benefit, for the purposes of aligning the Base Prices and current value of Approved Capital Improvements and Upgrades on similar Units and/or generally reducing the prices of the Units to make them more affordable.

Section 5. Intent. It is the purpose of this resale price restriction and the selection of the above designated Price Adjustment Index to allow the initial and subsequent Owners of the Condominiums in the Project to maintain relative parity as to changes in the value of their Condominiums with housing of similar type in geographically and demographically similar residential real estate markets and yet to retain resale prices, if possible, in a range of affordability for members of the Pepperdine University community. In no event shall a purchaser pay any money, transfer any asset, or provide any service to a seller that is not fairly valued, paid through escrow, and considered part of the value of the Condominium as set forth in this Article XIV.

Section 6. Subleasing of Units. Since it is the primary purpose of these Restrictions to establish a residential community occupied by certain eligible faculty members, administrators, staff members and employees of Pepperdine University whose primary residence is the Condominium Unit, subleasing the Condominium Unit is permitted only with the prior written approval of Declarant.

(a) Circumstances and Conditions of Permitted Subleases. Subleases of Condominiums may be permitted by Declarant in its discretion reasonably exercised subject to the following circumstances and conditions:

(1) A Condominium may be subleased by a qualified Owner to a qualified person(s) for a maximum of one year (including extensions and any successive subleases) from the date of leave of absence or the date temporary duty at another location begins, or in any other circumstances, from the date in which said Owner ceases to occupy the Condominium as his principal place of residence.

(2) A Condominium may be subleased by a qualified Owner to a qualified person(s) for an initial and successive terms not to exceed one year each (including options to extend) who is/are required in their present positions (at the time of sublease or extension) to reside in Pepperdine University provided housing.

(3) A Condominium may be subleased by a qualified Owner to a qualified person(s) on a month-to-month basis during any period from the time the Condominium is initially offered to the Association or Declarant for purchase until the close of escrow on a sale to the Association or Declarant.

(4) A Condominium may be subleased by a qualified Owner to a qualified person(s) on terms different from those provided in (1), (2), and (3) above with the prior written consent of Declarant.

(5) A Condominium may be subleased for a period of one year or less by a qualified Owner to a person who otherwise would not be a qualified person only with the prior written consent of Declarant which said consent shall be subject to the provisions of Section 6(b) below.

(6) Declarant may sublease one or more units to full-time students at Pepperdine University.

(b) Consent of Declarant. In giving or withholding its consent to any sublease, Declarant's decision shall give due consideration to the policies reflected in the restrictions set forth in Article XIII hereof. Declarant shall not approve a sublease by a qualified Owner to an unqualified person unless: (i) the Owner satisfies the Declarant that the Owner's absence from the Project is not contemplated to be longer than one (1) year; (ii) the Owner provides satisfactory proof to Declarant that after reasonable notice no qualified person is available who is willing to sublease

the Condominium for the same length of time; and (iii) the unqualified person who is the proposed sublessee is a student, employee, faculty or staff member of Pepperdine University. Nothing herein shall be construed to prevent Declarant from imposing different or additional requirements or prohibitions with respect to subleasing or subletting, or assignment or sale or other transfer of Owner's possession of occupancy or use of a Condominium. Any leases or subleases in violation of these provisions shall be null and void.

(c) Sublease Profit Restriction. In no event shall the monthly rental under any sublease provided for in Subparagraphs (a)(1) through (6) of Section 6 above exceed one percent (1%) of the Section 3 Price of the Unit being subleased at anytime during the sublease period, including extensions. Any rent received under any sublease referred to hereinabove in excess of said one percent (1%) of such value shall be paid forthwith to Declarant.

(d) Submission of Sublease Documentation to Declarant. In the event any qualified Owner wishes to sublease his Condominium to a qualified person pursuant to Subparagraphs (a)(1) through (4) immediately above, the Owner shall first provide to Declarant proof reasonably satisfactory to them that the proposed sublessee is a qualified person under Article XIII. To be binding, leases for periods during which the qualified Owner is absent must be submitted to Declarant for approval in accordance with all the provisions of the restrictions set forth herein. The consent or denial of approval of such leases shall be granted or denied by Declarant within two weeks of receipt.

Section 7. Prohibited Transfers. In the event any Owner shall attempt to sell or assign or otherwise transfer, to any person other than a beneficiary, the Owner's Condominium without making the Offers described in Subparagraphs 1(a) and (b) of this Article XIV, and otherwise following the procedures set forth in this Article XIV, such attempted or purported sale, assignment or transfer shall be wholly null and void and shall confer no title or interest whatsoever upon the intended purchaser or transferee. In the event any Owner shall attempt to sublease or otherwise transfer a portion of his interest in or right to possession of his Condominium without following the appropriate procedure set forth herein, such sublease or other transfer of estate and right to possession shall be wholly null and void and shall confer no title or interest or right of possession or occupancy whatsoever upon the intended sublessee or transferee.

Section 8. Termination of Article XIV. This Article shall cease to have any effect or confer any power on any person with respect to a particular Condominium on or after June 30, 2080, except as may be specifically provided in any extensions by Declarant.

Section 9. Enforcement of Article XIV. Declarant, as well as any Owner, the Association and any governmental agency which has authority with respect thereto under any permit or other authorization pertaining to the Project, may enforce the provisions of this Article XIV by appropriate action, including but not limited to all remedies provided in Articles VI and VII of this Declaration.

**Section 10. Amendment of Article XIV. The provisions of this Article XIV shall not be amended or repealed without the vote or written consent of Declarant and of two-thirds (2/3) or more of the Total Voting Power of the Owners of all Condominiums in the Project, and, as to any such provisions that are required under or by reason of any governmental permit or other governmental authority, any governmental agency that has authority to enforce such provisions of this Article XIV.**

Section 11. Effect of Article XIV. Nothing in this Article XIV, and no act or failure to act of any person under the provisions of this Article XIV, shall affect or work to limit, suspend, or abridge the provisions of Article XIII.

## ARTICLE XV

### DESTRUCTION OF THE COMMON AREA OR ITS ELEMENTS

Section 1. Partial Destruction of Common Area. In the event of partial destruction of the Common Area (including for purposes of this Article XV, all Exclusive Use Areas), it shall be the duty of the Association to restore and repair the same to its former condition as promptly as practicable and in a lawful and workmanlike manner in accordance with the Leases and this Declaration. The proceeds of any insurance shall be made available for such purpose subject to prior rights of Pepperdine University, and beneficiaries of deeds of trust, or mortgages whose interests may be protected by said policies. In the event that the amount available from the proceeds of such insurance policies for such partial reconstruction shall be inadequate, the Association shall cause such reconstruction to be accomplished and the Board shall levy a Special Assessment against the Owners for their respective shares of the necessary funds for reconstruction, over and above the insurance proceeds available for such purpose, on the basis of the ratio of the square footage of the floor area of the Unit to be assessed to the total square footage of the floor area to be assessed, provided, that in the event of a determination by sixty-six and two thirds percent (66-2/3%) of the Total Voting Power of the Association and with the approval of Pepperdine University, which approval may be withheld in its sole and absolute discretion, that the cost of such reconstruction deficiency would be so substantial that it would not be in their best interests to proceed with the same, the Owners instead may, proceed as provided in Sections 5 and 6 of this Article. If such a meeting is called, the Association shall solicit and obtain bids from at least two (2) or more reputable contractors to repair and reconstruct the Common Area and Improvements in accordance with the original plans (unless modifications to such plans have previously been made and/or approved by Declarant) and shall present this information to the Owners, Pepperdine University, and first Mortgagees at the meeting, but as to those first Mortgagees who hold mortgages or deeds of trust made on or after January 1, 2006, such first Mortgagees are entitled to notice of such meeting only if the first Mortgagee was approved by Pepperdine University in writing prior to the creation of such mortgage or deed of trust ("Approved Mortgagees" as more specifically defined in Article XIX).

