

Date: _____

TO: Pepperdine Employee(s)/Applicant(s) – _____

Enclosed you will find the following items which will briefly explain and list the terms, conditions, and requirements of Pepperdine's Contingent Interest Loan Program:

- *Pepperdine Contingent Interest Loan Guidelines
- *Contingent Interest Loan Agreement (sample)
- *Deed of Trust (sample)
- *Promissory Note (sample)

* To be retained by borrower

Please **COMPLETE and RETURN** to me the attached documents as soon as possible.

encl:

- 1.) Residential Loan Application
- 2.) Monthly Budget Worksheet
- 3.) W-9
- 4.) Confidential Statement of Identity
- 5.) Vesting Statement of Declaration

Also remit the following:

- 6.) Dean's letter of offer
- 7.) Purchase Agreement, Preliminary Title Report and Escrow Instructions (*only signed copies are acceptable*)
- 8.) Copy of Appraisal
- 9.) Copy of Borrower(s) Credit Report
- 10.) Real Estate Broker and Mortgage Broker Contact Information

NOTES: _____

Sincerely,
JoAnna Elliott
Director, Real Estate Operations TAC-100
310-506-6348

**PEPPERDINE UNIVERSITY
CONTINGENT INTEREST LOAN GUIDELINES
FOR OFF CAMPUS HOUSING
(01/26/05)**

Purpose: The principal purpose of the Contingent Interest Loan program is to assist in the recruitment of faculty and staff by assisting them in acquiring suitable housing in the vicinity of or on the University's campuses and educational centers.

Guidelines:

1. **Qualification/No Entitlement.** This program is not an entitlement, and is limited to members of faculty and staff being recruited for full-time positions at the University who receive a University authorized offer for a loan to buy his/her Residence, thereby enabling them to move to or near a Pepperdine University campus (hereinafter "Borrower"). Except as may be required by law, the details and existence of the loan transaction shall be maintained strictly confidential between the Borrower and the authorizing University officials.
2. **Required Authorization.** The use of a Contingent Interest Loan shall be considered by the recruiting officials on an as needed basis only. The discussion, offer, and amount of such a loan shall be done only with the written authorization of the Provost and the Dean of the School, or the Senior Vice President for Investments, or Executive Vice Chancellor, as appropriate.
3. **Limitation on Amount/Approval of Residence and Purchase Terms.** The amount of the Loan is entirely in the judgment of the University, shall be related to the expected need of the Borrower, shall not exceed the limitations established by the University Management Committee, and shall be subject to availability and approval of budgeted funds to be used for the Loan. The Loan shall typically be expressed as a dollar amount. Though the Borrower will have considerable latitude in selection of the Residence, the University must approve the Residence proposed to be purchased with the proposed Loan, as well as the proposed terms of the Residence purchase. The Loan shall be paid directly into escrow immediately prior to the close and applied to the purchase price as instructed by the University. The Loan should not be used as the escrow deposit or any closing costs, except in cases of special need when pre-approved in writing by the Senior Vice President for Investments.

4. Affordability/Personal Financial Information. The Borrower must demonstrate, to the reasonable satisfaction of the University, that he or she can not only afford to purchase the home, but also continue to meet all debt financing and pay for proper maintenance of the Residence. Detailed personal financial information and copies of all documentation regarding the Residence purchase must be provided to the University officials administering the Loan program. This information will be kept confidential.

5. Costs Borne by Borrower. All costs of the transaction shall be borne by the Borrower, including a University transaction fee (currently at \$250) and all costs of recording documents, title reports and policies, insurance, escrow fees, tax lien, etc.

6. Loan Documentation. The Contingent Interest Loan shall be documented by the University and may include a Contingent Interest Loan Agreement, Promissory Note, Deed of Trust covering the real property, subordinate only to the lien of any senior deed of trust on the Residence approved by the University, and a UCC Financing Statement covering any personal property in the Residence (collectively, the "Loan Documents").

7. Acceleration of Loan. The maximum term of the Loan is thirty (30) years, however, as set forth more fully in the Loan Documents, the University's Loan shall become immediately due and payable upon sale, lease, disposition, further encumbrance or other transfer of the Residence. Additionally, the University's Loan shall become immediately due and payable within 120 days of: (a) Borrower's cessation of full-time employment with the University for any reason, whether voluntary or involuntary; (b) death or incapacity of the Borrower; (c) cessation of use of the Residence as the primary year round Residence of the Borrower (i.e., the full time employee of the University); (d) default in payment of any loan or other payments related to the Residence; (e) material breach of any agreement between Borrower and the University or between Borrower and a lender who holds a security interest in the Residence; (e) the University's determination of the falsity of any material statement, representation or warranty contained in the Loan Documents associated with the Loan; (f) the attachment, levy, execution or other judicial seizure of any portion of the Residence which is not released, expunged, discharged or dismissed prior to sixty (60) days after such attachment, levy, execution or seizure.

8. Loan Terms. As set forth more fully in the Loan Documents, two interest components shall accrue on the Loan: (a) Fixed Interest on the unpaid principal sum of the Promissory Note; and (b) Contingent Interest on the Net Appreciated Value of the Residence (as defined in the Promissory Note). Borrower may prepay the principal and Fixed Interest without penalty according to the terms of the Promissory Note. Borrower may not prepay Contingent Interest unless Borrower first pays in full all principal and fixed interest, and all other amounts owed under the Note, whether or not then due. The amount of the Loan shall not be reduced as a result of any decrease in the price or value of the Residence.

9. Insurance. The Borrower shall maintain property and casualty insurance for the full replacement value of the property and liability insurance in the minimum amount of \$300,000.00. The University shall be named as a loss payee on the insurance policies for the Residence. Evidence of adequate property and casualty insurance in force must be on file with the University until the Loan is repaid to the University. Each policy shall contain a 30-day notice to the University prior to cancellation or material alteration. Owners shall cause their insurance broker to provide the University with a Certificate of Insurance evidencing these coverages.

10. Expenses, Taxes, Encumbrances, and Indemnity. Borrower will be responsible to pay all taxes, assessments, homeowner's fees, utilities, repairs, maintenance, capital improvements, upkeep, insurance, losses, damages, claims, and any and all other costs and expenses of the Residence. Except with respect to the approved first trust deed lien, Borrower shall not permit any other monetary or other material encumbrances against the Residence during the term of the Loan without the prior written consent of the University, which consent may be withheld in the University's sole discretion.

11. Income Tax Consequences. Borrower agrees that the University has made no warranties or representations regarding the tax consequences of the Loan. Borrower shall rely upon his or her own legal and tax professionals for such advice.

12. No Obligation Without Agreement. The University shall not be obligated to make the Loan unless and until Borrower has signed the University's Contingent Interest Loan Agreement and all other related documents reasonably required by the University.

13. Budgetary Responsibility. The academic or administrative department employing the Borrower shall be responsible for the financial and budgetary resources required for the Loan arrangement with the Borrower. For example, a Loan of \$20,000 would result in a charge of \$20,000 against the departmental budget. In limited, exceptional cases, and upon written approval of the Senior Vice President for Investments, the departmental budget may borrow the funds from the University and be charged annually for the carrying cost of the funds (estimated at 8-9%) and for amortization of the Loan amount until repaid. Loan funds that have been charged against a departmental budget shall become part of a Loan fund allocated for that school, and thus, upon repayment to the University said funds, increased or decreased by the gain or loss on the equity investment, shall belong to the school for reuse in the Contingent Interest Loan program.

14. Exceptions. Material exceptions to this policy may be made only by the agreement of the following officers: (a) Provost, (b) Senior Vice President for Investments, and (c) Vice Chancellor. In the event one of these officers is unavailable, or in the event of disagreement, at least two of said officers shall approve any material exception.

15. Conflicts. In the event that there is any conflict between the terms of the Loan Documents and these Guidelines, the terms of the Loan Documents shall prevail.

For more information, please contact:

For Implementation

**Real Estate Operations – TAC100
Pepperdine University
Malibu, CA 90263-4109
Ms. JoAnna Elliott
Director
(310) 506-6348**

For Policy

**Charles J. Pippin
Senior Vice-President and
Chief Investment Officer – TAC 4
Pepperdine University
Malibu, CA 90263-7500
(310) 506-7500**

Approved by University Management Committee.

CONTINGENT INTEREST LOAN AGREEMENT

«LastName»

Definitions

Effective Date: «DocumentDate»

Employee: «LastName»:

Borrower: «Vesting» (“*Borrower*”)
«StreetAddress»
«CityStateZip»

Lender: Pepperdine University (“*Pepperdine*”)
a California non-profit public benefit corporation
24255 Pacific Coast Highway
Malibu, CA 90263-4109
Attn: Real Estate Operations

Residence: Single family home located at «StreetAddress»,
«CityStateZip», APN «APN» as more particularly described on **EXHIBIT A** attached hereto.

Recitals

A. On or before «CloseOfEscrow» (the “*Closing*”), Borrower shall purchase the Residence for principal residence purposes at a purchase price of \$«PurchasePrice» with \$«DownPayment» down and a Note for the sum of \$«FirstTDAmount» (excluding closing costs), with fixed interest not to exceed «FirstTDInterestRate»% (subject to adjustment pursuant to the loan documents evidencing or securing such loan, herein collectively called the “*Senior Loan Documents*”). The Senior Loan shall be secured by the lien of a first trust deed (the “*Senior TD*”).

B. On «DateOfHire», «FullName» began employment with Pepperdine as «UniversityTitle» in the «AcademicDivision» of «College» at Pepperdine University.

C. As an incentive to encourage «FullName» to accept the position described above, Pepperdine has agreed to lend to Borrower the sum of «LoanAmtInWords» (\$«LoanAmtNumeric») as a Contingent Interest Loan (the “*Loan*”), to be secured by the Residence. The loan funds shall be forwarded directly into escrow by Pepperdine’s Real Estate Operations Department to enable Borrower to close the purchase of the Residence. Borrower acknowledges and agrees that Pepperdine shall not incur any other costs or expenses related to this transaction and the ownership of the Residence.

D. This Contingent Loan Agreement (the “*Agreement*”) sets forth the benefits, duties and obligations among the various parties with regard to the Residence.

Agreement

It is therefore agreed, as follows:

1. **Incorporation of Recitals.** The above Definitions and Recitals A through D are hereby fully incorporated into this Agreement.

