

Questions & Answers Regarding Home Sales at University Glen February 2009

I. Questions & Answers Regarding the Community and its Components:

→ *What **facilities** will be constructed on site and when?*

At full build-out, the Homes at University Glen will be comprised of 900 housing units. Phase 2A/B will include 242 housing units, all for-sale. The Phase 2A/B housing units are currently on hold and it is anticipated that construction will start in mid-2013. In addition, it is anticipated that the following facilities and amenities will be constructed on site in accordance with the following schedule, but the Site Authority is not obligated to build any facilities.

<u>Facility</u>	<u>Anticipated Year of Completion</u>
Swimming pool and hot tub #1	2004 (Phase I)
Barbecue area #1	2004 (Phase I)
Tot lot #1	2005
Play fields	2004
Bike/walking trail	2002 – 2007
Town Center (retail)	2007
Health club	2006
Meetings/social activities building #1	2009
Swimming pool and hot tub #2	2009
Barbeque area #2	2009
Tot lot #2	2013

→ *Who are the **participants**?*

The land for University Glen was ground leased for 99 years by the California State University to a government agency formed solely for this purpose (“Site Authority”), which is the developer of the project. Sales, leasing and on-going management will be handled for the Site Authority by a non-profit corporation (the “University Glen Corporation”).

→ *Will a **seniors housing** facility be built on site?*

No, there are currently no plans to include any such facility in the community.

→ *Will the construction of the University Glen community be **affected by state cut-backs** in resources allocated to colleges and universities?*

This is unlikely, since the development of University Glen is financed by sources that are completely independent of the state and its appropriations decisions.

→ *Will there be an **RV/trailer/boat storage area** on site? Where can I keep them?*

RV's, trailers, and boats may not be kept on site in any area visible to others in the community. However, such items may be stored in your garage (but not in a driveway), so long as they completely fit inside. If the item is too large to fully fit within the home's garage, the resident must make his/her own arrangements for storage off site.

→ ***Where** will each of the single-family product types be built, and which of these units will be for-sale vs. rentals?*

There is a site plan that indicates the product and occupancy type of the housing unit to be built on each lot. The Sales Staff can show you the most recent version of the site plan.

→ *Is it possible to **change the housing product or occupancy type** that is currently specified for a particular lot to another product or occupancy type?*

No, the location of each of the housing product and occupancy types is already set.

→ *When can I **learn more** about the housing units that will be available?*

Members of the Sales Staff are now available to answer your questions. University Glen Sales Center is located in the University Glen Corporation Offices in the Town Center at 45 Rincon Drive #104-A. Please contact Carol Cory, Sales and Marketing at University Glen , 805-437-2671 or carol.cory@csuci.edu, if you have any specific questions.

→ *Will I be allowed to keep a **firearm** in my home, if it is registered and held in a gun safe?*

No, firearms are not permitted anywhere on the CSUCI campus. Homeowners are not permitted to keep firearms in their homes (except such homeowners who are sworn and employed currently as police officers by any government agency), or to discharge firearms anywhere in University Glen or on any part of the CSUCI campus.

II. Questions & Answers Regarding the Purchase of a Home:

→ *Will I be purchasing the **land** as well as the home?*

No. Site Authority will retain title to all of the land. You will own the improvements, and you will enter into a long-term ground lease with Site Authority to occupy the land, which extends until October 1, 2096.

→ *What is the **maximum mortgage loan amount** that I can obtain to buy a unit?*

The Sales Staff is available to meet with you to determine the actual amount for which you may qualify. The California Housing Finance Agency ("CALFHA") may provide advantageous mortgage options to households earning no more than a certain maximum income limit set by CALHFA, based on family size, for the area.

→ *Assuming that I can afford to purchase a home with my household's gross annual income, can the amount of my **current debt or past credit problems** interfere with my ability to purchase a home?*

Yes. However, the Sales Staff will work with purchasers and with mortgage lenders in order to assist the purchaser in obtaining the best financing available.