Section 2. Total Destruction of Common Area. In the event of the total destruction of the Common Area ("total" being defined as that portion of the Condominium building constructed on the Property comprising sixty percent (60%) or more of the aggregate floor area of all Condominium Units in the Project, or a lesser percentage if sixty-six and two thirds percent (66-2/3%) of the Total Voting Power of the Association agree by vote), the Owners, with the approval of Pepperdine University, which approval may be withheld in its sole and absolute discretion, and only as may be allowed in the Leases, shall have authority to determine whether said improvements shall be rebuilt. If such a meeting is called, the Association shall solicit and obtain bids from at least two (2) or more reputable contractors (who have been approved by Pepperdine University) to repair and reconstruct the Common Area and Improvements in accordance with the original plans (unless modifications to such plans have previously been made and/or approved by Declarant) and shall present this information to the Owners, Pepperdine University, and first Mortgagees at the meeting, but only Approved Mortgagees are entitled to notice of such meeting. In the



event of a determination by a sixty six and two thirds percent (66-2/3%) vote of the Total Voting Power of the Association to rebuild, the necessary funds shall be raised as provided in Section 1 of this Article and the Association shall cause to be prepared the necessary plans, specifications and maps, and execute the necessary documents to effect such reconstruction as promptly as practicable, in a lawful and workmanlike manner. Notwithstanding the foregoing, any reconstruction of the Common Area must comply with the terms and provisions of the Leases.

Section 3. Damage and Destruction of Individual Unit; Duty to Rebuild. In the event of a total or partial destruction of any individual Condominium Unit not affecting any other Condominium Unit or any portion of the Common Area, it shall be the responsibility of the individual Condominium Owner to restore and rebuild the Condominium Unit (subject to the review and approval by Pepperdine University) using such insurance proceeds available and allocable for said purpose, and the same shall be done as promptly as practicable in a lawful and workmanlike manner. In the event that an Owner fails to comply with his obligation to rebuild or repair his Condominium Unit as set forth herein or if the available insurance proceeds are insufficient to complete the reconstruction of the Condominium or portions thereof so damaged or destroyed within a reasonably prompt period of time thereafter, the Association may determine to restore or rebuild such Condominium Unit or portions thereof in accordance with the provisions of Section 1 and 2 above and, if necessary, the Board shall levy a Special Assessment or Compliance Assessment, as appropriate, against such Owner to recoup all costs and fees incurred in connection with same that are properly chargeable to the Owner of the Condominium Unit and that were not covered by insurance proceeds actually received by the Association for such rebuilding or repair work.

Section 4. Lapse of Covenant Against Partition. The covenant against partition of the undivided fee interests, set forth in this Declaration shall terminate and be of no further force and effect if the prohibition against a partition action lapses under subdivision (b) of Civil Code Section 1359, as the same may be amended from time to time.

Section 5. Determination Not to Rebuild. Subject to the provisions of this Declaration, including, but not limited to, approval by Pepperdine University and the Limitations Upon Transfer set forth in Article XIV hereof, in the event of a determination not to rebuild after partial or total destruction as defined in this Article, the Association may bring an action for partition of the entire project as provided in Civil Code Section 1359; provided, however, that Declarant shall have the right of first refusal to purchase any such interests not already owned by it at a price and on the terms determined by such sale for a period of 30 days following the conduct of such sale. For the purpose of implementing this Section, every Owner of a Condominium within the Project, whether he acquired title from Declarant or by a mesne conveyance, shall be deemed to have consented to, authorized, and granted to the Association his, her, or its respective irrevocable power of attorney upon the delivery to such Owner of his instrument of title.

Section 6. Distribution of Proceeds. Subject to the provisions of Section 5 of Article XIX hereinbelow, the net proceeds of any sale ordered by decree of court or by decision of the Association and the proceeds, if any, of insurance carried by the Association as a whole on said Project, shall be divided or allocated as follows:

(a) With respect to net proceeds of any sale ordered by decree of court, as ordered by said court.

(b) In any other case, to the Owners and their respective Mortgagees according to the fair market values of the Units in the Project at the time of the destruction of the Common Areas, said values as determined by an independent appraisal as provided in Section 8 of this Article, but in no event shall said appraised values with respect to the individual Units exceed the applicable Section 3 Price set forth in Article XIV at the time of the destruction.

Section 7. New Map and Plan. If the Project is destroyed or razed, it may be rebuilt only in conformity with the original recorded plans (unless modifications to such plans have previously been made and/or approved by Declarant) otherwise, a new tract map and Condominium Plan shall be filed, approved and recorded. A new tract map and Condominium Plan may be filed, approved and recorded only upon prior written approval of Pepperdine University and sixty-six and two thirds percent (66-2/3%) of the Total Voting Power of the Association.

Section 8. Independent Appraisal. Whenever required by the provisions of this Declaration, an independent appraisal shall be made and prepared at the request of the Board and at the Association's expense by a qualified real estate appraiser not related directly or indirectly to any Owner or Mortgagee. Such appraiser shall be selected by the Board and shall render such report, which shall be binding and conclusive with respect to the various interests and rights of Owners and their Mortgagees, as the Board shall require or direct.

Section 9. Condemnation. A condemnation award affecting all or part of the Common Area, which is not apportioned among the Owners by court judgment or by agreement between the condemning authority and each affected Owner, shall be distributed among the Owners and, as required under Section 5 of Article XIX hereinbelow, their respective Mortgagees according to the relative values of the affected Units as determined by an independent appraisal as provided in Section 8 of this Article.

Section 10. Excess Association Insurance Proceeds. Subject to the provisions of Section 5 of Article XIX herein below, all insurance proceeds paid under any Association insurance policy shall be payable to the Association and Declarant for the benefit of the Declarant as Ground Lessor of the Project, the Owners (including the Declarant) and their respective Mortgagees. In the event any excess insurance proceeds remain after restoring or rebuilding the destroyed or damaged property, including any Condominium Units, Common Area and/or Improvements located on the Common Area, the Board shall retain such sums in the general fund of the Association. Any distribution of funds in connection with the termination of the Project shall be allocated among all of the Condominiums in the

Project based on a variable amount consistent with the total square footage of the residential portions of the Condominium. Notwithstanding the foregoing, any distribution shall be subject to the prior rights of Mortgagees and the Declarant.

## ARTICLE XVI

### EMINENT DOMAIN

Section 1. Definition of Taking. The term "taking" as used in this Article shall mean condemnation by eminent domain, or by sale under threat thereof, of all or part of the Property.

Section 2. Representation by Board in Condemnation Proceeding. In the event of a taking, the Board shall represent all of the Owners in an action to recover all awards, subject to the right of the Ground Lessor of the Project and all Approved Mortgagees (as defined in Article XIX) to request the right to join and participate with the Board in the proceedings. No Owner shall challenge the good faith exercise of the discretion of the Board in fulfilling its duties under this Article, however, the Declarant and/or Approved Mortgagees may make such a challenge. The Board is further empowered, subject to the limitations herein, as the sole representative of the Owners, in all aspects of condemnation proceedings not specifically covered herein.

Section 3. Procedure After a Taking. In the event of a taking, the Board shall distribute the award forthcoming from the taking authority according to the provisions of this Section after deducting therefrom fees and expenses related to the condemnation proceeding including, without limitation, fees for attorneys and appraisers and court costs. In the event that the taking is by judgment of condemnation and said judgment apportions the award among the Ground Lessor of the Project, the Owners and their respective Approved Mortgagees, the Board shall distribute the amount remaining after such deductions among the Ground Lessor of the Project, the Owners and their respective Approved Mortgagees on the allocation basis set forth in such judgment. In the event that the taking is by sale under threat of condemnation, or if the judgment of condemnation fails to apportion the award, the Board shall determine that portion of the award to be distributed among the Owners and their respective Approved Mortgagees based upon the relative values of the Condominiums affected by such taking in accordance with the provisions of Sections 6 and 8 of Article XV. The remainder of the award shall be distributed to the Ground Lessor of the Project. Nothing herein contained shall entitle an Owner to priority over an Approved Mortgagee with respect to the distribution of a condemnation award.