2. **Loan.** Pepperdine agrees to lend, and Borrower agrees to borrow from Pepperdine, the Loan in accordance with the terms and conditions of this Agreement, the Promissory Note (as defined below) and Deed of Trust (as defined below) securing the Loan. The full amount of the Loan shall be deposited to escrow and credited toward the purchase price of the Residence. The Loan shall be evidenced by a Promissory Note (the “*Note*”) in the form of **EXHIBIT B** hereto. The Note and this Agreement shall be secured by a Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing in the form of **EXHIBIT C** hereto (the “*Subordinate Trust Deed*”) to be recorded at the Closing and a UCC Financing Statement in the form of **EXHIBIT D** to be filed with the California Secretary of State. All such documents are referred to herein as the “*Loan Documents.*” The Subordinate Trust Deed shall be subordinate only to the lien of the Senior TD in an amount not to exceed \$«FirstTDAmount».

3. **Security/Title/Closing Costs.** If escrow does not close for any reason, all or any portion of the Loan deposited into escrow shall be immediately returned to Pepperdine University without diminution. Borrower shall be responsible for all costs of escrow and closing, including but not limited to all escrow and recording fees, broker’s commissions, a realty tax service contract for benefit of Lender and title premiums for a Lender’s ALTA title insurance policy insuring Pepperdine’s secured interest in the Residence in the amount of the Loan (including such endorsements as Pepperdine may reasonably require).

4. **Term of Loan.** Borrower and Borrower’s heirs, assignees, and personal representatives, shall be required to repay the Loan within the time period set forth below upon the following Maturing Events (the “*Maturity Events*”):

(a) Within 120 days of retirement, whether voluntary or involuntary, of «FullName» from the full-time employment of Pepperdine University.

(b) Within 120 days of cessation of «FullName»’s full-time employment at Pepperdine University for any other reason, whether voluntary or involuntary.

(c) Within 120 days of death or incapacity of «FullName».

(d) Within 120 days of cessation of the use of the Residence as Borrower’s primary residence.

(e) Within 120 days of Borrower's failure to pay any monetary obligation related to the Residence such as taxes, assessments, insurance premiums, homeowners association dues, or otherwise, if such failure continues for thirty (30) days or more.

(f) Within 120 days of Pepperdine's determination of the falsity of any material statement, representation or warranty contained in the Loan Documents or any Senior Loan Documents.

(g) Within 120 days of any breach, default or failure of performance of any other obligation of Borrower under any of the Loan Documents or any Senior Loan, which breach shall continue for thirty (30) days or more.

(h) Within 120 days of the attachment, levy, execution or other judicial seizure of any portion of the Residence which is not released, expunged, discharged or dismissed prior to sixty (60) days after such attachment, levy, execution or seizure.

(i) Immediately upon any sale, exchange, conveyance, transfer, unauthorized lease or sublease, or other disposition or further encumbrance of the Residence or any portion thereof or interest therein (whether voluntarily or involuntarily, by operation of law or otherwise), except as more fully described in the Note and the Subordinated Trust Deed or any Rider thereto.

(j) The passage of thirty (30) years after the date of Closing.

5. **Use of Premises.** To the extent not inconsistent with a specific provision in this Agreement, Borrower shall comply with all other duties and restrictions on possession, occupancy, use, and transfer as set forth in any Covenants, Conditions and Restrictions ("CC&Rs") related to the Residence. Borrower shall use the Residence as a year-round principal residence; provided, however, if Borrower is on sabbatical or leave of absence approved by Pepperdine for a period not to exceed one year, the Residence may be leased, in accordance with the CC&Rs, by Borrower to a third party on terms approved by Pepperdine, which approval shall not be unreasonably withheld.

6. **Responsibility for Maintenance and Expenses of Residence.** Borrower shall be responsible for timely payment of all expenses related to ownership and occupancy of the Residence, including but not limited to all real and personal property taxes, special assessments, utilities, debt service on all approved senior trust deed loans, repairs, landscaping, insurance premiums for such hazard and liability coverage as may be required by Pepperdine pursuant to Paragraph 8 below (including, but not limited to, public liability and hazard insurance for fire, earthquake and other hazards covering the improvements in, at or on the Residence), upgrades, homeowners association dues and assessments, costs or expenses of maintaining all structural and non-structural parts of the Residence and the mechanical, electrical, roofs, and plumbing systems in good working order, any other expenses necessary to protect and preserve the value of the Residence. Borrower shall make such repairs and replacements as would be made by a reasonable and prudent fee simple owner using the Residence as a principal residence, including any such work as may be deemed a capital improvement. If Borrower does not make such repairs or pay all such costs or expenses in a timely fashion, Pepperdine may, at its election,

make such payments and perform such repairs or cause such repairs to be performed, in which case all amounts paid and interest thereon at the rate of ten percent (10%) per annum shall be an obligation of Borrower to Pepperdine and shall be paid within fifteen (15) days of written notice by Pepperdine to Borrower. Borrower's failure to pay such amount within fifteen (15) days of written notice by Pepperdine shall be deemed to constitute a Maturity Event under Paragraph 4(e) above. Borrower shall be fully responsible for all major and minor maintenance to the Residence and premises, including the structural elements and major electrical, mechanical, and plumbing systems of the Residence (including, but not limited to any damages or defects arising from the negligence, failure to act, or intentional actions of Borrower or Borrower's guests, family members or other invitees).

7. **Maintenance, Waste, Damages, Indemnification.** Borrower shall keep clean, maintain in good working order and condition, and prevent waste of the Residence and other facilities on the premises, reasonable wear and tear excepted. Borrower shall be responsible for and shall indemnify and hold Pepperdine harmless for all losses, costs, damages, claims or other liability to Pepperdine or to any third parties due to the negligent or intentional action(s) or failure to act of Borrower, or Borrower's guests, vendors, employees, agents, family members or other invitees.

8. **Property and Liability Insurance.** Borrower shall keep the improvements now existing or hereafter erected in, at or on the Residence insured against loss by earthquake, fire, flood or other hazard in such form and amount (including deductible levels) and for the periods as Pepperdine shall reasonably require (the "Owner Hazard Policy"). The insurance which Pepperdine requires pursuant to the preceding sentence may be changed during the term of the Loan by written notice from Pepperdine to Borrower. In the event that the homeowners association for the Residence purchases any policies of insurance that provide insurance coverage for the Residence against loss by fire, hazards included within the term "extended coverage," and/or any other hazards, including, but not limited to, earthquakes and floods (the "Association Insurance Policies") in forms and amounts and for periods acceptable to Pepperdine, Borrower shall be relieved of the obligation to purchase any such fire, earthquake, flood or other hazard coverage for the Residence (as required by Pepperdine pursuant to the first sentence of this Paragraph 8) that is duplicative of the coverage for the Residence provided by the Association Insurance Policies. Owner shall insure such other real and/or personal property located at, in or on the Residence not included within the scope of coverage under the Association Insurance Policies (such as upgrades, wall coverings, etc.) against loss by fire, hazards included within the term "extended coverage," or other hazard in such form and amounts as Pepperdine from time to time shall require (the "Owner Policy"). Borrower shall also obtain a policy of public liability insurance with Pepperdine as an additional named insured and containing limits of liability not less than \$300,000 (the "Owner Liability Policy"). The Owner Hazard Policy, Owner Policy, Owner Liability Policy and the Association Insurance Policies (collectively the "Insurance Policies") shall each include an extended coverage endorsement insuring Pepperdine as additional named insured, and shall also include a standard mortgage clause, naming Pepperdine as mortgagee and/or as additional loss payee, and Borrower agrees, subject to the terms of the Senior TD to generally assign Borrower's rights to insurance proceeds to Pepperdine up to the amount of the outstanding Loan balance. Additionally, each such policy shall include an endorsement waiving all of the insurer's subrogation rights against

Pepperdine, to the extent such endorsement is reasonably available. Each such policy shall also contain a 30-day written notice to Pepperdine prior to cancellation. Borrower shall instruct Borrower's insurance broker to provide Pepperdine with a Certificate(s) of Insurance evidencing these coverages.

If Borrower fails to maintain any of the coverages described above, such failure shall constitute a Maturity Event under Paragraph 4(e) above. Borrower further agrees that Pepperdine may obtain such insurance coverage, at Pepperdine's option and Borrower's expense, and that Pepperdine is under no obligation to purchase any particular type or amount of coverage. Any such coverage obtained by Pepperdine shall cover Pepperdine, but might or might not protect Borrower, Borrower's equity in the Residence, or the contents of the Residence, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts paid by Pepperdine to purchase insurance pursuant to this Paragraph 8 shall become additional debt of the Borrower secured by the Subordinate Trust Deed and UCC Financing Statement executed by Borrower in connection with this Loan Agreement and shall bear interest at the rate of ten percent (10%) per annum and shall be paid within fifteen (15) days of written notice by Pepperdine to Borrower. Borrower's failure to pay such amount within fifteen (15) days of written notice by Pepperdine shall be deemed to constitute a Maturity event under Paragraph 4(e) above.

9. **Damage or Destruction**. In the event of loss, Borrower shall give prompt notice to Pepperdine. Pepperdine may make proof of loss if not made promptly by Borrower. Unless Pepperdine and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Pepperdine, shall be applied to restoration or repair of the Residence, if the restoration or repair is economically feasible and Pepperdine's security is not lessened. During such repair and restoration period, Pepperdine shall have the right to hold such insurance proceeds until Pepperdine has had an opportunity to inspect the Residence to ensure that the work has been completed to Pepperdine's satisfaction, provided that such inspection shall be undertaken promptly. Pepperdine may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing, or applicable law requires interest to be paid on such insurance proceeds, Pepperdine shall not be required to pay Borrower any interest or earnings on such proceeds. Fees for public adjusters, or other third parties retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Pepperdine's security would be lessened, the entire insurance proceeds paid under any or all of the Owner's Hazard Policy, Owner's Policy and/or Owner's Liability Policy, shall be paid to Pepperdine up to the entire unpaid amount of the Loan and/or the amounts secured by the Subordinate Trust Deed and/or UCC Financing Statement, whether or not then due, together with all interest thereon (including any contingent interest as determined by appraisal or agreement of the parties), with the excess of such insurance proceeds, if any, paid to Borrower. If Borrower abandons the Residence, Pepperdine may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Pepperdine that the insurance carrier has offered to settle a claim, then Pepperdine may negotiate and settle the claim. The 30-day period will begin when the

notice is given. In either event, Borrower hereby assigns to Pepperdine (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note and/or the Subordinate Trust Deed and/or UCC Financing Statement, whether or not then due, and (b) any other of Borrower's rights under all insurance policies covering the Residence, insofar as such rights are applicable to the coverage of the Residence. Pepperdine may use the insurance proceeds either to repair or restore the Residence or to pay amounts unpaid under the Note and/or the Subordinate Trust Deed and/or UCC Financing Statement whether or not then due.