→ *How much will I be required to put down as a **deposit**, and when will I need to pay it?*

The deposit amount will be \$1,000 for CSUCI employees, and will be \$5,000 for all other purchasers. It will be payable at the time the sales contract is signed, and will be credited to your purchase price. It must be paid with a check or cashiers check; no credit cards will be accepted. It will be refundable only if you cannot obtain a mortgage loan. We are maintaining a low-deposit approach, in order to make housing affordable to more purchasers. Therefore, we ask that you only put down a deposit on a home if you are certain that you want it. We believe that this is a fair request, since fellow employees with a lower priority may not be able to purchase a home they desire if a deposit is already put down on that home.

→ *When can I enter into a **contract** for a particular home?*

You will be able to enter into a contract for a home once the Buyer Disclosure Statement and other purchase contracts have been completed.

→ *Who is **eligible** to purchase a home in University Glen?*

Anyone may purchase a home at University Glen so long as they intend to and do occupy it as their principal residence (as hereinafter defined) and are financially able to complete the acquisition process. However, there will be a selection procedure that will prioritize purchasers by categories (*see below*).

→ *What are the **priorities** that will govern who will be selected to purchase a home?*

The categories, in their order of prioritization, are as follows: first, a CSUCI employee who is selected by the President of CSUCI to be a priority purchaser, or the President of CSUCI for the purpose of assigning the purchase agreement to a CSUCI employee who is selected by the President of CSUCI to be a priority purchaser; second, Tenured Faculty, Tenure-Track Faculty, Management Level Personnel III, and Management Level IV Personnel who are employees of CSUCI; third, full-time staff of CSUCI; which includes full-time lecturers on

unconditional multi-year contracts, fourth, employees of certain Educational Allies, Educational Partners, Military Partners, First Responders and Ventura County Government Employees; fifth, Tenured Faculty, Tenure-Track Faculty and Full-Time Staff of any other CSU campus; sixth, graduates of CSU institutions; and seventh, the general public.

→ *How will the **prioritization process** work with respect to acquisition of a University Glen home?*

The University Glen Corporation is now open to sales to all priority categories. The priority of all buyers in all categories will be established chronologically, based on the date and time they signed a contract and tendered a deposit.

→ *If I do not get the unit I want in Phase 2A, what will be my **priority for a new unit in Phase 2B**?*

If you leave a deposit for a home during Phase 2A but are not able to purchase it (because, for example, it is acquired by someone else), you will be put on a waitlist for acquiring a home in Phase 2B. The waitlist will give those potential purchasers a higher priority than others in the same category who are not on the waitlist.

→ *What will be my **priority for a new unit in a subsequent phase** if I already own a unit in University Glen from an earlier phase?*

If you purchased a unit in Phase IA,B,C and would like to sell it and buy a new unit in a subsequent phase, your priority to purchase the new unit will be handled in the same prioritization order as an initial purchase, after (a) all first year members of your category have had an opportunity to make a selection, and (b) those within your category who are on the waitlist have had an opportunity to make a selection.

→ *How can I get on the **waitlist** to buy a home in a future phase?*

If your household signed a purchase contract and tendered a deposit for a unit in Phase IA,B,C, but you were not able to purchase it (because, for example, a household with a higher priority was selected for the unit), you will be put on the waitlist for purchasing in the next development phase. Your household may also be added to the for-sale unit waitlist if you rent or own a University Glen unit purchase. If you are offered an opportunity to purchase a unit of the type(s) for which you left a deposit and you elect not to proceed with the acquisition, your deposit will not be refunded.

→ *Can I **own a house outside** of University Glen as well as a home in University Glen?*

Yes, so long as your University Glen home is your "primary residence". Whether or not the home is used as the owner's primary residence (in the case of an owner using more than one property as a residence) depends on the facts and circumstances. If an owner alternates between two properties, using each as a residence for successive periods of time, the property used as such a majority of the time during the year will be considered the owner's principal residence.