Section 4. Awards for Owners' Personal Property and Relocation Expenses. Where all or part of the Project is taken, each Owner shall have the exclusive right to claim the entire award made for his personal property, and any reallocation, moving expense or other allowance of a similar nature designed to facilitate relocation. Notwithstanding the foregoing provisions, the Board shall represent each Owner in an action to recover all awards with respect to such portion, if any, of Owners' personal property as is at the time of any taking, as a matter of law, part of the real estate comprising any Condominium and shall allocate to such Owner so much of any awards as is attributable in the taking proceedings, or, failing such attribution, attributable by the Board to such portion of Owners' personal property. The amount so allocated shall be paid to the Owner entitled thereto whether or not the Condominium in which such Owners' personal property was located is to be restored by the Board, and notwithstanding restoration of the

Condominium, the Board shall have no responsibility for restoration of such Owners' personal property.

Section 5. Notice. The Board, immediately upon having knowledge of any taking or any threat thereof, with respect to the Project, or any portion thereof, shall notify the Ground Lessor of the Project, all Owners and all Approved Mortgagees.

Section 6. Inverse Condemnation. The Board is authorized to bring an action in inverse condemnation. In such event, the provisions of this Article shall apply with equal force.

Section 7. Compliance with Condominium Plan. Reconstruction pursuant to this Article shall be permitted only so long as the structure containing the Condominiums taken can be and is built to substantially conform to the Condominium Plan, taking into account the effects of the taking. Plans for such restoration shall be subject to the approval of the Board, which shall determine whether such plans substantially conform to the Condominium Plan. In addition, any reconstruction pursuant to this Article shall be subject to the provisions of this Declaration and to the Ground Lessor's prior written approval. In determining whether the plans for a reconstructed Condominium are in substantial conformance with the Condominium Plan, the Board may take into consideration the availability and expense of the labor and materials in the original construction of the Project. If such labor or material is not available or is prohibitively expensive at the time of reconstruction, the Board may permit the substitution of other labor or material as it deems proper, subject to the Ground Lessor's prior written approval.

Section 8. Change in Condominium Interest. In the event of a taking the Board may:

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(a) amend this Declaration to reflect the change in each Owner's undivided interest in common with other Owners in the Common Area caused by a taking; and

(b) amend the Condominium Plan to reflect the change in the Project brought about by a taking. In the event that the Board with the Ground Lessor's prior written consent decides to record such amendment to the Condominium Plan, the Ground Lessor of the Project, all Owners of the Project and all record holders of all security interests in the Project shall execute and acknowledge said amendment so that it will comply with the definition of "Condominium Plan" set forth in Section 1351(e) of the Civil Code or any similar statute then in effect. Said Ground Lessor, Owners and holders of security interests shall also execute such other documents or take such other actions as required to make such amendment effective. The Board shall cause a notice of the change in the Condominium interest to be sent to the Ground Lessor of the Project and each Owner within ten (10) days of the filing of such amendment in the Los Angeles County Recorder's Office, California.

## ARTICLE XVII

### AMENDMENTS

Section 1. Amendment and Approval Process. Except as may be provided otherwise herein, each and all of the provisions of this Declaration may be modified, amended, added to or deleted by a further Declaration, amendment or agreement, in writing, properly executed and acknowledged by the Declarant and the president and secretary of the Association only upon a vote and written assent of the following:

- (a) The Declarant.
- (b) Not less than sixty-six and two thirds percent (66-2/3%) of the Total Voting Power of the Association; provided, however, that the percentage of the voting power necessary to amend a specific provision in this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under said provision.
- (c) The California Real Estate Commissioner or his delegate if such approval is required by Section 11018.7 of the California Business and Professions Code.
- (d) The appropriate officer of the County of Los Angeles in the case of an amendment which would defeat (A) the obligation of the Association to maintain the Common Area in good condition, state or repair or (B) the assessment procedures to insure said maintenance, as may be required by law or any prior agreement of record.
- (e) The appropriate governmental agency or entity which has authority to enforce, by reason of any issued governmental permit, the provision impacted by such further Declaration, amendment or agreement.

Section 2. Effective Date of Amendment. Said amendments shall be effective upon obtaining the required vote of the Owners and the written consent of the Declarant. All prior amendments not yet recorded are deemed to have been effective at the time of passage.

## ARTICLE XVIII

### TERM OF DECLARATION: COMPLIANCE WITH THE RULE AGAINST PERPETUITIES AND WITH THE RULE AGAINST RESTRAINT OF ALIENATION

Section 1. Covenants. The covenants contained herein shall run with the land and shall be binding on all parties and all persons claiming under them until the earlier of June 30, 2080, or 21 years after the death of the last to survive of all presently born and living children and grandchildren of all present members of the Faculty of Pepperdine University holding the rank of Professor, Assistant Professor, Associate Professor or Professor Emeritus. It is the intent of this provision to assure that this Declaration, and all provisions hereof, comply with Section 711 of the Civil Code and any other applicable rules of law pertaining to restraints on alienation, remoteness of vesting or perpetuities.

Section 2. Vesting. Notwithstanding anything to the contrary herein contained, no interest or right in the foregoing real property, of any kind or character, shall vest in any person or persons later than the earlier of June 30, 2080 or 21 years after the death of the last to survive of all presently born and living children and grandchildren of all present members of the Faculty of Pepperdine University holding the rank of Professor, Assistant Professor, Associate Professor or Professor Emeritus. It is the intent of this provision to assure that this Declaration complies with any applicable California rules of law pertaining to restraints on alienation, remoteness of vesting or perpetuities, if any.

## ARTICLE XIX

### LENDERS' RIGHTS AND REQUIREMENTS

Section 1. Rights Specified Elsewhere. The rights granted by this Article to lenders and holders of mortgages and deeds of trust are in addition to those granted and specified elsewhere in the Governing Documents; provided, however, that as to those lenders and holders of mortgages and deeds of trust created on or after January 1, 2006, such rights pertain only to those lenders and holders of mortgages and deeds of trust that were approved in writing by Pepperdine University prior to the time that the mortgage or deed of trust was created (referred to interchangeably in this Article as "Approved Holder" or "Approved Holders" or "Approved Mortgagees"). Except as provided in this Declaration, the right of first refusal contained in Article XIV of this Declaration shall not impair the right of any such Approved Holder of a mortgage or deed of trust on a Condominium in the Project to: **(i) foreclose or take title to the Condominium pursuant to the remedies provided in the mortgage; (ii) accept a deed (or assignment) in lieu of foreclosure in the event of default by the Owner of the Unit; or (iii) sell the Condominium acquired by it; provided, however, that such Approved Holder (and any transferee of such Approved Holder), as an unqualified or disqualified Owner of a Condominium, shall be subject to all of the provisions set forth in the Governing Documents, including, but not limited to, all provisions set forth in Articles XIII and XIV of this Declaration relating to limitations and restrictions on ownership, transfer, pricing and resale of the Condominiums.**

Section 2. Prior Approval. Notwithstanding any other provision of this Declaration or the Bylaws, unless at least sixty-six and two thirds percent (66-2/3%) of the Total Voting Power of the Association or sixty-six and two thirds percent (66-2/3%) of the Approved Holders of first mortgages or first deeds of trust liens on the Condominiums (including Declarant) in the Project (based upon one vote for each first mortgage or first trust deed owned) have given their prior written approval, the Association shall not be entitled to:

- (a) by act or omission, seek to abandon or terminate the Project;
- (b) by act or omission, seek the abandonment, partition, subdivision, encumbrance, sale or transfer of any portion of the Common Area; provided, however, that the granting of easements for public utilities or for other public purposes, or purposes of Pepperdine University, consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this clause;
- (c) modify the pro rata interest or obligations of any Condominium for purposes of levying assessments and charges and determining shares of the Common Areas and hazard insurance or condemnation proceeds of the Project;
- (d) use any hazard insurance proceeds for losses to any Common Area for purposes other than repair, replacement or reconstruction of such property, except as provided by statute and herein in case of substantial loss to the Common Area;



or

- (e) partition or subdivide any Condominium Unit.