10. **Income Tax Consequences.** Borrower acknowledges and agrees that Pepperdine has made no representation or warranty relating to any potential or actual income tax consequence related to this transaction. Borrower hereby agrees to hold Pepperdine harmless from any and all claims or liabilities related to any such income tax consequence(s) to Borrower arising from this transaction and/or any actions, claims or liabilities related thereto.

11. **Encumbrances.** Except for any initial Senior Trust Deed in an amount not to exceed \$«FirstTDAmount» to the maximum extent permitted by law, Borrower shall not permit any other encumbrances (whether junior or senior, monetary or nonmonetary) on the Residence without Pepperdine's prior written consent, which consent may be given or withheld in Pepperdine's sole discretion.

12. **Survival of Agreement.** All representations, warranties, rights and obligations contained in this Agreement shall survive the close of escrow and the recording of the Loan.

13. **Attorney's Fees and Legal Costs.** If any action is instituted between Borrower and Pepperdine in connection with this Agreement, including the collection of payments due to Pepperdine or to third parties, the prevailing party shall be entitled to recover from the losing party all of its/his/her costs and expenses, including court and discovery costs, costs of appeal or collection, and reasonable attorney's fees (including any costs and time of Pepperdine's internal corporate counsel).

14. **No Waiver.** Either party may waive, or elect not to assert against the other party, any failure to perform or breach of this Agreement by such party. No such waiver or failure to assert shall constitute a waiver of any other breach of the same or any other provision.

15. **Governing Law.** This Agreement and all documents related thereto have been and will be negotiated and executed in the State of California and shall be governed by and construed under the laws of said State.

16. **Entire Agreement.** This Agreement, inclusive of the Loan Documents, contains the complete and entire agreement between Borrower and Pepperdine respecting the matters contained herein, and any agreement, representation, or warranty, expressed or implied, of any nature whatsoever respecting the Residence or the duties of either party in relation thereto not expressly set forth in this Agreement, or other writing executed by both parties expressly referring hereto, is and shall be entirely null and void.

17. **Vesting of Title/Title Insurance.** TITLE TO THE RESIDENCE SHALL BE INITIALLY VESTED AS FOLLOWS:

«Vesting»*

* The interest owned by «LastName» may be held in a revocable living trust, as «LastName» may determine from time to time.

18. **No Partnership or Joint Venture.** Nothing herein shall be construed to make the parties partners or joint venturers, and neither party shall have any authority to act for the other party with regard to the Residence except as explicitly set forth herein.

19. **Exemption from Maximum Interest Rate Limitations.** The parties recognize and agree that the Loan evidenced by this Agreement and applicable Promissory Note is subject to the provisions of California Financial Code Section 28000(c) and, therefore, is exempt from the maximum interest limitations imposed by other provisions of California law. Notwithstanding the foregoing, however, if from any circumstances whatsoever Lender shall ever receive as interest an amount which a court determines has exceeded the highest lawful rate, then such amount deemed to be excessive interest shall be applied to the reduction of the unpaid principal balance due thereunder, rather than to the payment of interest, as of the date such amount was received or deemed to be received by Lender.

20. **Notices.** All notices, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been given on the date of personal delivery, when sent by facsimile to the number shown below (if actual receipt is confirmed by electronic transmission to the recipient during normal business hours or on the next business day if receipt is confirmed after normal business hours), or on actual delivery or attempted delivery (if such attempt is made on a business day) by a reputable commercial delivery service or by the United States express or certified mail, with certification and postal charges prepaid, addressed to the respective party as follows:

<p>IF TO PEPPERDINE: Pepperdine University 24255 Pacific Coast Highway TAC100 Malibu, CA 90263-4109 Tel. No.: (310) 506-4109 Fax No. (310) 506-7421</p>	<p>IF TO «LastName»: «FullName» «StreetAddress» «CityStateZip» Tel. No.: Fax No.</p>
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IN WITNESS WHEREOF, this Agreement is executed on the dates shown below, but to be effective for all purposes as of the date first written above.

Date: _____, 20_____

«LastName»

By _____
«FullName»

By _____
«FullNameSpouse»

Date: _____, 20_____

PEPPERDINE UNIVERSITY

By _____
Darryl L. Tippens, Provost

By _____
Charles J. Pippin, Senior Vice President
and Chief Investment Officer

Order No. _____
Escrow No. _____
Loan No. _____

WHEN RECORDED MAIL TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST WITH ASSIGNMENT OF RENTS, SECURITY AGREEMENT & FIXTURE FILING (LONG FORM)

THIS CONSTITUTES AND IS FILED AS A FIXTURE FILING. [See California Commercial Code Sections 9313 and 9402(6)]. THIS INSTRUMENT SECURES A CONTINGENT INTEREST (SHARED APPRECIATION) LOAN. Lender's interest includes ___% of the net appreciated value of the Property securing this Note. A balloon payment of principal and interest is required upon the occurrence of any of the "Maturity Events" described in the Contingent Interest Loan Agreement dated _____, 200_

This DEED OF TRUST, made _____ 200_, between _____ (the faculty member, herein called the "Primary Obligor") and _____ (herein individually or collectively called the TRUSTOR), whose address is _____ California, _____ (Number and Street) _____ (City) _____ (State)

WAVE ENTERPRISES, INC., a California non-profit corporation (herein called TRUSTEE), and **PEPPERDINE UNIVERSITY**, a California non-profit corporation (herein called BENEFICIARY),

WITNESSETH: That Trustor grants to Trustee in Trust, with Power of Sale, that property in the [City of _____], County of _____, State of California, described as follows:

SEE EXHIBIT "A" ATTACHED HERETO

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the purpose of securing (1) payment of the sum of \$_____, with interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to order of Beneficiary, and any extensions, renewals or modifications thereof, (2) the performance of each agreement of Trustor incorporated by reference or contained herein or in that certain **Contingent Interest Loan Agreement dated _____, 200_ (the "Loan Agreement")** between Trustor and Beneficiary; and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or his successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of Trust.

A. To protect the security of this Deed of Trust, Trustor hereby expressly agrees:

(1) To keep said property in good condition and repair, not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon, not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary Fire all risk, extended coverage and other Insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in

any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed. (See Rider - Item 11(a))

(4) To pay or deliver evidence of payment to Beneficiary at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may; make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

(1) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such moneys received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto".

(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(6) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply to proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto. **(See Rider - Item 11(b))**

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees, of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(9) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

(10) See **Rider or Riders** attached hereto and made a part hereof for additional provisions.

The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

Signature of Trustor

Signature of Trustor

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

On _____, before me,
_____, Notary Public, personally appeared

_____,
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(s) 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.

Signature _____

(This area for official notarial seal)

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

WAVE ENTERPRISES, INC., TRUSTEE:

The undersigned is the legal owner and holder of the note or notes, and of all other indebtedness secured by the foregoing Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated _____

Please mail Deed of Trust,
Note and Reconveyance to _____

Do not lose or destroy this Deed of Trust OR THE NOTE which it secures. Both must be delivered to the Trustee for cancellation before reconveyance will be made.

**DEED OF TRUST
WITH POWER OF SALE**

Wave Enterprises, Inc.
TRUSTEE

RIDER
ATTACHED TO AND MADE A PART OF
LONG FORM DEED OF TRUST AND ASSIGNMENT OF RENTS
DATED _____, 200_

_____, AS TRUSTOR,
WAVE ENTERPRISES, INC., A CALIFORNIA NON-PROFIT CORPORATION, AS TRUSTEE,
AND PEPPERDINE UNIVERSITY, A CALIFORNIA NON-PROFIT CORPORATION, AS BENEFICIARY

Supplementing the provisions of the Deed of Trust to which this Rider is attached, Trustor further agrees to the following terms and conditions.

(11) **PRINTED FORM MODIFICATIONS.** The Deed of Trust to which this Rider is attached and incorporated therein by reference is hereby modified as follows:

(a) The period at the end of Paragraph A (3) thereof is deleted and the following is added to the end of such Paragraph 3. “, whether or not pursued to final judgment, and in any exercise of the power of sale contained herein, whether or not the sale is actually consummated.”

(b) The following is added in the second line of the third subparagraph of Paragraph B (6) thereof between the words “sale” and the second “Trustee”: “and all reasonable costs, fees and expenses of Beneficiary, including but not limited to reasonable attorneys’ fees, expended in connection with this Deed of Trust and the exercise of the power of sale,”.

(12) **ACCELERATION CLAUSE.** As a condition to this Loan, Borrower specifically agrees that Lender may accelerate the Loan if Primary Obligor is no longer employed as a member of the faculty or staff of Pepperdine University for any reason whatsoever. Accordingly, to the fullest extent permitted by applicable law, including but not limited to California Civil Code Section 2924.5, Beneficiary shall have the right, at its option, to declare all sums secured hereby –including but not limited to all deferred Contingent Interest—immediately due and payable, should Trustor sell, exchange, convey, alienate, transfer, lease, dispose of or further encumber the Property or any portion thereof or interest therein (whether voluntarily or involuntarily, by operation of law or otherwise), but **excluding** from the foregoing the following transfers, so long as Primary Obligor remains a faculty or staff member of Pepperdine University in each case.