III. Questions & Answers Regarding Homeownership:

→ *When will my **tax payments** be due?*

Real property taxes and assessments will be due twice a year to the County Tax Collector – on April 10 and December 10. Most mortgagees will require that 1/12th of your annual tax payment be paid each month, to be held in escrow until such time as the tax payment is due.

→ *How much will my **property taxes** cost?*

Your property taxes will equal approximately 2% of the value of your home (which, in the first year, will equal its purchase price). Half of this amount (or 1% of your home's value) is paid on the same basis as all other property in the county. This portion of the taxes can be increased by the County Tax Assessor by up to two percent (2%) every year. The other portion of your property tax payment is a special tax against all homes in University Glen to cover the cost of the infrastructure that supports the community. This special tax has been calculated to cover the life of the bonds and will increase two percent (2%) every year.

→ *Can my monthly mortgage and tax **payment** be **deducted** from my salary?*

No, but you can normally set up an automatic payment from your bank to your mortgagee with a minimal amount of paperwork.

→ *Will there be a **Homeowners' Association**?*

No, there will not be a homeowner's association, as that term is generally applied. Rather, the University Glen Corporation will be charged with: maintaining common area landscaping, streets, utilities, and recreational amenities; the routine exterior maintenance of the attached units; providing potable and irrigation water; and contracting for a trash collection service. It will also enforce the Community Regulations that will control the use and occupancy of the common areas and all homes in University Glen.

There is a Homeowners Advisory Council comprised of 5 homeowner members elected annually. The council meets monthly with the University Glen Corporation to discuss items of importance to the homeowners.

→ *Will I pay **community fees**, and how much will they be?*

Yes, you will be charged monthly fees to help cover the costs of common area maintenance, water and trash collection. A budget, showing the amount that each homeowner will be required to pay, is available at the sales office. The fee amount will not vary depending upon the size of the house or lot, but will differ with the type of house. For example, the monthly fees will be somewhat higher for an attached unit (for which the University Glen Corporation will provide routine exterior maintenance) than for a detached unit (which must be maintained entirely by the owner).

→ *What are my **maintenance** responsibilities?*

Owners of detached units are responsible for all maintenance, repair and replacement (no matter the cause, such as fire, earthquake, wind, rain, etc.), inside and outside. Owners of attached units are responsible for all maintenance, repairs and replacements inside the unit (including all electrical, plumbing and HVAC systems); all maintenance, replacement and

repairs (no matter the cause) to the structural components, the roof and the exterior will be done by University Glen Corporation.

→ *Will I be responsible for the **upkeep** of the landscaping?*

It will be maintained by the University Glen Corporation, except for the landscaping within the front yards, side yards or patio areas that are separated from the common area by walls or hedges (the "Courtyards"), which will be the responsibility of the homeowner.

→ *May I add to or change the **landscaping** on my lot?*

Any alterations or additions to the landscaping in the Courtyards, which will be visible when mature from the street or any other unit (such as trees), will require the pre-approval of the University Glen Corporation. No other landscaping may be modified by any homeowner.

→ *Which **utilities** are metered?*

Meters will be installed for electricity. As a homeowner you will contact The Gas Company and electrical company to set up service. Each homeowner will be billed directly by the utility for these services. Electricity and gas are billed monthly. Each homeowner will be responsible for arranging for the installation of and paying for cable TV, telephone and internet services.

→ *Is the home subject to any **warranties**?*

Yes. Site Authority will provide a limited builder's warranty that generally covers construction defects discovered within one year after purchase of a new home. This warranty is NOT transferable. A copy of the warranty certificate will be available at the University Glen Sales Center. **READ IT CAREFULLY.** In addition, all your appliances will be subject to standard manufacturers' warranties, which will be assigned to you. You may also consider purchasing, at your cost, a supplemental home protection plan available from various companies. Site Authority will also take out an insurance policy that will cover latent defects in the construction.