Section 3. Liens Prior Under Local Law. All taxes, assessments and charges that may, under California law, become liens prior to a mortgage or deed of trust shall relate only to the relevant Condominium and not to the Project as a whole.

Section 4. Payment of Hazard Insurance. In the event premiums on any hazard insurance procured by the Association have not been paid by the Association when due, or in the event the Association allows any hazard insurance policy to lapse, the Declarant or Approved Holder of any first mortgage or first deed of trust (including Declarant) may pay such overdue premiums, or procure new hazard insurance policies to replace such lapsed policies. The Declarant or an Approved Holder of any first mortgage or first deed of trust that makes any payments pursuant to this Section 4 of Article XIX shall have the right to seek immediate reimbursement for such payments from the Association.

Section 5. Insurance and Condemnation Notice and Proceedings. In the event of substantial damage to or destruction of the Common Area or portion thereof or any complete Unit, or if any Unit or portion thereof or the Common Area portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired under threat of condemnation by a condemning authority, the Approved Holder of any first mortgage or first deed of trust on any Unit (including Declarant) shall be entitled to timely written notice of such damage, destruction, proceeding or proposed acquisition, and no provision of the Governing Documents shall entitle an Owner or other party to priority over such Approved Holder (including Declarant) with respect to the distribution to such Unit of any award, settlement or insurance proceeds.

Section 6. Mortgagee Protection Provisions.

- (a) The right of an Owner to sell, transfer or otherwise convey his Condominium shall not be subject to any right of first refusal or any similar restriction in favor of the Association, except as set forth in Articles XIII and XIV; and

- (b) The lien of the Assessments provided for herein shall be subordinate to the lien of any first Mortgage now or hereafter recorded upon any Condominium. The sale or transfer of any Condominium shall not affect the Assessment lien; however, the sale or transfer of any Condominium pursuant to judicial or nonjudicial foreclosure of a first Mortgage or pursuant to any remedies provided for in the Mortgage shall extinguish the lien of such Assessments as to payments which became due prior thereto. No sale or transfer shall relieve such Condominium from liability for Assessments due thereafter. Any first Mortgagee who obtains title to a Condominium pursuant to the remedies provided in the Mortgage, or foreclosure of the Mortgage, or any purchaser at a foreclosure sale of a first Mortgage will not be liable for any unpaid Assessments or charges which occurred prior to the acquisition of title to such Condominium by the Mortgagee (except for claims for a share of such Assessments or charges resulting from a reallocation of such Assessments or

charges to all Condominiums, including the mortgaged Condominium).

Section 7. Miscellaneous Rights. An Approved Holder of any first mortgage or first deed of trust on a Condominium in the Project shall, upon written request, be entitled to:

- (a) inspect the books and records of the Association during normal business hours;
- (b) receive the annual financial statement for the Association within ninety (90) days following the end of the fiscal year; and
- (c) receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

Section 8. Duty of Owner. It shall be the duty of each Owner whose Condominium is encumbered by a first mortgage or deed of trust to promptly notify the Association through its secretary or managing agent of the name and address of such mortgagee or beneficiary, and the Association shall maintain a record of such encumbrancers. The Owner shall likewise promptly notify the Association as to the release or discharge of any mortgage.

## ARTICLE XX

### ANNEXATION OF ADDITIONAL PROPERTY

Section 1. Annexation Pursuant to Owners' Approval. Additional property or properties may be annexed to the Property and become subject to the duties, powers and jurisdiction of the Association and to the covenants, conditions and restrictions specified herein only upon the vote or written assent of at least sixty-six and two thirds percent (66-2/3%) of the Total Voting Power and the written consent of Pepperdine University, in its capacity as Ground Lessor.

Section 2. Procedure for Annexation. Such annexation shall be made by, and shall be effective upon, filing for record, in the Office of the County Recorder of Los Angeles County, a Declaration of Annexation, or similar instrument, with respect to the additional property or properties to be annexed. Such Declaration of Annexation or similar instrument may contain such supplementary additions to or modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary or advisable to reflect the different character, if any, of the annexed property or properties.

Section 3. Consequences of Annexation. The recordation of any Declaration of Annexation as provided hereinabove shall constitute and effectuate the annexation of the real property described therein, making said real property subject to this Declaration, as amended, and subject to the functions, powers, duties and jurisdiction of the Association, and thereafter all Owners of lots, condominiums or parcels, within the annexed property shall automatically be Members of the Association.

Section 4. Merger or Consolidation. Any such annexation shall work a merger or consolidation of the Association and another association or similar organization, incorporated or unincorporated, if any, whose function and purposes are, with respect to the annexed property, substantially equivalent to those of the Association. The Association shall be the surviving successor organization, and such merger or consolidation shall work a transfer of the properties, rights and obligations from the other association to the successor Association.

Section 5. Adjustment of Assessments. Upon the occurrence of any such annexation, the Board shall have the power to make such equitable and reasonable adjustments in the Assessments of Owners as may be necessary because of annexation. Such adjustments shall be made to reflect both the increased Association membership obligated herein to pay assessments and the increased size (if any) of the Common Area subject to the Association's management and control.

## ARTICLE XXI

### MAINTENANCE AND SERVICES

Section 1. Services to Be Provided by Declarant as Ground Lessor At No Cost. Pursuant to the terms and provisions more fully set forth in each Owner's Lease, Declarant as the Ground Lessor has agreed or will agree to provide certain services more fully described therein or by separate side agreement at no cost to the Association and its Members. All other maintenance and operation expenses and responsibilities for the Project shall be the responsibility of the Owner or Association as set forth herein.

Section 2. Services to Be Provided by Declarant as Ground Lessor At Cost to the Association or Owners. At the request of the Board, Ground Lessor may, but shall not be obligated to, agree to provide additional services, such as management and maintenance services. If Ground Lessor agrees to provide such additional services, it may charge a reasonable fee for such services in an amount agreed upon in writing by the Board and Ground Lessor.

Section 3. Services Provided By Government Body, Utility or Supplier. At such time as any of the services referred to in Section 1 above may be provided by a governmental body, regulated public utility or other supplier, or undertaken by the Association with the agreement of Ground Lessor, such services shall be deemed excluded from those referred to in Section 1 above and Ground Lessor shall have no further responsibility to furnish same.