“(a) A transfer resulting from the death of the spouse of the Primary Obligor where the transfer is to the Primary Obligor as the sole owner of the Property;

“(b) A transfer to the Primary Obligor as the sole owner of the Property, or to the spouse of the Primary Obligor as a co-owner of the Property so long as the Primary Obligor remains in title as a co-owner of the Property;

“(c) A transfer resulting from the decree of dissolution of the marriage or legal separation, or from a property settlement agreement incidental to such a decree which requires the Primary Obligor to continue to make the loan payments, by which the Primary Obligor becomes the sole owner of the Property;

“(d) A transfer by either or both of the obligors into an inter vivos trust in which such party or parties are beneficiaries of such trust; and

“(e) The Property or any portion thereof is made subject to a junior encumbrance or lien, so long as the holder of such junior encumbrance or lien signs a reasonable subordination agreement assuring Lender that the lien and all provisions of this Deed of Trust at all times remains superior to the lien and provisions of any such junior encumbrance.

NOTE TO ALL PARTIES USING THIS INSTRUMENT: If this form is for a residential transaction covering four (4) or fewer residential units, the above acceleration provision must also be recited, word-for-word, in the Promissory Note. (See Section 2924.5 of the California Civil Code.)

CONTINUATION OF RIDER

(13) SECURITY AGREEMENT AND FIXTURE FILING.

(1) Security Agreement. Borrower further grants to Lender, pursuant to the California Uniform Commercial Code, as amended or recodified from time to time (*the "UCC"*), a security interest in all present and future right, title and interest of Borrower in and to all or any part of the Property in which a security interest may be created under the UCC and that is used by Borrower in connection with the Property (collectively, the "*Personal Property*"), including but not limited to the following:

All goods, building materials, machinery, equipment, supplies, tools, tooling, furnishings, fixtures, inventory, raw materials, work in process and other personal property located at and to be incorporated into the Property, finished goods and materials used or consumed in Borrower's business, signs, general intangibles, chattel paper, documents, instruments (whether negotiable or non-negotiable), money, contract rights and accounts (unless secured or assigned to Lender by separate collateral instrument) and other personal property now or hereafter used or to be used in connection with the Land, some of which may become fixtures on the Land; and as to all of the foregoing: (a) whether now owned or hereafter at any time acquired by Borrower, (b) all products, additions, accessions, replacements and substitutions; (c) all books and records of Borrower with respect to the same; and (d) all proceeds, including but not limited to (i) whatever is now or hereafter receivable or received by Borrower upon the sale, exchange, collection or other disposition of any such item, whether voluntary or involuntary, and whether such proceeds constitute inventory, intangibles, equipment or intellectual property or other assets; (ii) any such items which are now or hereafter acquired by Borrower with any proceeds of collateral hereunder; and (iii) any insurance or payments under any indemnity, warranty or guaranty now or hereafter payable by reason of damage or loss or otherwise with respect to any item of collateral or any proceeds thereof.

(2) Fixture Filing. As to all of the Personal Property which is or which hereafter becomes a "fixture" under applicable law, upon due recordation of this Deed of Trust in the real estate records of the county in which the Property is located, this Deed of Trust constitutes a fixture filing under Sections 9313 and 9402 of the UCC, as amended or recodified from time to time.

(3) Covenants. Borrower hereby consents and agrees that (i) all tangible personal property that is a part of the Personal Property shall be kept on the Property, and at such other locations disclosed to and approved by Lender in writing, (ii) none of the Personal Property shall be used for any unlawful purpose, for hire or in any way which would limit or void any insurance required to be maintained under this Deed of Trust, (iii) it shall use commercially reasonable efforts to obtain appropriate consents from all persons and entities whose consents may be necessary or desirable in order to vest Lender with a valid and enforceable security interest in the Personal Property, (iv) prior to the delivery of any Personal Property to any bailee under any circumstance whatsoever, it shall notify Lender of such intention, (v) it shall notify Lender immediately of any legal process levied against any of the Personal Property or any other event which materially impairs the value, use or possession of the Personal Property or any of the rights of Borrower or Lender in relation to any of the Personal Property, and (vi) upon Lender's request, it shall deliver to Lender statements certified by it describing with particularity all material items of Personal Property then subject to this Deed of Trust, the precise location of such Personal Property and any other security interests, mortgages, claims, pledges, liens, charges or encumbrances to which any of such Personal Property may be subject.

(4) General Rights of Lender. In addition to Lender's rights as a "*Secured Party*" under the UCC, Lender may, but shall not be obligated to, at any time without notice and at the expense of Borrower: (a) give notice to any person of Lender's rights hereunder and enforce such rights at law or in equity; (b) insure, protect, defend and preserve the Personal Property or any rights or interests of Lender therein; (c) inspect the Personal Property; and (d) endorse, collect and receive any right to payment of money owing to Borrower under or from any account, chattel paper, contract, deposit account or instrument comprising the Personal Property.

(5) Specific Rights of Lender on Default. Upon the occurrence and during the continuance of a Default under this Deed of Trust or any other Loan Documents (as defined in the Loan Agreement), then in addition to all of Lender's rights as a "Secured Party" under the UCC or otherwise by law:

(a) Lender may (i) upon written notice, require Borrower to assemble any or all of the Personal Property and make it available to Lender at a place designated by Lender; (ii) without prior notice, enter upon the Property or other place where any of the Personal Property may be located and take possession of, collect, sell, and dispose of any or all of the Personal Property, and store the same at locations acceptable to Lender at Borrower's

expense; (iii) sell, assign and deliver at any place or in any lawful manner any Personal Property at public or private sales and bid and become purchaser at any such sales, for cash or on credit, to a wholesaler, retailer or user of each type of Personal Property or at public auction, each of which Borrower agrees constitute commercially reasonable methods of disposing of the Personal Property, since differences in the sales prices generally realized in the different kinds of sales are ordinarily offset by the difference in the speed, costs and credit risks of such sales; (iv) apply any Personal Property or other security available for satisfaction of any or all the Obligations secured hereby, including but not limited to deposit account balances pursuant to UCC Sections 9207 and 9502, as amended or recodified from time to time, to the payment of: any expenses incurred or paid by Lender in connection with any use, sale, transfer or delivery of such Personal Property; any other costs, charges, reasonable attorneys' fees, or other expenses incurred or paid by Lender in connection with the Loan Documents, and all or any other Obligations of Borrower to Lender that are secured hereby in such order, priority and manner as Lender in its sole discretion may determine; and

(b) Lender may, for the account of Borrower and at Borrower's expense: (i) operate, use, consume, sell or dispose of the Personal Property as Lender deems appropriate for the purpose of performing any one or more of the Obligations in such order as Lender may elect; (ii) enter into any extension, reorganization, deposit, merger or consolidation, settlement or compromise or any other agreement relating to or affecting any of the Personal Property, and in connection therewith Lender may (A) sell, transfer or dispose of, release, discharge or deposit or surrender control of any of the Personal Property; (B) accept other property in exchange for any of the Personal Property; (C) take such action as Lender may deem proper; and (D) apply any money or property received in exchange for any of the Personal Property to any one or more Obligations in such order as Lender may elect; (iii) make any compromise or settlement which Lender may deem desirable or proper with respect to any of the Personal Property or any controversies or disputes relating to the Personal Property, and release any of the Personal Property and any persons liable on any of the Personal Property; (iv) endorse, deliver evidences of title, receive, enforce and collect by legal action or otherwise all Indebtedness and Obligations now or hereafter owing in connection with or on account of any or all of the Personal Property; (v) perform any one or more of the Obligations; (vi) enforce, adjust and receive payment or performance in connection with any insurance claims, claims for breach of warranty, claims under any letters of credit, instruments, documents, chattel paper or contract's and similar matters concerning any of the Personal Property; (vii) exercise any and all other rights, powers and remedies which Borrower would have, but for this Deed of Trust, in connection with the Personal Property; and (viii) sell or dispose of all or part of the Personal Property consisting of instruments that are "securities" under applicable law at one or more private sales to a restricted group of purchasers who will be obligated to agree, among other things, to acquire any such securities for their own account, for investment and not with a view to distribution or resale thereof. Borrower acknowledges that any such private sales may be at prices and or, terms less favorable to Lender than those of public sales, and agrees that such private sales shall be deemed to have been made in a commercially reasonable manner and that Lender has no obligation to delay sale of any such securities to permit the issuer thereof to register such securities for public sale under applicable law.

(c) Notwithstanding any other provision hereof, Lender shall not be deemed to have accepted any property other than cash in satisfaction of any Secured Obligation unless Borrower shall make an express written election of said remedy under UCC §9505, or other applicable law. Lender shall have no duty or obligation whatsoever to make or give any presentments, demands for performance, notices of nonperformance, notices of protest or notices of dishonor in connection with any of the Personal Property or to take any other action to preserve, protect or defend any right, title or interest of Borrower or Lender with respect to any of the Personal Property or to preserve any value or utility of any of the Personal Property.

(6) Further Assurances. Borrower shall cooperate fully with Lender and from time to time shall execute and deliver all such further instruments and take all such further action as may be necessary or appropriate (or as Lender from time to time reasonably deems necessary or appropriate) to: (i) create, perfect, protect and maintain the security interests in the Personal Property contemplated by this Deed of Trust; (ii) facilitate the performance of this Deed of Trust; (iii) secure or facilitate Lender's exercise of its rights and remedies; (iv) evaluate the worth, condition and amount or extent of the Personal Property; (v) evaluate Borrower's performance of this Deed of Trust; (vi) determine the nature and source of prior or subsequent security interests, mortgages, adverse claims, pledges, liens, charges or encumbrances on or affecting any of the Personal Property; and, (vii) maintain, preserve and protect the Personal Property and keep the Personal Property in good and salable condition in accordance with standards and practices generally adhered to by users or owners of personal property similar in nature to the Personal Property.

(7) Possession and Use of Personal Property. Except as otherwise provided in this Deed of Trust or any other Loan Documents, so long as no Default exists under this Deed of Trust or any other Loan Documents, Borrower may possess, use, move, transfer or dispose of any of the Personal Property in the ordinary course of Borrower's business and in accordance with the terms of the Loan Agreement, if applicable.

(14) CONTINGENT INTEREST. This instrument secures a contingent interest loan made pursuant to the Note and Loan Agreement. Upon the filing of a Notice of Default as provided in Section B.6 above and following the occurrence of a "Maturity Event" as defined in the Loan Agreement, either Trustee or Beneficiary may cause an independent appraisal of the Property to be performed in order to determine the amount of contingent deferred interest then owing to Beneficiary. The amount of such appraisal shall be binding on all parties. The cost of such appraisal shall be included as part of the trustee's fees, if performed by Trustee, and may be added to the Beneficiary's credit bid at any foreclosure sale.