→ *Who will carry **insurance** on the home and the community's common areas?*

Homeowners are responsible for carrying their own liability and casualty insurance, which may include earthquake coverage in your sole discretion. The University Glen Corporation will maintain similar insurance (but not earthquake insurance) on the common areas.

→ *May I make **additions or alterations** to my unit?*

Architectural guidelines are established to set forth the general policies regarding allowable additions and alterations. Any addition or alteration that will be apparent from outside your unit requires the pre-approval of the University Glen Corporation. Some of these additions or alterations may constitute Approved Capital Improvements, which will entitle the owner to recover the appraised value of them upon resale (*see below for further details*).

→ *May I **rent the house** to someone else, or hold the unit as an investment?*

No, the University Glen unit must be your principal residence. You may, however, rent out your unit when you are away on a University-recognized and approved sabbatical or leave, for up to one (1) year.

→ *May I allow someone who is not a co-owner to **occupy a room** in the house?*

This is permitted whether they pay rent or not, so long as the home remains your principal residence.

→ *Will I be allowed to keep **pets** in my unit?*

Yes, but the Community Regulations require that pets be leashed when they are outside your home or Courtyard, and that they not create a nuisance to neighbors due to noise or otherwise. Further, homeowners must license with the County all pets that are required to be so licensed according to the County's regulations. All pets must be registered with the University Glen Office. The forms will be available at this office.

IV. Questions & Answers Regarding the Resale of a Home:

→ *What is the **maximum allowable price** for which I can sell my home in University Glen?*

On resale, the maximum resale price allowed (the “Maximum Resale Price”) equals the initial purchase price plus the increase in the Consumer Price Index (“CPI”) from the date of acquisition, plus the amount that any Approved Capital Improvements (*see below*) that you have added have increased the fair market value of the home, as determined by appraisal at the time of resale.

→ *What is considered an **Approved Capital Improvement**?*

A list of Approved Capital Improvements is available from the University Glen Corporation and is available for your review.

→ *Can the resale price be **lower than the Maximum Resale Price**?*

Yes, this is possible, as real estate values may increase slower than the CPI, or even decrease from one year to another. The actual resale price of each unit will be the **lesser** of (a) the Maximum Resale Price, or (b) the negotiated sale price, if the unit is sold to an eligible purchaser, or the appraised value, if the unit is sold to Site Authority.

→ *If I **voluntarily decide to sell**, what is the process for doing so?*

If a household decides to sell, it must notify the University Glen Corporation of the price (which may not exceed the Maximum Resale Price) and terms of sale. The University Glen Corporation will then have thirty (30) days to seek offers from potential buyers on the waiting list. If an offer, which is full-price and otherwise meets the seller’s terms of sale, is made within that period by a potential buyer on the waitlist, then such offer must be accepted. If more than one such offer is made, the offer from the potential buyer having the highest priority under the priority system will be selected. If no such offer is received during that period, the University Glen Corporation will then have the next thirty (30) days to seek offers from other potential buyers eligible to purchase under priority categories 1, 2 and 3. If no such offer is received during that period, the University Glen Corporation will then have the next thirty (30) days to seek offers from other potential buyers eligible to purchase under priority categories 4 and 5. If no such offer is received during that period, then the seller may solicit offers from potential buyers in all priority categories. If the seller receives any bonafide written offer that it is prepared to accept, the seller shall give a copy of such offer to the University Glen Corporation. Site Authority shall then have ten (10) business days to elect to purchase the home on the same terms. If the home is sold as a result of marketing undertaken by the University Glen Corporation on behalf of the seller, there will be a one percent (1%) fee payable to the University Glen Corporation at the time of closing. Otherwise, there will be a small administrative fee payable to the University Glen Corporation at the closing.