Section 4. Failure of Association and Owner to Maintain. In the event the Association and/or an Owner shall fail, refuse or neglect to perform its obligations under this Declaration, as is necessary to:

- (a) maintain the Project or Condominium Unit or any part thereof in good and proper condition and free of all liens other than any mortgages and deeds of trust permitted by Pepperdine University on individual Condominiums; or
- (b) otherwise comply with its duties and obligations under the Declaration including, without limitation, maintaining adequate reserve account funds as recommended in the latest reserve study performed for the Association in compliance with this Declaration; or
- (c) otherwise assure compliance with the Leases, including doing or performing any act or thing therein provided by the Leases to be done or performed, and such failure, refusal or neglect shall continue for a period of ten (10) days, or such longer time as is reasonably required, after written notice from Ground Lessor specifying the nature of the act or thing to be done or performed, then Ground Lessor may, without obligation or liability for failure to do so, do or perform or cause to be done or performed such act or thing or such other acts or things as it deems necessary to achieve compliance with the terms of the Declaration or of the Leases (entering

upon the Project for such purposes, if Ground Lessor shall so elect). In the event the Association or any Owner shall fail, refuse or neglect to perform its/his obligations under this Declaration or respective Lease including, but not limited to, maintaining his Condominium Unit according to the standard set forth herein and such failure, refusal or neglect shall continue for a period of ten (10) days, or such longer time as is reasonably required, after written notice from Ground Lessor specifying the nature of the act or thing to be done or performed, then Ground Lessor may, without obligation or liability for failure to do so, do or perform or cause to be done or performed such act or thing or such other acts or things as it deems necessary to achieve compliance with the terms of the Declaration or of such Lease (entering upon or in the Condominium with reasonable notice to such Owner, if Ground Lessor shall so elect), as applicable. Ground Lessor shall not be or held liable or in any way responsible for any loss, inconvenience or damage resulting to Association or Owners or the invitees, guests, licensees, contractors, Approved Mortgagees, sublessees or family thereof, except for Ground Lessor's own willful or grossly negligent acts. Any act or thing done by Ground Lessor pursuant to the provisions of this paragraph shall not be construed as a waiver by Ground Lessor of any such default by the Association or any Owner under any Lease, or as a waiver of any covenant, term or condition herein contained or of the performance thereof.

Section 5. Assessments for Ground Lessor's Costs. Pursuant to the terms of the Leases, Ground Lessor shall determine its costs incurred and to be incurred (including a twenty-five percent (25%) surcharge to cover Ground Lessor's administrative costs) in performing the acts or obligations of the Association or any Owner pursuant to Section 4 of this Article XXI. To the extent Ground Lessor performs such acts or obligations on behalf of the Association or any Owner, the costs incurred by Ground Lessor in connection with the same shall be billed by Ground Lessor to the Association or Owner, as Ground Lessor deems appropriate, and the Association or Owner shall pay such bill promptly, but in no case later than thirty (30) days from presentment. To the extent Ground Lessor performs such acts or obligations on behalf of an Owner of a Condominium who has failed to do or perform such act or obligation, the costs incurred by Ground Lessor may be billed by Ground Lessor to the Association, and the Association shall, in turn, assess the Owner for such costs in the form of a Compliance Assessment. Alternatively, Ground Lessor may, at its sole option, bill the Owner directly for such costs rather than the Association. In the absence of fraud or gross error, the determination by Ground Lessor of the total amount of costs to be billed or allocated to the Association or any Owner pursuant to this Section shall be final and binding upon the Association and all Owners. Upon making the determinations and allocations aforesaid, Ground Lessor will provide a copy thereof to the Association and, if applicable to the Owner who is responsible to pay Ground Lessor.

Section 6. Ground Rent Assessment. The Ground Rent Assessments under the Leases shall be included as a Common Expense.

- (a) Upon Ground Lessor's or Association's advising any Owner of the amount of Owner's ground rent, there shall automatically be assessed against such Owner a ground rent assessment in an amount equal to the amount of ground rent. If default in payment of the ground rent assessment occurs, Association, or Ground Lessor

as the agent of Association, may record the lien provided for in Article VII.

(b) Each Owner shall pay his or her ground rent assessment to the Association in the usual manner, except that if Lessor requires any Lessee to pay ground rent under the Lease to Lessor rather than to Association, then payment by such Lessee of such ground rent to Lessor shall for all purposes constitute payment of such Lessee's ground rent assessment. If paid to Association, such assessments shall be due and payable by Owners in the same installments and at the same times as if the payments were being made to Lessor under the Lease.

Section 7. Malibu Mesa Irrigation System. Pursuant to Section 1 of this Article XXI, Ground Lessor shall retain the right and responsibility for maintenance and operation of any reclaimed water irrigation system located on the Project (which obtains reclaimed water from, among other facilities, the Malibu Mesa Wastewater Treatment Facility), or for its relocation or additions thereto pursuant to the irrigation easement reserved by Declarant herein for such purposes.

Section 8. Amendment to Article XXI. The provisions of this Article XXI shall not be amended or repealed without the written consent of Ground Lessor.

## ARTICLE XXII

### GENERAL PROVISIONS

#### Section 1. Enforcement.

(a) The Association, Declarant and/or the Owner of any Condominium in the Project (including Declarant in its capacity as an Owner), shall have the right to enforce, by proceedings at law or in equity, all (unless otherwise limited herein) of the Protective Covenants now or hereafter imposed by this Declaration and the Bylaws, respectively (and the Rules and Regulations duly adopted by the Association), including, without limitation, the right to prosecute a proceeding at law or in equity against the Association, Declarant, person or persons who have violated, or are attempting to violate, any of said Protective Covenants, to enjoin or prevent them from doing so, to record a notice of non-compliance (if allowed by law), to cause said violation to be remedied and/or to recover damages for said violation; provided, however, that with respect to Assessment liens the Association shall have the exclusive right to the enforcement thereof; and with respect to enforcement of the provisions of Articles XIII and XIV, Declarant and the Association shall have the right to enforcement thereof. Every person or entity who now or hereafter owns or acquires any right, title or interest in the Project is and shall be conclusively deemed to have consented and agreed to every Protective Covenant contained herein, whether or not any reference to this Declaration is contained in the instrument by which such person or entity acquired an interest in his Condominium.

(b) The result of every act or omission whereby any of the Protective Covenants contained in this Declaration or the provisions of the Bylaws are violated, in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance shall be applicable against every such result and may be exercised by any Owner, by the Association or by its successors in interest, and Declarant, except as may be otherwise provided herein.

(c) The remedies herein provided for breach of the Protective Covenants contained in this Declaration or the provisions of the Bylaws or any Rules and Regulations shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

(d) The failure of the Association, Declarant or any Owner to enforce any of the Protective Covenants contained in this Declaration, the provisions of the Bylaws or any Rules or Regulations shall not constitute a waiver of the right to enforce the same thereafter.

(e) Prior to filing a civil action by either the Association or by an Owner related to the enforcement of the Association governing documents, the parties may be required to comply with Civil Code Sections 1363.810 through 1363.850, and 1369.510 through 1369.590, as applicable. Failure to comply with the prefiling

requirements of said Sections of the Civil Code may result in the loss of the right to sue regarding enforcement of the Association governing documents. Upon motion by any party for attorneys' fees and costs as the prevailing party, the court, in determining the amount of the award may consider a party's refusal to participate in an alternative dispute resolution process prior to the filing of the action.

(f) The Board, for and on behalf of the Association, may assess monetary penalties against an Owner as a Compliance Assessment and/or temporarily suspend said Owner's voting rights and right to use the recreational facilities, if any, for the period during which any Assessment against said Owner's Condominium remains unpaid;

(g) The Board, for and on behalf of the Association, may temporarily suspend an Owner's voting rights and right to use the facilities within the Common Area, if any, for a period not to exceed thirty (30) days for any infraction of the Association's Rules and Regulations; provided, however, the requirements for Notice and Hearing set forth in the Bylaws and governing law shall be followed with respect to the accused Owner before a decision to impose discipline is reached.

Section 2. Construction of Declaration. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation and maintenance of the Project subject to the limitations on use, occupancy, transfer and ownership set forth herein. The Article and Section headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 3. Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or enforceability of any of the provisions hereof shall not affect the validity of the remaining provisions, which shall remain in full force and effect.

Section 4. Successors and Assigns. This Declaration shall inure to the benefit of and be binding upon the successors and assigns of Declarant, and on the heirs, personal representatives, grantees, lessees, successors and assigns of the Owners.

Section 5. Conflicts. To the extent that any provision of the Bylaws shall conflict with the provisions of this Declaration, the provisions of this Declaration shall control. In the case of any conflict between the Articles and the Bylaws, the Articles shall control.

Section 6. Singular Includes Plural. Whenever the context of this Declaration may so require, the singular shall include the plural, the masculine shall include the feminine and neuter, and the feminine shall include the masculine and neuter.