**PROMISSORY NOTE
(CONTINGENT INTEREST)**

\$____,____.00 _____, 20____

NOTE: *This instrument evidences a contingent-interest loan. Lender's interest includes _____% of the net appreciated value of the Property securing this Note. A balloon payment of principal and interest will be required upon the occurrence of any of the "Maturity Events" described in the Contingent Interest Loan Agreement dated _____, 20____*

1. Promise To Pay. For value received, _____ ("Borrower"), promises to pay to **PEPPERDINE UNIVERSITY**, a California non-profit public benefit corporation ("**Lender**"), or order, at the address shown below, on or before any "Maturity Event" (described below), the principal sum of _____ Dollars (\$____,____.00), or so much of that sum as may be advanced under this Note by any holder from the date of each such advance, plus interest thereon consisting of both Fixed Interest and Contingent Interest (as provided below). [For purposes of this Note _____ is a faculty or staff member of Pepperdine University and is herein defined as the "**Primary Obligor.**"]

2. Loan Documents. This Note is given pursuant to a Loan by Lender to Borrower in the foregoing principal amount as provided in a Contingent Interest Loan Agreement dated _____, 20____, between Borrower and Lender (the "Loan Agreement"), and is secured by certain real property (the "**Property**") described in and encumbered by a Deed of Trust with Assignment of Rents, Security Agreement and Fixture Filing (the "Deed of Trust") and certain other related documents, all of even date herewith and executed by Borrower in favor of Lender. Such documents, and all other agreements and documents securing or relating to the Loan, are herein collectively called the "*Loan Documents.*"

3. Definitions of Terms. All terms which are capitalized but not defined in this Note shall have the same meanings given them in the Loan Agreement.

4. Place and Manner of Payment. Subject to all applicable provisions of the Loan Agreement, all payments hereunder shall be made (unless otherwise instructed by Lender) to Lender at: Pepperdine University, Department of Real Estate Operations, 24255 Pacific Coast Highway, Malibu, CA 90263, or at such other place or manner as the holder of this Note may from time to time designate. All payments under this Note shall be made in lawful money of the United States, by wire transferred funds, cashier's or certified checks or Borrower's checks, at Borrower's election until a different means is specified by Lender to Borrower in writing. All

checks shall constitute payment only when collected; but for the purpose of avoiding a Default hereunder, amounts so collected shall be considered paid as of the date of tender by Borrower.

5. Interest. Two interest components will accrue on the Loan, as follows:

(a) Fixed Interest. Fixed Interest shall accrue on the unpaid principal sum of this Note from the date of each disbursement of principal evidenced by this Note until the Note is fully paid following the occurrence of any of the Maturity Events described in the Loan Agreement, at the rate of _____ percent (___%) per annum, computed on a 360-day basis and the actual number of days elapsed.

(i) Prepayment of Principal and Fixed Interest. Borrower may make payments of principal at any time before they are due. A payment of principal only is known as a "Prepayment." When Borrower makes a prepayment, Borrower must notify Lender in writing that Borrower is doing so. Borrower may not designate a payment as a Prepayment if Borrower has not made all the other payments due under the Note. Borrower may make a full Prepayment or partial Prepayments without paying a Prepayment charge. Lender shall use Borrower's Prepayment to reduce the amount of Principal and Fixed Interest that Borrower owes under this Note. However, Lender may apply Borrower's Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying Borrower's Prepayment to reduce the Principal amount of this Note. If Borrower makes a partial Prepayment, there will be no changes in the due date unless Lender agrees in writing to those changes.

(b) Contingent Interest. Contingent Interest shall be paid to Lender upon occurrence of any of the Maturity Events in an amount equal to _____ percent (___%) ("Lender's Percentage") of the "Net Appreciated Value" of the Property. The Lender's Percentage is the 11th District Cost of Funds Index rate most recently received by Lender as of the date of the Borrower's purchase transaction close of escrow.

(i) Definition of "Net Appreciated Value." The term "*Net Appreciated Value*" shall be either (i) the sale price of the Residence if it is resold within six (6) months after any such Maturity Event or, (ii) if for any reason the Residence is not resold within such six-month period, or if Lender for any reason requests an appraisal of the Property, then the amount determined by a single appraiser agreed upon by both Lender and Borrower or, if they can't agree within ten (10) days after Lender's written notice, then by the average of two independent appraisals from a list of appraisers approved by the Federal National Mortgage Association as separately provided by each of Lender and Borrower, less: (A) Borrower's original purchase price for the Residence.

(ii) Limitations on Prepayment of Contingent Interest. BORROWER SHALL NOT BE ENTITLED TO MAKE PARTIAL PREPAYMENTS OF CONTINGENT INTEREST OWED UNDER THIS NOTE. Borrower may prepay in full the Contingent Interest owed under this Note only upon Borrower's payment in full of all Principal and Fixed Interest, and all other amounts owed under this Note, whether or not then due. "Prepayment of Contingent Interest" shall mean payment in full by Borrower of all Contingent Interest owed under this Note (upon payment in full of all Principal, Fixed Interest and other amounts owed under the Note, whether or not then due) occurring prior to the sale of the Property or the occurrence of any other Maturity Event as described in the Loan Agreement. The Net Appreciated Value of the Property upon Prepayment of Contingent Interest shall be calculated as set forth in Paragraph 5(b)(i) above. When Borrower makes a Prepayment of Contingent Interest, Borrower must tell Lender in writing that Borrower is doing so. Borrower may not designate a payment as a Prepayment of Contingent Interest if Borrower has not paid in full all Principal, Fixed Interest, and other amounts owed under the Note, whether or not then due. Borrower may make a Prepayment of Contingent Interest without paying a prepayment charge.

(c) In no event will Lender be liable to Borrower for any reduction in the value of the Property or any portion thereof, whether determined at the time of any sale or other disposition or at any other time. In addition, Borrower will not be entitled to reduce the amount of Loan payable to Lender by any *decrease* in price or in the fair market value of the Property below Borrower's original purchase price for the Property.

(d) This contingent interest loan may result in substantial income tax or estate planning consequences, depending upon Borrower's own financial and tax situation. Borrower is urged to consult his or her own accountant, attorney or other financial advisor regarding such matters as the tax deductibility of the contingent interest payment, the right to utilize that deduction in years other than the year in which it is paid, the effect of any loss of tax benefits before that time, or the effect of any imputed "forgiveness of indebtedness income" if the Loan is reduced by a decrease in the net value of the Property, as described above.

6. Loan Maturity. The Loan and all Fixed and Contingent Interest thereon shall be payable only upon the occurrence of any of the Maturity Events set forth in the Loan Agreement.

7. Security for Note; Acceleration of Maturity. This Note is secured by the Deed of Trust encumbering the "*Property*" (defined therein). Among other things, Section (12) of the Rider attached to the Deed of Trust includes the following provisions:

(12) Acceleration Clause. As a condition to making this Loan, Borrower specifically agrees that Lender may accelerate the Loan if Primary Obligor is no longer employed as a member of the faculty or staff of Pepperdine University for any reason whatsoever. Accordingly, to the fullest extent permitted by applicable law, including but not limited to California Civil Code Section 2924.5, Beneficiary shall have the right, at its option, to declare all sums secured hereby -- including but not limited to all deferred Contingent Interest -- immediately due and payable, should Trustor sell, exchange, convey, alienate, transfer, lease, dispose of or further encumber the Property or any portion thereof or interest therein (whether voluntarily or involuntarily, by operation of law or otherwise), but **excluding** from the foregoing provisions the following transfers, so long as Primary Obligor remains a faculty or staff member of Pepperdine University in each case.

(a) A transfer resulting from the death of the spouse of the Primary Obligor where the transfer is to the Primary Obligor as the sole owner of the Property;

(b) A transfer to the Primary Obligor as the sole owner of the Property, or to the spouse of the Primary Obligor as a co-owner of the Property so long as the Primary Obligor remains in title as a co-owner of the Property and occupies the Property as his/her principal residence;

(c) A transfer resulting from the decree of dissolution of the marriage or legal separation, or from a property settlement agreement incidental to such a decree which requires the Primary Obligor to continue to make the loan payments, by which the Primary Obligor becomes the sole owner of the Property and occupies the Property as his/her principal residence;

(d) A transfer by either or both of the obligors into an inter vivos trust in which such party or parties are beneficiaries of such trust; and

(e) The Property or any portion thereof is made subject to a junior encumbrance or lien, so long as the holder of such junior encumbrance or lien signs a reasonable subordination agreement assuring Lender that the lien and all provisions of this Deed of Trust at all times remains superior to the lien and provisions of any such junior encumbrance.

8. Defaults and Charges. Upon Default under any provision of this Note or any Loan Documents, Lender at its sole discretion may exercise any of the remedies available to it under any or all of the Loan Documents, including but not limited to the option to declare immediately due and payable the entire unpaid principal balance of this Note, together with all

accrued Fixed Interest, Contingent Interest and other fees or charges due and payable by Borrower to Lender.

9. Exemption from Maximum Interest Rate Limitations. The parties recognize and agree that the Loan evidenced by this Note and the Loan Agreement is subject to the provisions of California Financial Code Section 28000(c) and, therefore, is exempt from the maximum interest limitations imposed by other provisions of California law. Notwithstanding the foregoing, however, if from any circumstances whatsoever Lender shall ever receive as interest an amount which a court determines has exceeded the highest lawful rate, then such amount deemed to be excessive interest shall be applied to the reduction of the unpaid principal balance due thereunder, rather than to the payment of interest, as of the date such amount was received or deemed to be received by Lender.

10. Miscellaneous.

10.1. Continuing Obligations. Lender's right to receive both Fixed Interest and Contingent Interest hereunder shall be a continuing obligation of Borrower, which shall survive notwithstanding any partial payment of the principal amount of the Loan and any Fixed Interest thereon, until terminated pursuant to the Loan Agreement or by agreement of the parties. All representations, warranties and covenants of Borrower herein shall also survive the maturity of and the repayment in full of the principal amount owed hereunder.