→ *Under what circumstances and procedures will I be **required to sell my home back to Site Authority**?*

There are a number of “triggering events” that will, if they occur, give Site Authority the right, if it chooses to exercise it, to repurchase your unit. If a triggering event occurs, you will be obligated to give prompt notice to the University Glen Corporation. Site Authority may then elect to purchase the unit at any time. If Site Authority decides it wants to consider a repurchase of the unit, it must (a) give written notice to the homeowner of its intent to conduct an appraisal, (b) have an appraisal performed by a Site Authority-approved appraiser it

selects, and then (c) give written notice to the homebuyer, within ninety (90) days after receipt of the appraisal, of its election to purchase the unit. Thereafter, Site Authority must buy the unit, not earlier than one hundred eighty (180) days and not later than two hundred ten (210) days after the date of the election notice, at the **lesser** of (a) appraised value, or (b) the Maximum Resale Price.

The **triggering events** are as follows:

1. For households with at least one owner who is a **CSUCI employee**, either at the time of purchase (priority 1, 2 or 3 purchasers), or who was a non-CSUCI employee at the time of purchase (priority 4, 5, 6 or 7 purchasers) but thereafter became a full-time CSUCI employee:
 - a. Four and one-half (4-1/2) years expire after all CSUCI employee owners cease to be employed by CSUCI due to retirement. For purposes of this rule, "retirement" means termination of employment at CSUCI after seven (7) consecutive years of service and being entitled to retirement benefits from the California Public Employees Retirement System ("PERS") and/or the Social Security Administration ("SSA").
 - b. Six (6) months expire after the death of all CSUCI employee owners and their spouses.
 - c. Six (6) months expire after the remarriage of the non-CSUCI employee surviving spouse of a deceased CSUCI employee owner.
 - d. Six (6) months expire after a judgment or order is entered in an action for dissolution of marriage or legal separation granting primary ownership or occupancy of the home to a spouse who is not then himself or herself a full-time CSUCI employee.
 - e. Six (6) months expire after the CSUCI employee owner ceases to occupy the home as his or her principal residence, except during a CSUCI approved sabbatical or leave of absence for up to one year, or due to Permanent Disability (as hereafter defined).
 - f. Thirty (30) days expire after all owners cease to be employed at CSUCI for any reason other than retirement, death, or Permanent Disability (as hereinafter defined). **This restriction has recently been extended to ten (10) years.**
 - g. Thirty (30) days expire after the CSUCI employee owner ceases to own more than a fifty percent (50%) interest in the property as a result of any voluntary or involuntary conveyance, whether by gift, execution sale, foreclosure, operation of law, or otherwise.

2. For homes bought by **non-CSUCI employees** (priority 4 or 5 purchasers):
 - a. Six (6) months expire after the home ceases to be the principal residence of the initial owner(s).
 - b. Six (6) months expire after the initial owner(s) and their spouse(s) die.
 - c. Ninety (90) days expire after the initial owner(s) who had priority to purchase because of their employment status ceases to be employed by the employer that gave them that status, other than by death or Permanent Disability. **This restriction has recently been extended to ten (10) years.**
 - d. Thirty (30) days expire after the initial owner(s) cease to own at least a 50% interest in the property.

3. For homes bought by the **general public** (priority 6 or 7 purchasers):

- a. Four and one-half (4 1/2) years expire after close of escrow. **This restriction has recently been extended to ten (10) years.**
- b. Six (6) months expire after the home ceases to be the principal residence of the initial owner(s).

→ *When I sell, will I be required to **share the appreciation** on my unit?*

The appreciation on your house equals the amount by which the sale price (less closing costs) exceeds the sum of (a) the amount you bought it for, plus (b) the cost of any capital improvements you added to it. You are entitled to keep all appreciation earned, unless you obtained a Housing Cost Subsidy (see *above*).