Section 7. Encroachments. None of the rights and obligations of the Owners created herein or by deed or lease shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; provided, however, that in



no event shall a valid easement for encroachment be created in favor of an Owner if said encroachment occurred due to the willful conduct of said Owner.

Section 8. Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by first class, registered or certified mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the Condominium Unit of such person if no address has been given to the Association. If such notice is not sent by first class, regular or certified mail, it shall be deemed to have been delivered when received. Such address may be changed, from time to time, by notice in writing to the Association.

Section 9. Notice Regarding Property Taxes. By acceptance of a deed to a Unit, each Owner acknowledges and agrees that: (a) Declarant does not and cannot control the actions of the Los Angeles County Assessor's Office; and (b) Declarant makes no representations, warranties, promises or guarantees concerning the current or future assessed value or real property tax liability of or associated with any Unit. In the past, the Assessor's Office has considered the serious restrictions placed upon Unit ownership in assessing the value of Declarant's campus housing. However, from time to time, the Assessor's Office seeks to increase the assessments. Although Declarant works with the Assessor's Office in an effort to keep the assessments reasonable, Declarant ultimately has no ability to control the Assessor's Office. Each Owner is responsible for any property taxes assessed against his Unit.

Section 10. Attorneys' Fees. If any Owner defaults in making a payment of Assessments or in the performance or observance of any provision of this Declaration, and the Association has obtained the services of an attorney in connection therewith, the Owner covenants and agrees to pay to the Association any costs or fees incurred, including reasonable attorneys' fees, regardless of whether legal proceedings are instituted. In the event legal action is commenced arising from or related to, or to enforce or interpret, or for breach of any provision of, this Declaration, the Bylaws, or the Rules and Regulations, the prevailing party shall be entitled to recover from the losing party costs and expenses incurred, not limited to taxable costs, and reasonable attorneys' fees incurred by the prevailing party, including those incurred in connection with any dispute resolution procedure followed in compliance with Civil Code Sections 1363.810 through 1363.850, 1369.510 through 1369.590, and, 1375-1375.1, as applicable, and as may be amended from time to time, and any appeal, in addition to all other relief and remedies to which the prevailing party may be entitled. If a claim or claims asserted by a third party against the Association arising from an action or omission by any Owner, the party responsible for the action or omission shall be the losing party, and the other party shall be the prevailing party, for purposes of the foregoing sentence.

## ARTICLE XXIII

### TINER UNITS

Section 1. Tiner Units. The Tiner Units shall be independently governed by the Tiner Committee (described below).

Section 2. Tiner Committee. The Tiner Committee shall be comprised of a minimum of three (3), but not more than five (5) members, each of whom must be an Owner of a Condominium within the Tiner Units. The Tiner Committee members shall be elected by the Tiner Units for an initial term of two (2) years. The Tiner Committee has the right and duty to promulgate reasonable rules and regulations for the administration and governance of the Tiner Units only.

Section 3. Maintenance Obligations of Tiner Committee.

(a) The Tiner Committee shall have the duty and power to maintain in a good condition and in a good state of repair, and otherwise manage, all of the Common Area associated with the Tiner Units (with the exception of Exclusive Use Area components that are specifically stated herein to be the maintenance obligation of the Tiner Owners) and its facilities, including the pool and recreation facilities, exterior walls (but not exterior glass surfaces), exterior door surfaces (but not doorknobs, locks, or latches, or any portion of the sliding glass doors), fencing, railings, roofs, Common Area stairways, walkways, landscaping (but not landscaping installed by any Owner in any of the Exclusive Use Areas), front porch trellises (if any), private underground sewer system (except those portions of the sewer system which only serve one Condominium Unit, which shall be the responsibility of the Owner to maintain). Without limiting the generality or effect of the foregoing, at such time or times as repair or maintenance of any part of the private underground sewer system located within the Common Area shall become necessary (including any portion that is the maintenance responsibility of any Owner), the authority to secure the repair or maintenance services and responsibility for paying for such services shall rest with the Tiner Committee acting on behalf of the Association (provided, however, that the Declarant shall maintain the storm drain system). Furthermore, the Tiner Committee shall have the authority to obtain and pay for the water, gas and electric service, refuse collection, lighting facilities, fire extinguishers, maintenance and repair of the underground sewer lines serving the Tiner Units, and the gardening and janitorial service associated with the Tiner Units.

(b) The Tiner Committee shall provide exterior maintenance of each Condominium within the Tiner Units only as follows: paint, maintain, and repair and replace (if required because of normal wear, tear or deterioration) roofs, TV antennae, gutters, downspouts, and exterior building surfaces (but not glass surfaces) and maintain the landscaping including the trees, shrubs, grass and walks and the Common Area (but not landscaping installed by any Owner in any of the Exclusive Use Areas). The Tiner Committee may (but is not obligated to) upon the

approval of a majority of the voting power of the Tiner Units, contract for the maintenance, repair, or replacement of the second story balconies and first story wood decks of the Tiner Units. The costs thereof shall be deemed a Common Expense unless the Tiner Committee contracts for less than all of the balconies or decks in which event the costs thereof shall be assessed only against the Owners whose balconies or decks were maintained, repaired or replaced. Additionally, if the size or unique characteristics of a Tiner Unit deck or balcony (including, but not limited to, the physical condition of the deck or balcony, or modifications made to it by the Owner) render it more expensive to maintain, repair or replace as compared to other Tiner Unit decks or balconies that are being maintained, repaired or replaced by the Tiner Committee, the Tiner Committee may assess the Owner of such Unit for the additional costs incurred by it in connection with such maintenance, repair or replacement. If the Tiner Committee does not contract for the maintenance, repair or replacement of the second story balconies or first story wood decks, each Tiner Owner shall be responsible to maintain, repair, and replace, as reasonably necessary, the second story balconies and first story wood decks of his Unit. Each Tiner Owner is also responsible to sweep and clean his deck(s) and balcony(ies) regularly, and keep them free from debris and reasonably protected against damage. Additionally, the Tiner Committee's exterior maintenance shall not include: maintenance, repair, or replacement of glass surfaces of the exterior walls, landscaping within the private balcony, deck, or entry court areas of the Condominiums, patio covers or other additions built or maintained within said entry court, external installations or components (including without limitation, air conditioning and solar heating devices and elements) which serve one or more individual Tiner Units exclusively, or portions thereof, general repairs or replacements arising out of or caused by the willful or negligent act of the Owner, his family, guests, invitees, tenants, subtenants or other occupants of said Owner's Condominium. Such excluded items shall be the responsibility of each Owner; provided, however, that if an Owner shall fail to maintain or make the repairs or replacements which are the responsibility of such Owner (or his tenant, subtenant, etc.) as provided above, then, upon a vote of a majority of the Tiner Committee, and after Notice and Hearing in accordance with the Bylaws, the Tiner Committee, the Association or Declarant shall have the right (but not the obligation) to enter the Condominium and provide such maintenance or make such repairs or replacements, and the cost thereof shall be added to the assessments chargeable to such Condominium and shall be payable to the Tiner Committee, Declarant or the Association, as applicable, by the Owner of such Condominium.

(c) An Owner of a Tiner Unit shall grant the right of entry to the Declarant, the management agent or to any other person authorized by the Board or the Tiner Committee in case of emergency originating in or threatening his Unit whether the Owner is present at the time or not. Similarly, an Owner shall permit other Owners, the Association, the Tiner Committee or their representatives, when so required, to enter his Unit for the purpose of installations, alterations, or repairs to the mechanical, plumbing, gas, electrical or other utility services, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner. In case of an emergency, such right of entry shall be

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immediate.

(d) If the Tiner Committee fails to meet its maintenance obligations under this Section, the Association or Declarant shall have the power to undertake such maintenance for the benefit of the Owners of the Tiner Units.