10.2. Waiver of Notices. Borrower hereby waives presentment, protest, demand, notice of protest, dishonor and nonpayment of this Note, and any and all other notices or matters of a like nature, consent to any and all renewals and extensions of the time of payment hereof, and agree further that at any time and from time to time without notice, the terms of payment hereof may be modified, or the security described in any documents at any time securing this Note may be released in whole or in part, or increased, changed or exchanged by agreement between the holder hereof and any owner of the Property or other collateral affected thereby, without in any way affecting the liability of any party to this Note, any endorser, any guarantor or any person liable or to become liable with respect to any indebtedness evidenced hereby.

10.3. Incorporation. All applicable provisions contained in the Loan Agreement are hereby incorporated in and made a part of this Note by this reference as if here set forth in full.

10.4. Governing Document. If there is any conflict or inconsistency between any terms, conditions or provisions contained in this instrument and the Loan Agreement, then the Loan Agreement shall govern and control over this instrument.

IN WITNESS WHEREOF, Borrower has executed this Note as of the date first above written.

BORROWER:

Uniform Residential Loan Application

This application is designed to be completed by the applicant(s) with the Lender's assistance. Applicants should complete this form as "Borrower" or "Co-Borrower", as applicable. Co-Borrower information must also be provided (and the appropriate box checked) when the income or assets of a person other than the Borrower (including the Borrower's spouse) will be used as a basis for loan qualification or the income or assets of the Borrower's spouse or other person who has community property rights pursuant to state law will not be used as a basis for loan qualification, but his or her liabilities must be considered because the spouse or other person has community property rights pursuant to applicable law and Borrower resides in a community property state, the security property is located in a community property state, or the Borrower is relying on other property located in a community property state as a basis for repayment of the loan.
 If this is an application for joint credit, Borrower and Co-Borrower each agree that we intend to apply for joint credit (sign below).

Borrower _____ **Co-Borrower** _____

I. TYPE OF MORTGAGE AND TERMS OF LOAN

Mortgage Applied for: <input type="checkbox"/> VA <input type="checkbox"/> Conventional <input type="checkbox"/> Other (explain):	Agency Case Number	Lender Case Number
<input type="checkbox"/> FHA <input type="checkbox"/> USDA/Rural Housing Service		
Amount \$	Interest Rate %	No. of Months
Amortization Type: <input type="checkbox"/> Fixed Rate <input type="checkbox"/> Other (explain): <input type="checkbox"/> GPM <input type="checkbox"/> ARM (type):		

II. PROPERTY INFORMATION AND PURPOSE OF LOAN

Subject Property Address (street, city, state, & ZIP)	No. of Units
Legal Description of Subject Property (attach description if necessary)	Year Built
Purpose of Loan: <input type="checkbox"/> Purchase <input type="checkbox"/> Refinance <input type="checkbox"/> Construction <input type="checkbox"/> Construction-Permanent <input type="checkbox"/> Other (explain):	Property will be: <input type="checkbox"/> Primary Residence <input type="checkbox"/> Secondary Residence <input type="checkbox"/> Investment

Complete this line if construction or construction-permanent loan.

Year Lot Acquired	Original Cost	Amount Existing Liens	(a) Present Value of Lot	(b) Cost of Improvements	Total (a+b)
	\$	\$	\$	\$	\$

Complete this line if this is a refinance loan.

Year Acquired	Original Cost	Amount Existing Liens	Purpose of Refinance	Describe Improvements <input type="checkbox"/> made <input type="checkbox"/> to be made
	\$	\$		Cost \$

Title will be held in what Name(s)	Manner in which Title will be held	Estate will be held in: <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (show expiration date)
Source of Down Payment, Settlement Charges and/or Subordinate Financing (explain)		

III. BORROWER INFORMATION

Borrower	Co-Borrower
Borrower's Name (include Jr. or Sr. if applicable)	Co-Borrower's Name (include Jr. or Sr. if applicable)
Social Security Number Home Phone (incl. area code) DOB (MM/DD/YYYY) Yrs. School	Social Security Number Home Phone (incl. area code) DOB (MM/DD/YYYY) Yrs. School
<input type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed) <input type="checkbox"/> Separated	<input type="checkbox"/> Married <input type="checkbox"/> Unmarried (include single, divorced, widowed) <input type="checkbox"/> Separated
Dependents (not listed by Co-Borrower) no. ages	Dependents (not listed by Borrower) no. ages
Present Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs.	Present Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs.
Mailing Address, if different from Present Address	Mailing Address, if different from Present Address

If residing at present address for less than two years, complete the following:

Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs.	Former Address (street, city, state, ZIP) <input type="checkbox"/> Own <input type="checkbox"/> Rent No. Yrs.
---	---

IV. EMPLOYMENT INFORMATION

Borrower	Co-Borrower
Name & Address of Employer <input type="checkbox"/> Self Employed	Name & Address of Employer <input type="checkbox"/> Self Employed
Yrs. on this job	Yrs. on this job
Yrs. employed in this line of work/profession	Yrs. employed in this line of work/profession
Position/Title/Type of Business	Position/Title/Type of Business
Business Phone (incl. area code)	Business Phone (incl. area code)
If employed in current position for less than two years or if currently employed in more than one position, complete the following:	
Name & Address of Employer <input type="checkbox"/> Self Employed	Name & Address of Employer <input type="checkbox"/> Self Employed
Dates (from-to)	Dates (from-to)
Monthly Income	Monthly Income
\$	\$
Position/Title/Type of Business	Position/Title/Type of Business
Business Phone (incl. area code)	Business Phone (incl. area code)
Name & Address of Employer <input type="checkbox"/> Self Employed	Name & Address of Employer <input type="checkbox"/> Self Employed
Dates (from-to)	Dates (from-to)
Monthly Income	Monthly Income
\$	\$
Position/Title/Type of Business	Position/Title/Type of Business
Business Phone (incl. area code)	Business Phone (incl. area code)

V. MONTHLY INCOME AND COMBINED HOUSING EXPENSE INFORMATION

Gross Monthly Income	Borrower	Co-Borrower	Total	Combined Monthly Housing Expense	Present	Proposed
Base Empl. Income*	\$	\$	\$	Rent	\$	
Overtime				First Mortgage (P&I)		\$
Bonuses				Other Financing (P&I)		
Commissions				Hazard Insurance		
Dividends/Interest				Real Estate Taxes		
Net Rental Income				Mortgage Insurance		
Other (before completing, see the notice in "describe other income," below)				Homeowner Assn. Dues		
				Other:		
Total	\$	\$	\$	Total	\$	\$

* Self Employed Borrower(s) may be required to provide additional documentation such as tax returns and financial statements.

Described Other Income Notice: Alimony, child support, or separate maintenance income need not be revealed if the Borrower (B) or Co-Borrower (C) does not choose to have it considered for repaying this loan.

B/C	Monthly Amount
	\$

VI. ASSETS AND LIABILITIES

This Statement and any applicable supporting schedules may be completed jointly by both married and unmarried Co-Borrowers if their assets and liabilities are sufficiently joined so that the Statement can be meaningfully and fairly presented on a combined basis; otherwise separate Statements and Schedules are required. If the Co-Borrower section was completed about a non-applicant spouse or other person, this Statement and supporting schedules must be completed about that spouse or other person also.

Completed Jointly Not Jointly

ASSETS		Cash or Market Value	Liabilities and Pledged Assets. List the creditor's name, address and account number for all outstanding debts, including automobile loans, revolving charge accounts, real estate loans, alimony, child support, stock pledges, etc. Use continuation sheet, if necessary. Indicate by (*) those liabilities which will be satisfied upon sale of real estate owned or upon refinancing of the subject property.		
Description			LIABILITIES	Monthly Payment & Months Left to Pay	Unpaid Balance
Cash deposit toward purchase held by:	\$				
List checking and savings accounts below			Name and address of Company	\$ Payment/Months	\$
Name and address of Bank, S&L, or Credit Union			Acct. no.		
Acct. no.	\$		Name and address of Company	\$ Payment/Months	\$
Name and address of Bank, S&L, or Credit Union			Acct. no.		
Acct. no.	\$		Name and address of Company	\$ Payment/Months	\$
Name and address of Bank, S&L, or Credit Union			Acct. no.		
Acct. no.	\$		Name and address of Company	\$ Payment/Months	\$
Name and address of Bank, S&L, or Credit Union			Acct. no.		
Acct. no.	\$		Name and address of Company	\$ Payment/Months	\$
Stocks & Bonds (Company name/number & description)	\$		Acct. no.		
Name and address of Company			Acct. no.		
Life insurance net cash value	\$		Name and address of Company	\$ Payment/Months	\$
Face amount: \$			Acct. no.		
Subtotal Liquid Assets	\$				
Real estate owned (enter market value from schedule of real estate owned)	\$		Acct. no.		
Vested interest in retirement fund	\$		Name and address of Company	\$ Payment/Months	\$
Net worth of business(es) owned (attach financial statement)	\$		Acct. no.		
Automobiles owned (make and year)	\$		Name and address of Company	\$ Payment/Months	\$
Other Assets (itemize)			Acct. no.		
Alimony/Child Support/Separate Maintenance Payments Owed to:				\$	
Job-Related Expense (child care, union dues, etc.)				\$	
Total Monthly Payments				\$	
Total Assets a.	\$		Net Worth (a minus b)	\$	Total Liabilities b. \$

VI. ASSETS AND LIABILITIES (cont.)

Schedule of Real Estate Owned (If additional properties are owned, use continuation sheet.)

