

Pepperdine University
Guidelines for On Campus Housing Leases

The guidelines set forth below (“Guidelines”) apply to leasing of campus condominiums, including student leases. The restrictions and limitations applicable to leasing activities are imposed by various governmental agencies which have jurisdiction over development of the Pepperdine University (“University”) Malibu campus, and by the University.

Background

A. Purpose of On Campus Housing. The University’s campus housing program is intended and dedicated to provide “principal residence housing for eligible faculty, administrators, staff members and employees for the purpose of “enhancing and encouraging the development of relationships among students, faculty, administrators and other members of the University community which transcend purely academic classroom activities.” CC&Rs, Article XIII, Section 1(a).

B. Principal Residency Requirement. Campus condominiums are allocated and sold to Eligible Owners on the condition that the Owner continually occupies the Unit as his or her principal residence. Loss of eligibility to own a Unit may occur if an Owner violates this principal residency restriction.

C. Household Members. So long as an Owner occupies his/her Unit as a principal residence, the following additional people are qualified to occupy the residence: 1) persons related to Owner by blood, marriage, guardianship or foster care, 2) full time University student, 3) Owner employed domestic or nurse, or 4) full time University employee. CC&Rs, Article XIII, Section 3(a). **Please note that although these persons may be qualified to be a household member, the Owner is not authorized to rent the Unit or portions of it to these household members without the express written permission of the University.**

D. Financial Qualifications to Own. Owners are carefully screened to ensure that they can afford to own campus housing. Owners are not permitted to lease or use any Unit to generate rental income because such use would violate the purposes and policies of the University’s campus housing program and the CC&Rs. If an Owner feels he cannot afford his/her Unit, REO should be contacted to discuss the possibility of downsizing to a less expensive model or selling the Unit back to the University.

E. Leasing Restrictions. The CC&Rs contain many restrictions on the use and occupancy of campus condos imposed by various governmental agencies and the University, including specific limitations on leasing Units. The following guidelines have been prepared to clarify and confirm lease restrictions imposed on all Owners. Violations of these restrictions may result in loss of an Owner’s eligibility to own a campus condominium.

Lease Guidelines

Generally, Owners are prohibited from leasing their Units except in rare circumstances. Lease restrictions are imposed because Owners must continually occupy their Units as their primary residences. Owners are allowed to lease their units when they plan to be temporarily absent, but only if:

- The proposed lease is approved in writing by the University. (CC&Rs Article XIV, Section 6)
- The lease is one year or less. (CC&Rs, Article XIV, Section 6(a)(1))
- The Owner's absence is related to the Owner's employment with the University, such as fulfilling a University international campus teaching position, or as may be otherwise approved by the University. (CC&Rs, Section 6(b))
- The proposed tenant is a qualified person (i.e., a University employee who is approved by the University to own a condo). (CC&Rs, Article XIV, Section 6(a)(1)-(4))
- If no qualified person is available to lease the Unit, an unqualified person may be approved to lease the Unit but the person must be a full time student, employee, faculty or staff member of the University.
- The lease complies with profit making restrictions set forth in the CC&Rs – i.e., monthly rent cannot exceed 1% of the Index Price of the Unit (prorated on a 30 day basis). (CC&Rs, Article XIV, Section 6(c))

Lease Restrictions When Owner Remains in Occupancy. The CC&Rs do not contemplate that Owners are permitted to rent portions of their Unit while they remain in occupancy. Going forward, the University as a matter of policy will not permit this type of rent activity unless an exceptional situation is proposed such as when an Owner desires to host a guest occupant, and then only when the proposal complies with the following Guidelines:

1. Owner obtains the University's prior written approval of Owner's proposed agreement.
2. Owner's proposed Guest Occupant agreement must be submitted to the Department of Real Estate Operations ("REO") at least 45 days prior to commencement of the Guest Occupant's occupancy. Contact REO to obtain a form agreement for this purpose.
3. If the proposed Guest Occupant is a student, Student Affairs may also be involved in the review and approval of the proposed Lease.
4. Proposed Guest Occupant agreements will be reviewed by the University with an eye towards, among other things, whether the agreement complies with the CC&Rs and serves the purposes and policies of the University's campus housing program.
5. Owner demonstrates to the University that Owner intends to host a full time employee, student, faculty or staff member ("Guest Occupant") and treat the Guest Occupant as a member of the Owner's household similar to a family hosting a foreign student or other type of guest.
6. No more than one Guest Occupant is proposed unless approved by the University in its sole discretion.

7. Guest Occupant is allowed use of all living areas and the exclusive use of a bedroom and closet.
8. "Rent" to be charged, if any, must be a token amount and no more than is necessary to cover the Owner's cost of hosting the Guest Occupant. It is up to the Owner to justify the proposed amount of Rent by delineating in writing expenses anticipated to be incurred.
9. The Guest Occupant agreement should be terminable at will by the Guest Occupant with short or immediate notice.
10. No security deposit.
11. Guest Occupant must register with the University and HOA prior to occupancy. It is the responsibility of Owner to ensure that Guest Occupant is properly registered.
12. Guest Occupants are obligated to comply with the CC&Rs and Rules and Regulations of the HOA including, but not limited to, parking restrictions. Owners are responsible to ensure compliance by Guest Occupants and may be fined for violations.
13. If the Guest Occupant is a student, the room furnished should contain a bed, desk, chair, and proper lighting.
14. If Guest Occupant is a student, Guest Occupant will be given the right to report unresolved grievances to Student Affairs and/or REO if he/she has been unsuccessful in their attempts to resolve concerns or problems with the Owner.
15. Owner is responsible to properly maintain the Unit. Guest Occupant is responsible to repair damage to the Unit caused by Guest Occupant, but not normal wear and tear.
16. Guest Occupant should be advised to obtain insurance for personal property owned by Guest Occupant.
17. Owner should carry sufficient hazard and liability insurance to cover hazards/property damage and personal injury/wrongful death claims arising out of the Guest Occupant occupancy. Proof of insurance shall be provided to the University prior to commencement of occupancy.
18. No Guest Occupant agreement shall exceed a term of one year or include an option to extend the term of a lease beyond a year. The University's approval of any lease shall be approval of the term specified in the approved Guest Occupant agreement.

The above guidelines are formulated to eliminate any profit incentive for an Owner to add members to an Owner's household. If any member of an Owner's household is charged rent to occupy any portion of a Unit, the University must approve that arrangement in writing.

Any Owner who currently is renting or leasing their Unit without University approval should contact REO to obtain the University's approval. Failure to obtain University approval may result in loss of eligibility to continue to own the condominium.

All Owners should presume that the University will require termination of all current rental agreements which have not been approved by the University as of the conclusion of the current academic school year, or at the latest April 30, 2016.