Section 4. Assessment Obligations. Notwithstanding any provision herein to the contrary, the Owners of Condominiums in the Tiner Units shall equally share in the expenses incurred by the Tiner Committee in connection with the discharge of its maintenance obligations under this Article XXIII (with the exception of expenses related to the maintenance, repair or replacement of the first story wood decks and second story balconies). The Tiner Committee, on behalf of the Association, shall separately assess the Owners in the Tiner Units for the expenses associated with the Tiner Committee's maintenance obligations in accordance with the provisions of Article VII above. The Tiner Committee shall have the power to collect assessments from the Owners of the Tiner Units on behalf of the Association and to exercise any other powers of the Association as provided in Article VII above, solely with respect to the Tiner Units. The Tiner Committee shall establish a separate fund with a federally insured bank for the deposit of assessments collected from the Owners in the Tiner Units ("Tiner Account"). The Tiner Committee shall designate two authorized signatories for the Tiner Account, at least one of which shall be a member of the Board or an officer of the Association. If an Owner in the Tiner Units is delinquent in meeting his or her assessment obligations hereunder, the Tiner Committee shall notify the Board of such delinquency, and the Association shall enforce the collection of the delinquent assessments in accordance with Article VII above.

Section 5. Meetings of the Committee. The Tiner Committee shall meet as necessary to perform duties. The Tiner Committee may, by resolution unanimously adopted in writing, designate a Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Tiner Committee. In the absence of such designation, the vote or written consent of a majority of the Tiner Committee constitutes an act of the Tiner Committee.

Section 6. Compensation of Members. The Tiner Committee's members shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in performing their duties.

Section 7. Appeals. The Tiner Committee may adopt policies and procedures for the appeal of Tiner Committee decisions to the Board. The Board shall not substitute its judgment on the substantive merits of any action or decision by the Tiner Committee. Rather, the Board's function on appeal is to confine itself to determining whether the Tiner Committee's action or decision was arbitrary or capricious or was materially affected by a failure to follow applicable procedure. The Tiner Committee has no obligation to adopt or implement any appeal procedures, and in the absence of Board adoption of appeal procedures, all Tiner Committee decisions are final.

IN WITNESS WHEREOF, Declarant and the undersigned officers of the Association have executed this instrument on April 7, 2006.

CVI CCRS (04.03.06)

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"DECLARANT"  
PEPPERDINE UNIVERSITY,  
a California nonprofit public benefit  
corporation

By: Andrew K. Benton

Its: President

Date: May 1, 2006

By: Charles J. Rippin

Its: Vice President for Finance and

Date: April 7, 2006 Administration

"ASSOCIATION"  
CAMPUS VIEW CONDOMINIUMS  
HOMEOWNERS ASSOCIATION,  
a California nonprofit corporation

By: Stephanie J. Cupp

Its: Treasurer

Date: 4-6-06

By: Janet Davis

Its: Secretary

Date: 4-6-06

APPROVED BY THE COASTAL COMMISSION  
AS TO ARTICLES XIII AND XIV ONLY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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Jan-30-07 03:30pm From-

T-496 P.002/005 F-247

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"DECLARANT"  
PEPPERDINE UNIVERSITY,  
a California nonprofit public benefit  
corporation

By: Andrew K. Benton  
Its: President  
Date: May 1, 2006

By: Charles J. Rippin  
Its: Vice President for Finance and  
Date: April 7, 2006 Administration

"ASSOCIATION"  
CAMPUS VIEW CONDOMINIUMS  
HOMEOWNERS ASSOCIATION,  
a California nonprofit corporation

By: Stephanie J. Cripp  
Its: Treasurer  
Date: 4-6-06

By: Janet Davis  
Its: Secretary  
Date: 4-6-06

APPROVED BY THE COASTAL COMMISSION  
AS TO ARTICLES XIII AND XIV ONLY

By: Melissa Hetrick  
Its: Coastal Program Analyst  
2-6-07

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STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF LOS ANGELES )

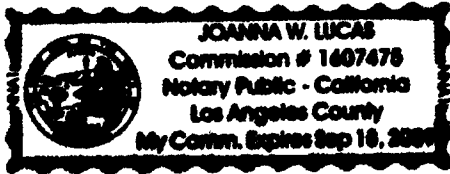
On April 6, 2006, before me, the undersigned, a Notary Public in and for said State, personally appeared Stephanie Cupp and Janet Davis, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument, the persons or the entities upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

*Joanna W. Lucas*

Signature of Notary Public  
for the State of California

My Commission Expires: September 18, 2009



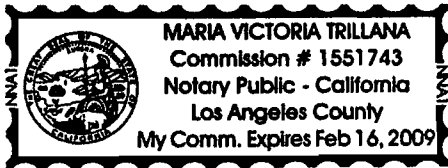
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STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF LOS ANGELES )

On April 7, 2006, before me, Maria Victoria Trillana, a Notary Public, personally appeared Charles J. Pippin, personally known to me (or 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 on the instrument, the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



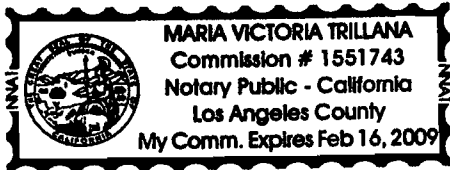
M. Trillana  
Signature of Notary Public  
for the State of California

My Commission Expires: February 16, 2009

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF LOS ANGELES )

On May 1, 2006, before me, Maria Victoria Trillana, a Notary Public, personally appeared Andrew K. Benton, personally known to me (or 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 on the instrument, the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



M. Trillana  
Signature of Notary Public  
for the State of California

My Commission Expires: February 16, 2009

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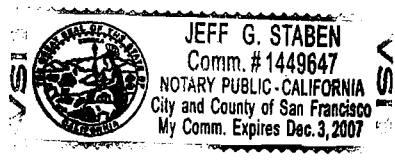
STATE OF CALIFORNIA

COUNTY OF SAN FRANCISCO

On February 6, 2007, before me, Jeff G. Staben, a Notary Public personally appeared Melissa Hetrick, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature Jeff G. Staben



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EXHIBIT A  
 TO  
 SECOND AMENDED AND RESTATED  
 DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND RESERVATION OF  
 EASEMENTS FOR  
 FOR CAMPUS VIEW CONDOMINIUMS  
 COUNTY OF LOS ANGELES, STATE OF CALIFORNIA  
 MAINTENANCE ASSESSMENT PERCENTAGES

Unit No.	Percentage Interest in Building Pad Areas	Percentage Interest in Reserved Use Areas	Maintenance Assessment Percentages for Baxter Units	Maintenance Assessment Percentages for Tiner Units
1	1.8250	0.018250	2.1130%	
2	1.4321	0.014321	1.6581%	
3	1.6083	0.016083	1.8621%	
4	1.6245	0.016245	1.8808%	
5	1.8250	0.018250	2.1130%	
6	1.1604	0.011604	1.3435%	
7	1.1604	0.011604	1.3435%	
8	1.4974	0.014974	1.7337%	
9	1.8250	0.018250	2.1130%	
10	1.4321	0.014321	1.6581%	
11	1.6083	0.016083	1.8621%	
12	1.6245	0.016245	1.8808%	
13	1.8250	0.018250	2.1130%	
14	1.4321	0.014321	1.6581%	
15	1.6083	0.016083	1.8621%	
16	1.6245	0.016245	1.8808%	
17	1.8250	0.018250	2.1130%	
18	1.1604	0.011604	1.3435%	
19	1.1604	0.011604	1.3435%	
20	1.4974	0.014974	1.7337%	
21	1.8250	0.018250	2.1130%	
22	1.4974	0.014974	1.7337%	
23	1.8250	0.018250	2.1130%	
24	1.4321	0.014321	1.6581%	
25	1.6083	0.016083	1.8621%	
26	1.6245	0.016245	1.8808%	
27	1.8250	0.018250	2.1130%	
28	1.4321	0.014321	1.6581%	
29	1.6083	0.016083	1.8621%	