Property Address (enter S if sold, PS if pending sale or R if rental being held for income)	Type of Property	Present Market Value	Amount of Mortgages & Liens	Gross Rental Income	Mortgage Payments	Insurance, Maintenance, Taxes & Misc.	Net Rental Income
		\$	\$	\$	\$	\$	\$
	Totals	\$	\$	\$	\$	\$	\$

List any additional names under which credit has previously been received and indicate appropriate creditor name(s) and account number(s):

Alternate Name	Creditor Name	Account Number

VII. DETAILS OF TRANSACTION

VIII. DECLARATIONS

		If you answer "Yes" to any questions a through i, please use continuation sheet for explanation.				
		Borrower		Co-Borrower		
		Yes	No	Yes	No	
a. Purchase Price	\$					
b. Alterations, improvements, repairs						
c. Land (if acquired separately)						
d. Refinance (incl. debts to be paid off)						
e. Estimated prepaid items						
f. Estimated closing costs						
g. PMI, MIP, Funding Fee						
h. Discount (if Borrower will pay)						
i. Total costs (add items a through h)						
j. Subordinate financing						
k. Borrower's closing costs paid by Seller						
l. Other Credits (explain)						
m. Loan amount (exclude PMI, MIP, Funding Fee financed)						
n. PMI, MIP, Funding Fee financed						
o. Loan amount (add m & n)						
p. Cash from / to Borrower (subtract j, k, l & o from i)						
		a. Are there any outstanding judgments against you?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		b. Have you been declared bankrupt within the past 7 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		c. Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		d. Are you a party to a lawsuit?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		e. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment? (This would include such loans as home mortgage loans, SBA loans, home improvement loans, educational loans, manufactured (mobile) home loans, any mortgage, financial obligation, bond, or loan guarantee. If "Yes," provide details, including date, name and address of Lender, FHA or VA case number, if any, and reasons for the action.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		f. Are you presently delinquent or in default on any Federal debt or any other loan, mortgage, financial obligation, bond or loan guarantee? If "Yes," give details as described in the preceding question.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		g. Are you obligated to pay alimony, child support, or separate maintenance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		h. Is any part of the down payment borrowed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		i. Are you a co-maker or endorser on a note?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		j. Are you a U.S. citizen?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		k. Are you a permanent resident alien?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		l. Do you intend to occupy the property as your primary residence? If "Yes," complete question m below.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		m. Have you had an ownership interest in a property in the last three years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		(1) What type of property did you own – principal residence (PR), second home (SH), or investment property (IP)?				
		(2) How did you hold title to the home – solely by yourself (S), jointly with your spouse (SP), or jointly with another person (O)?				

IX. ACKNOWLEDGEMENT AND AGREEMENT

Each of the undersigned specifically represents to Lender and to Lender's actual or potential agents, brokers, processors, attorneys, insurers, servicers, successors and assigns and agrees and acknowledges, that: (1) the information provided in this application is true and correct as of the date set forth opposite my signature and that any intentional or negligent misrepresentation of this information contained in this application may result in civil liability, including monetary damages, to any person who may suffer any loss due to reliance upon any misrepresentation that I have made on this application, and/or in criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Sec. 1001, et seq.; (2) the loan requested pursuant to this application (the "Loan") will be secured by a mortgage or deed of trust on the property described in this application; (3) the property will not be used for any illegal or prohibited purpose or use; (4) all statements made in this application are made for the purpose of obtaining a residential mortgage loan; (5) the property will be occupied as indicated in this application; (6) the Lender, its servicers, successors or assigns may retain the original and/or electronic record of this application, whether or not the Loan is approved; (7) the Lender and its agents, brokers, insurers, servicers, successors and assigns may continuously rely on the information contained in the application, and I am obligated to amend and/or supplement the information provided in this application if any of the material facts that I have represented herein should change prior to closing of the Loan; (8) in the event that my payments on the Loan become delinquent, the Lender, its servicers, successors or assigns may, in addition to any other rights and remedies that it may have relating to such delinquency, report my name and account information to one or more consumer reporting agencies; (9) ownership of the Loan and/or administration of the Loan account may be transferred with such notice as may be required by law; (10) neither Lender nor its agents, brokers, insurers, servicers, successors or assigns has made any representation or warranty, express or implied, to me regarding the property or the condition or value of the property; and (11) my transmission of this application as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or my facsimile transmission of this application containing a facsimile of my signature, shall be as effective, enforceable and valid as if a paper version of this application were delivered containing my original written signature.

Acknowledgement: Each of the undersigned hereby acknowledges that any owner of the Loan, its servicers, successors and assigns, may verify or reverify any information contained in this application or obtain any information or data relating to the Loan, for any legitimate business purpose through any source, including a source named in this application or a consumer reporting agency.

Borrower's Signature	Date	Co-Borrower's Signature	Date
X		X	

X. INFORMATION FOR GOVERNMENT MONITORING PURPOSES

The following information is requested by the Federal Government for certain types of loans related to a dwelling in order to monitor the lender's compliance with equal credit opportunity, fair housing and home mortgage disclosure laws. You are not required to furnish this information, but are encouraged to do so. The law provides that a lender may not discriminate either on the basis of this information, or on whether you choose to furnish it. If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, under Federal regulations, this lender is required to note the information on the basis of visual observation and surname if you have made this application in person. If you do not wish to furnish the information, please check the box below. (Lender must review the above material to assure that the disclosures satisfy all requirements to which the lender is subject under applicable state law for the particular type of loan applied for.)

BORROWER	CO-BORROWER
<input type="checkbox"/> I do not wish to furnish this information.	<input type="checkbox"/> I do not wish to furnish this information.
Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino	Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino
Race: <input type="checkbox"/> American Indian or Alaska native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White	Race: <input type="checkbox"/> American Indian or Alaska native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White
Sex: <input type="checkbox"/> Female <input type="checkbox"/> Male	Sex: <input type="checkbox"/> Female <input type="checkbox"/> Male

To be Completed by Interviewer	Interviewer's Name (print or type)	Name and Address of Interviewer's Employer
This application was taken by: <input type="checkbox"/> Face-to-face interview <input type="checkbox"/> Mail <input type="checkbox"/> Telephone <input type="checkbox"/> Internet	Interviewer's Signature	
	Date	
	Interviewer's Phone Number (incl. area code)	

Continuation Sheet/Residential Loan Application

Use this continuation sheet if you need more space to complete the Residential Loan Application. Mark **B** for Borrower or **C** for Co-Borrower.

Borrower:	Agency Case Number:
Co-Borrower:	Lender Case Number:

I/We fully understand that it is a Federal crime punishable by fine or imprisonment, or both, to knowingly make any false statements concerning any of the above facts as applicable under the provisions of Title 18, United States Code, Section 1001, et seq.

Borrower's Signature:	Date	Co-Borrower's Signature:	Date
X		X	

Pepperdine University
Monthly Budget Worksheet

Applicant Name(s): _____ **Date:** _____

NET Income:

1st Salary:	[Employer: _____]	\$ _____
2nd Salary:	[Employer: _____]	\$ _____
Bonus Program:	[Source: _____]	\$ _____
Rental Income:	[Source: _____]	\$ _____
Other Income:	[Source: _____]	\$ _____
Other Income:	[Source: _____]	\$ _____

TOTAL MONTHLY NET INCOME \$ _____

Expenses

Residence: 1st T.D. Loan Amt.	\$ _____	@	_____ %	\$ _____
Residence: 2nd T.D. Loan Amt.	\$ _____	@	_____ %	\$ _____
Property Taxes (Purch Price x .0125)	\$ _____	÷	12 mos.	\$ _____
Home Insurance (Purch Price x .0055)	\$ _____	÷	12 mos.	\$ _____
Homeowner Assoc. Dues				\$ _____
Utilities (Electric/Gas/Water)				\$ _____
Telephone				\$ _____
Car Loans				\$ _____
Credit Cards - Total				\$ _____
Rental: 1st T.D. Payment	\$ _____	@	_____ %	\$ _____
Rental: 2nd T.D. Payment	\$ _____	@	_____ %	\$ _____
Rental Expenses - Total				\$ _____
Auto Insurance	\$ _____	÷	12 mos.	\$ _____
Auto Expenses (Gas/Oil)				\$ _____
Groceries				\$ _____
Medical/Dental				\$ _____
Clothing				\$ _____
Child Care				\$ _____
Life Insurance				\$ _____
Travel/Vacation				\$ _____
Entertainment				\$ _____
Contributions				\$ _____
Miscellaneous - _____				\$ _____
Miscellaneous - _____				\$ _____

TOTAL MONTHLY EXPENSES \$ _____

NET MONTHLY SURPLUS/DEFICIT \$ _____

Applicant Initials: _____

Request for Taxpayer Identification Number and Certification

**Give form to the
 requester. Do not
 send to the IRS.**

Print or type See Specific Instructions on page 2.	Name	
	Business name, if different from above	
	Check appropriate box: <input type="checkbox"/> Individual/ Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other ▶	
	<input type="checkbox"/> Exempt from backup withholding	
	Address (number, street, and apt. or suite no.)	
City, state, and ZIP code		
List account number(s) here (optional)		
Requester's name and address (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). **However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3.** For other entities, it is your employer identification number (EIN). If you do not have a number, see **How to get a TIN** on page 3.

Social security number
+

or

Employer identification number
+

Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), **and**
2. I am not subject to backup withholding because: **(a)** I am exempt from backup withholding, or **(b)** I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or **(c)** the IRS has notified me that I am no longer subject to backup withholding, **and**
3. I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

Sign Here	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Foreign person. If you are a foreign person, use the appropriate Form W-8 (see **Pub. 515**, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien.

Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a **nonresident alien or a foreign entity** not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 30% of such payments (29% after December 31, 2003; 28% after December 31, 2005). This is called "backup withholding." Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will **not** be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. You do not certify your TIN when required (see the Part II instructions on page 4 for details), or
3. The IRS tells the requester that you furnished an incorrect TIN, or
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See the instructions below and the separate **Instructions for the Requester of Form W-9**.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name.

If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your **individual** name as shown on your social security card on the "Name" line. You may enter your business, trade, or "doing business as (DBA)" name on the "Business name" line.

Limited liability company (LLC). If you are a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Treasury regulations section 301.7701-3, **enter the owner's name on the "Name" line.** Enter the LLC's name on the "Business name" line.

Other entities. Enter your business name as shown on required Federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line.

Note: *You are requested to check the appropriate box for your status (individual/sole proprietor, corporation, etc.).*

Exempt From Backup Withholding

If you are exempt, enter your name as described above and check the appropriate box for your status, then check the "Exempt from backup withholding" box in the line following the business name, sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note: *If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.*

Exempt payees. Backup withholding is **not required** on any payments made to the following payees:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2);
2. The United States or any of its agencies or instrumentalities;
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities;
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities; or
5. An international organization or any of its agencies or instrumentalities.

Other payees that **may be exempt** from backup withholding include:

6. A corporation;
7. A foreign central bank of issue;
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States;

- 9. A futures commission merchant registered with the Commodity Futures Trading Commission;
- 10. A real estate investment trust;
- 11. An entity registered at all times during the tax year under the Investment Company Act of 1940;
- 12. A common trust fund operated by a bank under section 584(a);
- 13. A financial institution;
- 14. A middleman known in the investment community as a nominee or custodian; or
- 15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt recipients listed above, **1** through **15**.