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EXHIBIT A  
 TO  
 SECOND AMENDED AND RESTATED  
 DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND RESERVATION OF  
 EASEMENTS FOR  
 FOR CAMPUS VIEW CONDOMINIUMS  
 COUNTY OF LOS ANGELES, STATE OF CALIFORNIA  
 MAINTENANCE ASSESSMENT PERCENTAGES

Unit No.	Percentage Interest in Building Pad Areas	Percentage Interest in Reserved Use Areas	Maintenance Assessment Percentages for Baxter Units	Maintenance Assessment Percentages for Tiner Units
30	1.6245	0.016245	1.8808%	
31	1.6245	0.016240	1.8808%	
32	1.6083	0.016083	1.8621%	
33	1.4321	0.014320	1.6581%	
34	1.8250	0.018250	2.1130%	
35	1.4974	0.014974	1.7337%	
36	1.1604	0.011604	1.3435%	
37	1.1604	0.011600	1.3435%	
38	1.8250	0.018250	2.1130%	
39	1.6245	0.016240	1.8808%	
40	1.6083	0.016083	1.8621%	
41	1.4321	0.014320	1.6581%	
42	1.8250	0.018250	2.1130%	
43	1.4974	0.014970	1.7337%	
44	1.8250	0.018250	2.1130%	
45	1.9094	0.019094		16.6667%
46	2.4676	0.024676		16.6667%
47	1.9094	0.019090		16.6667%
48	2.7907	0.027907		16.6667%
49	1.9094	0.019094		16.6667%
50	2.4676	0.024676		16.6667%
51	1.5041	0.015041	1.7414%	
52	1.3249	0.013249	1.5339%	
53	1.3249	0.013249	1.5339%	
54	1.1721	0.011721	1.3571%	
55	1.1721	0.011721	1.3571%	
56	1.5085	0.015085	1.7465%	
57	1.3388	0.013388	1.5501%	
58	1.1560	0.011560	1.3384%	
59	1.3329	0.013329	1.5432%	
60	1.5063	0.015063	1.7440%	
61	1.3498	0.013498	1.5628%	
62	1.3271	0.013271	1.5365%	
63	1.3498	0.013498	1.5628%	

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**EXHIBIT "B"**

<b>MAINTENANCE ITEM</b>	<b>RESPONSIBILITIES</b>
Residential Living Element of Unit	The Owner maintains and replaces as necessary all interior doors and their hardware, interior wall surfaces, drywall, cabinets, floor coverings, ceilings, permanent fixtures, appliances, electrical outlets and switches, toilets, smoke detectors (including periodic testing and replacement of batteries) and washing machine water hoses.
Residential Living Element entry door	The Owner maintains and replaces as necessary the interior surfaces, the handle, locking mechanism, kick plates and the screen door and performs any touch up painting on the exterior surface if necessary before the Association's periodic painting.
Fireplace in the Residential Living Element	The Owner maintains the interior surface of the chimney and firebox, including periodically removing soot, maintains any gas pipes, logs and other contents of the firebox, and maintains the flue.
Sliding glass doors and screen doors serving the Unit	The Owner maintains and replaces as necessary all portions of these items, including the locking mechanism, weatherproofing, sheathing, frame and any glass. The Owner paints, stains, seals or otherwise weatherproofs the exterior surfaces.
Windows in the Unit	Each Condominium Owner is responsible for cleaning and replacing as necessary all windows in his Condominium and maintaining all portions of all of the windows including the frame, screens, locking mechanism for the screen, weather stripping, caulking, panes and sheathing.
Light Fixtures and Fans	The Owner maintains the light fixtures and fans actuated from switches controlled from, or separately metered to, the Owner's Unit.
Second Story Balconies and First Story Wood Decks	The Association maintains the exterior painted surfaces of the second story balcony railings (if any), the exterior and the interior surfaces of open railings (e.g., iron or tubular steel railings), wood railings, stucco, and the structure. The Association is also responsible for re-surfacing the floor of

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	<p>the second story balconies originally installed by Declarant.</p> <p>The Owner maintains any surface on the balcony floor that he has installed (if permitted by the Board and Declarant). The Owner sweeps and cleans the second story balcony regularly and keeps it free from debris and reasonably protected against damage. The Owner maintains any hose bibs, electrical outlets and switches. With the exception of the Tiner Units as set forth in Article XXIII in the CC&amp;Rs, the Association maintains, repairs and replaces, as necessary, the first story wood decks.</p> <p>The Tiner Committee may (but is not obligated to) upon the approval of a majority of the voting power of the Tiner Units, contract for the maintenance, repair, or replacement of the second story balconies and first story wood decks of the Tiner Units. The costs shall be deemed a Common Expense unless the Tiner Committee contracts for less than all of the balconies or decks in which event the costs thereof shall be assessed only against the Owners whose balconies or decks were maintained, repaired or replaced.</p> <p>Additionally, if the size or unique characteristics of a Tiner Unit deck or balcony (including, but not limited to, the physical condition of the deck or balcony, or modifications made to it by the Owner) render it more expensive to maintain, repair or replace as compared to other Tiner Unit decks or balconies that are being maintained, repaired or replaced by the Tiner Committee, the Tiner Committee may assess the Owner of such Unit for the additional costs incurred by it in connection with such maintenance, repair or replacement.</p>
<p>Second Story Balconies and First Story Wood Decks cont.</p>	<p>If the Tiner Committee does not contract for the maintenance, repair or replacement of the second story balconies or first story wood decks, each Tiner Owner shall be responsible to maintain, repair, and replace, as reasonably necessary, the second story balconies and first story wood decks of his Unit. Each Tiner Owner is also responsible to sweep and clean his deck(s) and balcony(ies) regularly, and keep them free from debris and reasonably protected against damage.</p>

<p>Patio</p>	<p>The Association maintains and replaces as necessary the exterior surface and structural integrity of all walls surrounding the Patio and the structure.          The Owner maintains any tile, paver or other surface material installed by Owner on the surface of the Patio (if permitted by the Board and Declarant). The Owner sweeps the Patio regularly and keeps it free from debris and reasonably protected against damage. The Owner maintains any hose bibs, electrical outlets and switches.</p>
<p>Water pressure regulator, plumbing outlets and fixtures, furnaces, ducts (HVAC, dryer, stove, oven) electrical wiring and circuit breakers.</p>	<p>The Owner maintains and replaces as necessary the portions within or which exclusively serve the Unit.</p>
<p>Garage</p>	<p>Each Owner is responsible.</p>
<p>Garage Doors</p>	<p>The Owner is responsible to maintain (including, but not limited to, touch up painting) and replace as necessary. The Association shall repaint the garage doors on a routine basis, if approved by the Board.</p>
<p>Telephone wiring exclusively serving a Condominium</p>	<p>The Owner maintains.</p>
<p>Utilities</p>	<p>The Association maintains the utilities serving the Common Area and all utilities which serve individual Condominiums but which are subject to a common meter (i.e., fire sprinkler, main sewer and water line, boiler).          Owners maintain utilities serving the Units that are separately metered. This includes all gas lines serving the Condominiums that are not serviced by the gas company, all water lines serving the Condominium beginning at the water shutoff valve that is installed immediately adjacent to the Unit, and all individual Unit interior waste water drain lines that connect to the Common Area drain lines serving multiple Units.</p>

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Buildings	The Association maintains the structural components (including an inspection and preventive program for the prevention and eradication of infestation by wood destroying pests and organisms), liquid boot, exterior finished surfaces, exterior stucco walls, roofs, chimneys, and front doors (except interior finished surface).
Stairways, handrails and gates that are not inside the Units	The Association maintains.
All potted plants placed on the Common Area by the Association.	The Association maintains.

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