If the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt recipients except for 9
Broker transactions	Exempt recipients 1 through 13 . Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt recipients 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt recipients 1 through 7 ²

¹ See **Form 1099-MISC**, Miscellaneous Income, and its instructions.
² However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are **not exempt** from backup withholding: medical and health care payments, attorneys' fees; and payments for services paid by a Federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a **resident alien** and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see **How to get a TIN** below.

If you are a **sole proprietor** and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-owner **LLC** that is disregarded as an entity separate from its owner (see **Limited liability company (LLC)** on page 2), enter your SSN (or EIN, if you have one). If the LLC is a corporation, partnership, etc., enter the entity's EIN.

Note: See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get **Form SS-5**, Application for a Social Security Card, from your local Social Security Administration office or get this form on-line at www.ssa.gov/online/ss5.html. You may also get this form by calling 1-800-772-1213. Use **Form W-7**, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or **Form SS-4**, Application for Employer Identification Number, to apply for an EIN. You can get Forms W-7 and SS-4 from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS Web Site at www.irs.gov.

If you are asked to complete Form W-9 but do not have a TIN, write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note: Writing "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 3, and 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt recipients, see **Exempt from backup withholding** on page 2.

Signature requirements. Complete the certification as indicated in 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA or Archer MSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship or single-owner LLC	The owner ³
For this type of account:	Give name and EIN of:
6. Sole proprietorship or single-owner LLC	The owner ³
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate or LLC electing corporate status on Form 8832	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership or multi-member LLC	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ **You must show your individual name**, but you may also enter your business or "DBA" name. You may use either your SSN or EIN (if you have one).

⁴ List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note: *If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.*

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA or Archer MSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, or to Federal and state agencies to enforce Federal nontax criminal laws and to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 30% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.



STATEMENT OF INFORMATION

CONFIDENTIAL INFORMATION STATEMENT TO BE USED IN CONNECTION WITH ORDER NO:
COMPLETION OF THIS FORM WILL EXPEDITE YOUR ORDER AND WILL HELP PROTECT YOU.

THE STREET ADDRESS of the property in this transaction is:

IF NONE LEAVE BLANK

ADDRESS _____ **CITY** _____

IMPROVEMENTS: SINGLE RESIDENCE MULTIPLE RESIDENCE COMMERCIAL
OCCUPIED BY: OWNER LESSEE TENANTS
ANY PORTION OF NEW LOAN FUNDS TO BE USED FOR CONSTRUCTION YES NO

NAME

FIRST _____ **MIDDLE** _____ **LAST** _____

BIRTHPLACE _____ **BIRTH DATE** _____

I HAVE LIVED IN CALIFORNIA SINCE _____ **SOCIAL SECURITY NUMBER** _____ **DRIVER'S LICENSE NO.** _____

SPOUSES NAME

FIRST _____ **MIDDLE** _____ **LAST** _____

BIRTHPLACE _____ **BIRTH DATE** _____

I HAVE LIVED IN CALIFORNIA SINCE _____ **SOCIAL SECURITY NUMBER** _____ **DRIVER'S LICENSE NO.** _____

WIFE'S MAIDEN NAME _____

WE WERE MARRIED ON _____ **AT** _____

RESIDENCE(S) FOR LAST 10 YEARS

NUMBER AND STREET _____ CITY _____ FROM _____ TO _____

NUMBER AND STREET _____ CITY _____ FROM _____ TO _____

NUMBER AND STREET _____ CITY _____ FROM _____ TO _____

NUMBER AND STREET _____ CITY _____ FROM _____ TO _____

OCCUPATION(S) FOR LAST 10 YEARS

Applicant

PRESENT OCCUPATION **FIRM NAME** _____ **ADDRESS** _____ **NO. OF YEARS** _____

PRIOR OCCUPATION **FIRM NAME** _____ **ADDRESS** _____ **NO. OF YEARS** _____

PRIOR OCCUPATION **FIRM NAME** _____ **ADDRESS** _____ **NO. OF YEARS** _____

Co-Applicant

PRESENT OCCUPATION **FIRM NAME** _____ **ADDRESS** _____ **NO. OF YEARS** _____

PRIOR OCCUPATION **FIRM NAME** _____ **ADDRESS** _____ **NO. OF YEARS** _____

PRIOR OCCUPATION **FIRM NAME** _____ **ADDRESS** _____ **NO. OF YEARS** _____

FORMER MARRIAGES: IF NO FORMER MARRIAGES, WRITE "NONE" _____

NAME OF FORMER SPOUSE _____

IF DECEASED: **DATE** _____ **WHERE** _____

CURRENT LOAN ON PROPERTY

PAYMENTS ARE BEING MADE TO:

1. _____ 2. _____

3. _____

HOMEOWNERS ASSOCIATION _____ **NUMBER** () _____

À
À
À

DATE _____ **SIGNATURE** _____

HOME PHONE _____ **BUSINESS PHONE** _____

DATE _____ **SIGNATURE** _____

HOME PHONE _____ **BUSINESS PHONE** _____

VESTING DECLARATION (BUYER)

RETURN TO: Real Estate Operations - JoAnna Waldear-Lucas
24255 Pacific Coast Highway TAC-100 Malibu, CA 90263-4109
Telephone (310) 506-4109 FAX (310) 506-7421

Please complete the following regarding how you would like the title held. **Be Specific as to how your name should be vested (how title will be held is also how you will sign all documents).** (See the attached possibilities)

Property Address: _____
Unit # _____

I (We) would like title in this property to be held as:

Name(s)

Relationship

Type of Ownership (Vesting)

Buyer's Signature

Buyer's Signature

Buyer's Signature

Buyer's Signature

HOW TO TAKE TITLE

Title to real property in California, may be held by individuals, either in SOLE OWNERSHIP or in CO-OWNERSHIP. CO-ownership of real property is where title is held by two or more persons. There are several variations as to how title may be held in each type of ownership. The following brief summaries are six of the more common examples of sole ownership and CO-ownership.

SOLE OWNERSHIP

1. A SINGLE MAN/WOMAN:

A man or woman who is not legally married.

i.e. JOHN DOE, A single man.

2. AN UNMARRIED MAN/WOMAN:

A man or woman who, having been married, is legally divorced.

i.e. JOHN DOE, an unmarried man.

3. A MARRIED MAN/WOMAN, AS HIS/HER SOLE AND SEPARATE PROPERTY:

When a married man or woman wishes to acquire title in his or her name alone, the spouse must consent, by quitclaim deed or otherwise, to transfer thereby relinquishing all right, title and interest in the property.

i.e. JOHN DOE, A married man, as his sole and separate property.

4. A TRUST WITH ONE TRUSTEE:

i.e. JOHN DOE, as Trustee of the John Doe Living Trust, dated xxxxx yy, zzzz.

CO-OWNERSHIP

5. COMMUNITY PROPERTY:

A. The California Civil Code defines community property as property acquired by husband and wife, or either, during marriage, when not acquired as the separate property of either. Real property conveyed to a married man or woman is presumed to be community property, unless otherwise stated. Under community property, both spouses have the right by will, to dispose of one half of the community property, but all of it will go to the surviving spouse without administration if the other spouse dies without a will. If a spouse exercises his/her right to dispose of one-half, that half is subject to administration in the estate.

i.e. JOHN DOE and MARY DOE, Husband and Wife, as community property.

JOHN DOE and MARY DOE, Husband and Wife.

JOHN DOE, a married man.

B. On or after July 01, 2001, a husband and wife can acquire title to any and all real property as follows: "*Mary and Dave, Husband and Wife as community property, with right of survivorship*". Should Dave be the first to die, Mary will acquire Dave's portion of the title automatically at Dave's death. This new automatic transfer of title to community property is similar to the automatic transfer of title where property is held by two or more joint tenants with right of survivorship. In joint tenancy, the surviving joint tenant(s) records the form entitled "*Affidavit of Death of Joint Tenant*" with the county recorder. This Affidavit allows the public record to reflect the automatic transfer of title from the deceased joint tenant to the surviving joint tenant(s).

Similarly, in the community property with right of survivorship setting, when the first spouse dies, the surviving spouse should record the new form entitled "*Affidavit of Community Property with Right of Survivorship*". The Affidavit should be recorded with the county recorder where the real property is located to document that title has transferred to the surviving spouse. This quick title transfer allows the surviving spouse the freedom to complete a sale or loan on the property without "red tape" and expensive probate proceedings. The details of the new law may be found in California Probate Code, Section 682.1 (a).

BEWARE, married persons holding title to real property as community property acquired prior to July 1, 2001 WILL NOT AUTOMATICALLY benefit from this new law. In order to take advantage of the right of survivorship, spouses should transfer title to themselves as community property with right of survivorship. This title transfer will not be effective unless done on or after July 1, 2001.

6. JOINT TENANCY:

A joint tenancy estate is defined in the Civil Code as follows: "A joint interest is one owned by two or more persons in equal shares, by a title created by a single will or transfer, when

expressly declared in the will or transfer to be a joint tenancy." The chief characteristic of joint tenancy property is the right of survivorship. When a joint tenant dies, title to the property immediately vests in the survivor or surviving joint tenants. As a consequence, joint tenancy property is not subject to disposition by will.

i.e. JOHN DOE and MARY DOE, Husband and wife, as joint tenants.

7. TENANCY IN COMMON:

Under tenancy in common, the CO-owners own undivided interest, but unlike joint tenancy, these interests need not be equal in quantity or duration, and may arise from different times. There is no right of survivorship; each tenant owns an interest which on his or her death vests in his or her heirs or devisees.

i.e. JOHN DOE, a single man, as to an undivided 3/4ths interest, and GEORGE SMITH, a single man, as to an undivided 1/4th interest, as tenants in common.

8. A TRUST WITH TWO TRUSTEES:

i.e. JOHN DOE and JANE DOE, as Trustees of the Doe Family Trust, dated xxxxx yy, zzzz.

The preceding summaries, are a few of the more common ways to take title to real property in California. For a more comprehensive understanding of the legal and tax consequences, appropriate consultation is recommended.